## 研揚科技股份有限公司 AAEON Technology Inc.

## STOCK CODE: 6579

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### 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.)



#### (I) SPOKESPERSON & DEPUTY SPOKESPERSON

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#### (II) HEADQUARTERS, PLANTS AND BRANCHES

Head office: 5F., No. 135, Ln. 235, Baoqiao Rd., Xindian Dist., New Taipei City 231, Taiwan

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Taipei Branch: 5F, 5F-1, 5F-2, 5F-3, 5F-4, No. 131, 5F, 5F-1, 5F-2, 5F-3, No. 133, 5F, 5F-1, 5F-2, 5F-3, No. 135, 5F, 5F-1, 5F-2, 5F-3, 5F-4, No. 137, 2F, 2F-1, 2F-2, No. 123, 2F, 2F-1, 2F-2, 2F-3, No. 125, 2F, 2F-1, 2F-2, No. 127, 2F, 2F-1, 2F-2, No. 129, Ln. 235, Baoqiao Rd., Xindian Dist., New Taipei City 231, Taiwan

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#### (III) SECURITIES DEALING INSTITUTE

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#### (IV) AUDITORS

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#### (V) EXCHANGEABLE BOND EXCHANGE MARKETPLACE None

#### (VI) COMPANY WEBSITE

http://www.aaeon.com/tw

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#### 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 effect of external competition, the legal environment, and the overall business environment.

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 aftersales 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

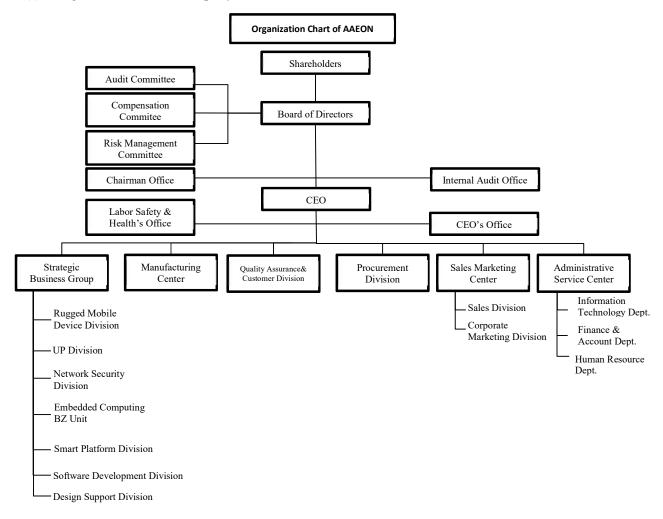
- 1. Date of Incorporation Found on December 1, 2010.
- 2. Company history

Year	Timeline of Important Events
2010	• The original name of the Company was "Giant Sun Tech Co., Ltd," founded on December 1, 2010.
2011	<ul> <li>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.</li> <li>In this year, AAEON won Taiwan Excellence Achievement Award from Bureau of Foreign Trade, Ministry of Economic Affairs.</li> <li>In that year, 8 products of AAEON won the Taiwan Excellence Award.</li> </ul>
2012	• 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	• 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> <li>Four products were enrolled in the Taiwan Excellence Awards, all of which were favored by the jury members and won the Taiwan Excellence Awards.</li> </ul>
2015	<ul> <li>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.</li> <li>The Japan Branch was founded to establish a distribution network, and expand business in Japan.</li> </ul>
2016	<ul> <li>The Company's subsidiary, Onyx Healthcare, was listed in TPEx on December 21, 2016.</li> <li>AAEON was listed in emerging stock market on June 6, 2016.</li> <li>AAEON won the Top 10 Corporate of Golden Peak Award.</li> <li>AAEON was awarded the 8<sup>th</sup> place of CommonWealth Magazine Corporate Citizen Award.</li> <li>AAEON's PIC-BT01 series has won the 100 I.T. Innovative Elite Award from Information Technology Month.</li> </ul>
2017	<ul> <li>The Company proposed its initial public offering on the TWSE in August 21, 2017.</li> <li>The Company moved from 537<sup>th</sup> place (2016) to 454<sup>th</sup> place (2017) in the world's top 1000 manufacturing industry ranking.</li> <li>The Company won 5<sup>th</sup> place of CommonWealth Magazine Corporate Citizen Award.</li> <li>The Company was awarded the 2017 Taiwan Excellence Award.</li> </ul>
2018	<ul> <li>The Company conducted a share swap with IBASE Technology Inc. on September 29, 2018.</li> <li>The Company was awarded the CommonWealth Magazine Corporate Citizen Award.</li> </ul>

Timeline of Important Events
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.
<ul> <li>BOXER-6640M won the Vision Systems Design Award.</li> </ul>
• 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
<ul> <li>Two products won the Computex d&amp;iAward.</li> </ul>
• The Company was awarded the CommonWealth Magazine Corporate Citizen
Award.
<ul> <li>The Company was awarded the 2020 Taiwan Excellence Award.</li> </ul>
• 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
<ul> <li>The innovative Atlas Roadside Unit (RSU) wons honors at the 2021 Computex</li> </ul>
d&i Awards
Won the Excellence in Corporate Social Responsibilities Award.
<ul> <li>Two products won the Taiwan Excellence Awards.</li> </ul>
• BOXER-8240AI won the Gold Award of the Best Choice Awards at
COMPUTEX Taipei.
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 Supervisors1. Information of directors

March 31, 2024; Unit: shares; %

Title	Nationality and Registry		Gender	41-60	e		Date elected	Term	Date first elected	st Elected ted		shareholding			e & Minor eholding %	No	holding by ominee ngement %	Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship Title Name Relation			Remarks (Note 1)
		Jui Hai Investment Co.,Ltd.		41-00	61-70	71-75	May 27, 2022	3 years	Nov. 22, 2011	Shares 4,515,000	% 2.81%	4,515,000	2.81%	-	-	-	-	-	-	None	None	None	-
Chairman	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%	-	-	-	-	Doctorate in	2)	Director	Fu- Chun, Chuang	first- degree	-
		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	-
Director	Republic	Representative: Ying-Chen Li	Male			v	May 27, 2022	3 years	Nov. 22, 2011	1,113,000	0.69%	1,000,000	0.62%	-	-	-	-	Engineering National Taiwan	CSO of the Company Other concurrent positions (Note 3)	None	None	None	-

Title	Nationality and Registry	Name	Gender	41-60	Ages 61-70	71-75	Date elected	Term	Date first elected	Shareholdi Elect Shares		Curre shareho Shares			& Minor holding %	No	holding by ominee ngement %	Experience (Education)	Other Position	Supe spous	ives, Dire rvisors wl es or with rees of kir Name	ho are iin two	Remarks (Note 1)
	Republic of China	Jui Hai Investment Co.,Ltd.		41-00	01-70	/1-/5	May 27, 2022	3 years	May 27, 2022	4,515,000	2.81%	4,515,000		-	-	-	-	-	-	None	None	None	-
Director	Republic	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	-
	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	-
Director		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	-
	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	-
Director	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	-
	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	-
Director		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	41-60	Ages 61-70	71-75	Date elected	Term	Date first elected	Shareholdi Elect Shares		Curre shareho Shares			e & Minor eholding %	No	holding by ominee ngement %	Experience (Education)	Other Position	Supe spous	ives, Dire rvisors wl es or with rees of kir Name	ho are in two	Remarks (Note 1)
	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	-
	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	-
Director		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		Gender	41-60	Ages 61-70	71-75	Date elected	Term	Date first elected	Shareholdi Elect Shares		Curre sharehol Shares			e & Minor eholding %	N	holding by ominee ingement	Experience (Education)	Other Position	Supe spous	tives, Dire ervisors w ses or with rees of kin	ho are iin two	Remarks (Note 1)
Independen Director	t Republic of China	Xiulian Lin	Female	V	01-70	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	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. Crowd Media, Inc. Computer 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 
  ATTUNG 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.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF(4.94%), Jonney
(Note 1)	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.	FU LI INVESTMENT CO., LTD.(49.58%), Hui-Mei, Huang(23.87%), Yung-Shun,
(Note 2)	Chuang (11.43%), Fu-Chieh, Chuang(7.56%), Fu-Chun, Chuang(7.56%)
	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.
IBASE Technology Inc.	(1.38%), WINMATE INC. (1.10%), Lin Qiuxu (0.82%), New Labor Retirement
(Note 3)	Fund (0.75%), AMPIRE CO., LTD. (0.74%), Standard Chartered International
(1000 3)	Commercial Bank Branch entrusted custody of SPDR (R) Index Funds belonging
	to the SPDRI 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 Technololy 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 C	Qualifications	and Inde	pendent Analysis

	ssional Quanneations and independent / marysis		
Criteria Name	Professional qualifications and experience Indeper	ndence 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 There is no one honorary doctor of engineering, he is currently the chairman of the company, the Section 30 of 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.		1
Jonny Shih	Graduated from MBA of National Chiao Tung University, he is currently the There is no one chairman of ASUS. He has more than five years of work experience required for Section 30 of the business company business, and has the ability of industrial operation and technology research and development.		
Jonathan Tsang	Graduated from MBA of Houston University, he is currently the President of ASUS. There is no one 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.		
S.Y. Hsu	Graduated from EMBA of National Chengchi University, is currently the co-CEO of There is no one ASUS, has more than five years of work experience required for business and Section 30 of the corporate business, and has the ability to industrial management and technology research and development.		
Ying-Chen Li	Ph.D. Electrical Engineering National Taiwan University, is currently the CSO of There is no one 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.		2
Chiu-Hsu, Lin	Graduated from Electronic Engineering National Kaohsiung University of Applied There is no one 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.	Company Law.	
Yu-Nan, Chen	Graduated from the Electronics Sihai Institute of Technology, he is currently the There is no one o chairman and President of IBASE Technology Inc. He has more than five years of Section 30 of the work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.		

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 The in engineering management and the Northwestern University with a master's degree Sec 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.	ction 30 of the Company Law.	
	lawyers, accountants or other national examinations required by the company's business to obtain certificates and the work experience required by the technician.	ring the term of office, the following lependence assessment conditions have en met:	3
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.	any of its anniales.	1

Xiulian Lin	Graduated from Drexel University with a master's degree; is the head of the	2	any subsidiary, as appointed in	2
	CHAMPiON group (accounting firm and appraisal firm) and the head of the		accordance with the laws of Taiwan	
	Chengxin Land Administration Agency; is the convener of the Company's Auditing	5	or with the laws of the country of the	
	Committee and a member of the Company's Compensation Committee; has five	•	parent company or subsidiary.	
	years or more of experience working as a lecturer (or above) in commerce, law		Not a natural-person shareholder	
	finance, accounting, or any disciplines relevant to the Company's business at a	ı È É	who holds shares, together with	
	public or private tertiary institution.		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.	
		(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 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.)	
		(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	
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	
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	

	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 the relevant regulations
	of the Securities and Exchange Act
	and Business Mergers and
	Acquisitions Act.
(10)	Not a spouse or relative of the
	second degree or closer to any other
	directors.
(11)	Does not meet any descriptions
	stated in Article 30 of The Company
	Act.
(12)	Not elected as a government or
	corporate representative according
	to Article 27 of The Company Act.

Title	Nationality	Nationality Name Gender Date Shareholding Spouse & Minor Shareholding by Nominee Experience (Education)						Other Position	Manaş Within	: shares; %						
The	Nationality	Ivanic	Gender	Effective	Shares	%	Shares	%	Arrang Shares	gement %		Other I ostitoli	Title	Name	Relation	(Note 1)
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	-	-	-	-

#### (II) Background information of President, V.P., Assistant V.P., and Departments Heads.

March 31, 2024; Unit: shares; %

Title	Nationality	Name	Gender	Date Effective	Shareho	olding		e & Minor eholding	Shareh by No Arrang	minee	Experience (Education)	Other Position	Manag Within	Remarks (Note 1)		
				Encenve	Shares	%	Shares	%	Shares	%			Title	Name	Relation	(1000 1)
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 AAEON 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 Virgini 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.

# Directors', Supervisors' President's and V.P. remuneration Remuneration of Directors and Independent Directors

Unit: NT\$ thousand /	thousand shares
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			Directors' remuneration											Rem	uneration of pa	urt-time emp	oloyee			The total	Compensation Paid to	
Title	Name		Base Compensation (A)		Severance Pay (B)		Remuneration to Directors (C) (Note 2)		Allowances (D)		A, B, C, and D, and the ratio of total amount to Net Income (%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Remuneration to employees (G) (Note 2)			A, B, C, D, E, F, and G, and the ratio of Total amount to Net Income (%)		Supervisors from an Invested Company
		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 Co Cash amount	ompany Stock amount		ies in the statements Stock amount	The Company	Companies in the financial statements	Other than the Company's Subsidiary
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	-	-	-	-	7,200	8,000	174	174	7,374	8,174	8,893	15,508	108	164.7	3,965	-	6,226	-	20,340	30,073	83,352
Director	ASUSTeK Computer Inc. - Jonathan Tsang									0.76%	0.84%									2.09%	3.10%	
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	1,800	1,800	-	-	-	-	198	198	1,998	1,998	-	-	-	-	-	-	-	-	1,998	1,998	-
Independent Director	Xiulian Lin									0.21%	0.21%									0.21%	0.21%	
Director Independent Director Independent Director 1. Please stat Directors	Kun-Chih, Chen Xiulian Lin e the policy, syster 'Duties" Stipulate	n, standards s that the ren	and structur nuneration o	f independent	directors of	the compan	y should be stipu	l describe th	ne relevance	0.21% to the amoun ssociation of	0.21% t of payment of the company,	and reasonabl	e remuneratio	on different fi	om that of gen	eral directo	rs can be de	eterm	nined.	nined.	tors: according to the company	0.21% 0.21%

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.

		Name of directors									
Range of Remuneration	Total of (A	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							

#### Remuneration Bracket

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		ry (A) ote 2)	Seve	rance Pay (B)		nd allowances (C)	R		n to employ (D)	yees	A, B, C, a ratio of tot	amounts of nd D, and the al amount to come (%)	Compensation Paid to Supervisors from an Invested
The	Ivanie	The	Companies in the	The	Companies in the	The	Companies in the	The Co	ompany		nies in the statements	The	Companies in the	Company Other than the
		Company	financial statements	Company	financial statements	Company	financial statements	Cash amount	Stock amount	Cash amount	Stock amount	Company	financial statements	Company's Subsidiary
Chairman	Yung-Shun, Chuang													Buosiaiaiy
CSO	Ying-Chen Li													
President	Chien-Hung, Lin													
Vice President	Kuo-Chiang, Wang	17,261	21,382	526.8	526.8	15,292	17,153	12,603	0	16,890	0	45,683	55,952	7,952
Vice President	Chi-Hung, Liao											4.71%	5.77%	
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

	Names of the Preside	Names of the Presidents and the V.P.					
Range of Remuneration	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					

	Kemuneration to Wa	inagement in the mo	st recent ins	car year.	Un	it: NT\$ thousand
	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of after- tax net profit (%) (Note 1)
	Chairman	Yung-Shun, Chuang				
	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				
Executive	Senior Assistant V.P.	Shu-Chen, Li	0	21,203	21,203	2.19%
	Manager	Jen-Chung Wang				
	Internal Audit	Wan-Hui, Chiu				
	Manager					
	Governance manager	Ming-Han Hsieh				
	Assistant V.P.	Hank Peng				
	Assistant V.P.	Chris Chuang				
	Assistant V.P.	Jansin Lee				

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

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: %

			0 1110 1 1 1	$\phi$ mousand, 70
	20	22	20	23
Item	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 Boa	ard of Di	rector	s hel	d 6	meeting	(A)	in	the most rec	cent fiscal	year (2023).
701	1 0.1	<b>D</b> '			1	•	1	1 1		

Title	Name	Attendanc e 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

	T . TT .				
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:

		Items listed			
		in Article 14-			
		3 of	Opinion of	Company's	
Board of Directors	Agenda	Securities	independent	treatment of	Resolution
		and Evolution of	director	the opinions	
		Exchange Act			
The 4th time of	Proposal for the Distribution	V	None	None	Except for the
the 5th term	of Year-End Bonuses for				interested
(Jan. 09, 2023)	Managers for 2022				parties, approved by
					all the attendees.
The 4th time of	Proposal for the Allocation	V	None	None	Except for the
the 5th term (Jan. 09, 2023)	of Employee Compensation and Director Remuneration				interested parties,approved by
(Jall. 09, 2023)	for 2022 (Estimated)				all the attendees.
The 5th time of	Case of Internal Control	V	None	None	Approved by all the
the 5th term	Effectiveness and				attendees.
(Feb. 24, 2023)	Declaration of Internal				
	Control System for 2022				
The 5th time of	Case of Profit Distribution	V	None	None	Approved by all the
the 5th term (Feb. 24, 2023)	for 2022				attendees.
(Feb. 24, 2023) The 5th time of	Case of Changing the	V	None	None	Approved by all the
the 5th term	Company's Signing	•	110110		attendees.
(Feb. 24, 2023)	Accountant				
The 5th time of	Donation of NT\$2 million	V	None	None	Except for the
the 5th term	to AAEON EDUCATION				interested
(Feb. 24, 2023)	FOUNDATION.				parties, approved by
The 5th time of	Proposal for Managerial	V	None	None	all the attendees. Except for the
the 5th term	Salary Adjustment for 2023	v	None	INOILE	interested
(Feb. 24, 2023)	Salary Majasanone for 2025				parties, approved by
. ,					all the attendees.
The 6th time of	Case of Issuing New Shares	V	None	None	Approved by all the
the 5th term	Through Capital Increase				attendees.
(Mar. 23, 2023) The 7th time of	and Transfer of Shares Case of Applying for	V	None	None	Approved by all the
the 5th term	Comprehensive Credit	v	None	INOILE	attendees.
(May. 10, 2023)	Facility and Derivative				uttendees.
	Financial Instruments				
	Trading Limit (Renewal)				
The 8th time of	Proposal for the Distribution	V	None	None	Except for the
the 5th term $(Aug 00, 2022)$	of Director Remuneration for 2022				interested
(Aug. 09, 2023)	10r 2022				parties, approved by all the attendees.
The 8th time of	Proposal for the Distribution	V	None	None	Except for the
the 5th term	of Managerial Employee	•	1,0110	1.0110	interested
(Aug. 09, 2023)	Compensation for 2022				parties, approved by
					all the attendees.
The 9th time of	Revision of Internal Control	V	None	None	Approved by all the
the 5th term (Nov. 08, 2023)	and Internal Audit System for 2023				attendees.
The 9th time of	Internal Audit Plan for 2024	V	None	None	Approved by all the
the 5th term			1,5110		attendees.
(Nov. 08, 2023)					
The 9th time of	Proposal for ATECH OEM	V	None	None	Except for the
the 5th term	INC., a Related Party, to				interested
(Nov. 08, 2023)	Lease Office Space on				parties, approved by all the attendees.
	Baoqiao Road from AAEON TECHNOLOGY				an me attendees.
	INC.				
				l	1

- (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:

decisio	115.	1			1
Date	Agenda	Name of director	Reason for i avoidan		Participation in Resolution
	Proposal for the Distribution of Year-End Bonuses for Managers for 2022	Yung- Shun,Chuang, Ying-Chen Li,	Yung-Shun, C Ying-Chen Li concerned par	Chuang, i, are the rties	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, C YingChen Li, Chun, Chuang Shih, Jonathar S.Y. Hsu, Chir Lin, Yu-Nan, are the concer parties	Chuang, , Fu- g, Jonny ın Tsang, iu-Hsu, Chen	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.
	Donation of NT\$2 million to AAEON EDUCATION FOUNDATION.	Yung- Shun,Chuang	Yung-Shun, C is the concern parties	ned	Yung-Shun, Chuang, avoided the conflict interest pursuant to the law, and did not participate in the voting.
Feb. 24, 2023	Salary Adjustment for 2023Shun, Chuang, Ying-Chen LiYing-Chen Li, are the concerned partiesLi, avoid pursuant		Yung-Shun, Chuang, YingChen		
-	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, C YingChen Li, Chun, Chuang Shih, Jonathan S.Y. Hsu, Chin Lin, Yu-Nan, G are the concer parties	, Fu- g, Jonny in Tsang, iu-Hsu, Chen	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.
	Proposal for the Distribution of Managerial Employee Compensation for 2022	Yung- Shun,Chuang, Ying-Chen Li	Yung-Shun, C Ying-Chen Li concerned par	i, are the rties	Yung-Shun, Chuang, YingChen Li, avoided the conflict interest pursuant to the law, and did not participate in the voting.
	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, C Fu-Chun, Chu the concerned	Chuang, uang, are 1 parties	Yung-Shun, Chuang, Fu-Chun, Chuang, avoided the conflict interest pursuant to the law, and did not participate in the voting.
compar		self-evaluation (	A .		ttent of TWSE/TPEx listed ) shall be disclosed. The
Frequency	Period Sc	cope M	ethod		Content
Once a year	to	ard of asse	essment	the co	legree of participation in ompany's operations. ovement in the quality of

Board

decision making by the board of

directors.

December

31, 2023

		<ol> <li>The composition and structure of the board of directors.</li> <li>Director election and continuing education.</li> <li>Internal controls.</li> </ol>
Members of Board of Directors	Survey of assessment on members of Board of Directors	<ol> <li>Their grasp of the company's goals and missions.</li> <li>Their recognition of director's duties.</li> <li>The degree of participation in the company's operations.</li> <li>Their management of internal relationships and communication.</li> <li>Their professionalism and continuing professional education.</li> <li>Internal controls.</li> </ol>
Audit Committee	Survey of assessment on members of Audit Committee	<ol> <li>The degree of participation in the company's operations.</li> <li>Understanding in the Audit Committee's duties.</li> <li>Improvement on decision making quality of the Audit Committee.</li> <li>Composition and election of Audit Committee members.</li> <li>Internal controls.</li> </ol>
Compensation Committee	Survey of assessment on members of Compensation Committee	<ol> <li>The degree of participation in the company's operations.</li> <li>Understanding in the Compensation Committee's duties.</li> <li>Improvement on decision- making quality of the Compensation Committee.</li> <li>Composition and election of Compensation Committee members.</li> <li>Internal controls.</li> </ol>
Risk Management Committee	Risk Management Committee self- evaluation questionnaire	<ol> <li>The degree of participation in the company's operations.</li> <li>Understanding in the Risk Management Committee's duties.</li> <li>Improvement on decision- making quality of the Risk management Committee.</li> <li>Composition and election of Risk management Committee members.</li> </ol>

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 1<sup>st</sup> 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:

	Exchange Act	director	treatment of the opinions	Resolution
1.Effectiveness of Internal	V	None	None	Approved by all
				the attendees.
-				
	<b>X</b> 7	NT	N	A 1.1 11
	v	None	None	Approved by all
				the attendees.
	N/	Num	News	A
	v	None	None	Approved by all the attendees.
				the attendees.
	V	Nama	Nana	A
1. 2025 Q2 Innancial report	v	inone	INONE	Approved by all the attendees.
				the attendees.
1 2022 O2 financial report	V	Nama	None	A mmoved by all
1. 2025 QS financial report	v	inone	INORE	Approved by all the attendees.
				the attendees.
	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) 1.Case of Issuing New Shares Through Capital Increase and <u>Transfer of Shares</u> 1. 2023 Q1 financial report 2. Approval for Non-Assurance <u>Services by Auditors</u> 1. 2023 Q2 financial report 1. 2023 Q3 financial report	Control System and Internal Control System Statement for 20222. Financial Report for 20223. The distribution of 2022 retained earnings4. 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)1. Case of Issuing New Shares 1. 2023 Q1 financial reportV2. Approval for Non-Assurance Services by Auditors1. 2023 Q2 financial reportV1. 2023 Q3 financial reportV	Control System and Internal Control System Statement for 20222. Financial Report for 20223. The distribution of 2022retained earnings4. Donation of NT\$2 million to AAEON EDUCATION FOUNDATION. for 20235.Changing the Company's Signing Auditor6.Pre-approval of Auditor's Non- Assurance Services in Accordance with the International Ethics Standards for Accountants (IESBA Code)1. 2023 Q1 financial reportVVNone1. 2023 Q2 financial reportVNone1. 2023 Q3 financial reportVVNone	Control System and Internal Control System Statement for 2022Image: State Statement for 20222. Financial Report for 2022 3. The distribution of 2022 retained earningsImage: State S

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

(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 subsidi director 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:

(11)	Date	Attendee	•	nmunication 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	2.	2022.10~2023.1 Internal Audit Implementation Report. 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
	2023/5/10	Independent Director Xiulian, Lin Independent Director DaHo, Yen Independent Director Kun-Chih, Chen Internal audit manager Wan-Hui, Chiu	-	3.01-03 Internal Audit lementation Report.	January of fiscal year 2023. No question raised.

	2023/8/9	Independent Director	2023.	.01-06 Internal A	Audit	No question raised.
I	1	Xiulian, Lin	Imple	ementation Repo	ort.	
I	1	Independent Director				
I	1	DaHo, Yen				
I	1	Independent Director				
I	1	Kun-Chih, Chen				
I	1	Internal audit manager				
I	<u> </u>	Wan-Hui, Chiu				
I	2023/11/8	Independent Director	1. 2	2023.01-09	Internal	No question raised.
I	1	Xiulian, Lin		Audit Impleme	entation	
I	1	Independent Director		Report.		
I	1	DaHo, Yen	2. I	Revision of	Internal	
I	1	Independent Director	1	Control and	Internal	
I	1	Kun-Chih, Chen		Audit System	ns for	
I	1	Internal audit manager	_	2023.		
I	1	Wan-Hui, Chiu	3. I	Plan of internal	audit in	
I	L'	<u> </u>	î	2024.		

(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.	<ol> <li>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</li> <li>All the attending independent directors were informed and agreed.</li> </ol>

- 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

				Actual governance	Deviation and causes of
	Assessment items		No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
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.	
(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.	
(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".	

		-	Actual governance	Deviation and causes of
Assessment items		No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
(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.	
III. The constitution and obligations of the board of directors				
<ul> <li>(I) Has the board devised diversified guidelines and implemented them based on member makeup?</li> </ul>	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.	

			Actual governance	Deviation and causes of
Assessment items		No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			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. 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.	
(II) Will the Company, in add Compensation Committe Committee lawfully, have committee set up voluntaria	tee and Audit e other functional		(II) The Company has established a Compensation Committee and an Audit Committee. Considering the Company's scale and business nature, it has voluntarily set up a corporate social responsibility office and risk management team to manage and execute related matters.	

			Actual governance	Deviation and causes of
Assessment items		No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
(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 <sup>st</sup> 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.	
(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

			Actual governance	Deviation and causes of
Assessment items		No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
IV. Does the TWSE/TPEx listed company set up	V		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]. The Chief Corporate Governance Officer Hsiao-Jung, Liu,	
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?			<ul> <li>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:</li> <li>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.</li> <li>II. Provide the content of "Corporate Governance Best Practice Principles" or "Corporate Governance Best matching in accordance with relevant corporate governance Standards.</li> </ul>	
			<ul> <li>Evaluation" to facilitate the agenda working unit to complete Board Shareholders Meetings minutes in accordance with relevant corporate governance standards.</li> <li>III. Assist with Directors' taking of office and continuing education</li> <li>IV. Provide Directors with information required for business operation.</li> </ul>	

			Actual governance	Deviation and causes of	
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
			<ul> <li>V. Assist the Board of Directors in the compliance of laws and regulations.</li> <li>VI. Other matters as required by the Company's Article of Incorporation or contract.</li> <li>The professional service in 2023 is as follows: <ol> <li>Assist independent directors and general directors in performing their duties, provide required information, and arrange continuing education for directors.</li> </ol> </li> <li>Assist with the compliance matters for the Board of Directors and shareholders' meeting procedures and resolutions.</li> <li>Assist the Board of Directors in releasing material information about important resolutions, after a meeting, to help investors keep abreast of trading information.</li> <li>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.</li> <li>Reminder to the Board: Process filing of Shareholders' Meeting and to produce 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.</li> </ul>		

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			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			

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			<ul> <li>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. and a total of 50 representatives of employees and management participated the meetings. and a total of 1 proposal was successfully adopted throughout the year.</li> <li>Through the Company's internal mailbox, relevant health and epidemic prevention information is sent to the employees from time to time.</li> <li>Internal customer satisfaction surveys, and pay attention to the voice of internal customers and employees.</li> <li>Other non-scheduled thematic questionnaires <u>AAEON and Shareholders</u> The Company's "Shareholding structure and shareholders" and "Disclosure of the board of directors", "Establishment of Communication Channels with Stakeholders" and "Disclosure of the stakeholders"</li></ul>	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			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. <u>AAEON and Customers</u> 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. <u>AAEON and Suppliers</u>	
			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	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			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.	
			AAEON and Community 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.	
			<ul> <li><u>AAEON and Government and other Agencies</u></li> <li>We actively participate in seminars or symposia organize by governments or competent authorities.</li> <li>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.</li> <li>We participate in community management committees, such as the Far East Century ABC Management Committee: we participation in the development of industrial park communities.</li> </ul>	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
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
<ul><li>VII. Disclosure of information</li><li>(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?</li></ul>	V		(I) The Company have disclosed the financial business and corporate governance information on company website.	No discrepancy
(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.)?	V		(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) 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		(III) The Company announces and discloses relevant information within the time limit. For related situations, please refer to MOPS.	<b>x v</b>
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		Employees' rights and care to employees: 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

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
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?			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. <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.	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			AAEON and customer relations: 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. <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	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			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.	
			<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.	
			Status of continuing education of Directors and Supervisors: 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.	
			<ul> <li><u>Risk management policies and risk assessment standards:</u></li> <li>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</li> </ul>	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			<ul> <li>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.</li> <li>II. Risk management policy and scope <ul> <li>(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.</li> </ul> </li> <li>(II) Scope: It shall devise relevant appropriate 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</li> </ul>	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			<ul> <li>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).</li> <li>III. Risk measurement standards <ul> <li>According to the principle of materiality, it shal provide appropriate risk management for al 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.</li> <li>IV. Operations of the Risk Management Committee <ul> <li>(I) Members: The Risk Management Committee</li> <li>(I) Members: The Risk Management Committee</li> <li>(II) Meeting attendance rate: 1 meeting was held ir January, 2024, totaling 1 time, and attendance rates were 100%.</li> <li>(III) Meeting contents:</li> </ul> </li> </ul></li></ul>	

			Actual governance	Deviation and causes of
Assessment items	Yes	No	Summary description	deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
			<ul> <li>Risk Response Report for New Announcement "Restrictions on Internet Shopping Packaging Usage and Implementation Methods.</li> <li>(IV) Report to the Board of Directors on the operation status of the Risk Management Committee: Januanry 8, 2024.</li> </ul>	
			Implementation of customer policies: 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.	
			The purchase of Liability Insurance for Directors and Supervisors: The Company has purchased Liability Insurance for Directors and Supervisors.	
Center of Taiwan Stock Exchange in recent that does not participate in the evaluation	nt years, ar please leav	nd prop ve blanl	the corporate governance evaluation results published by oses the matters with priority for improvement and the respe	ective measures. (Company

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?"

[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.

			Pr	ofile						P	rofessiona	l Backgr	ound			Performance Abilities						
Diversification	Nationality	Gender	Employee of the Company		Age		Terr indepe direc	endent	Law	Accounting	Finance	Industry	Marketing	Technology	Operational judgment	financial	Business Management	Crisis Management	Knowledge of Industry	International market view	Leadership	Decision- making
Name			1 2	41 to 60	61 to 70	71 to 75	Under 3 years	3~9 years								analysis						
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
Dallo Tell	Republic of China	Male				V		V	V									V			V	V
Kuii-Chini, 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)

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

#### **Audit Quality Indicators Assessment Form**

### 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?	Ν	Y
3	Does the accountant have close business relationships or potential employment relationships with the company?	Ν	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?	Ν	Y
7	Has the accountant acted as a legal representative for the company or coordinated conflicts with third parties?	Ν	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





Accounting Supervisor:



[Attachment 3	nent 3] 2023 Continuing Education of Directors:							
		Traini	ng date	1		Training	Total Training	
Title	Name	C++	E a J	Organizer	Course name	hours		Notes
		Start	End			nouis		
					The Seminar for		<u></u>	
				Chinese National Association of	Company Directors and			
		2023/03/27	2023/03/27	Industry and Commerce	Supervisors - "Corporate	3		
					Resilience and Taiwan's			
Director	Yung-Shun,				Competitiveness" Board Governance		6	
Director	Chuang				Workshop: A Guide to		0	
				Taiwan Academy of Banking	Understanding Financial			
		2023/04/13	2023/04/13	and Finance	Statements for Non-	3	Training hours of the year   Note the year     6   6     6     12     6     6	
					Financial Background			
					Directors and Supervisors			
					Board Governance			
					Workshop: A Guide to			
		2023/04/13	2023/04/13	Taiwan Academy of Banking	Understanding Financial	3		
Dimension	Ying-Chen			and Finance	Statements for Non-		6	
Director	Li				Financial Background Directors and Supervisors		0	
				Greater China Financial and	AI Thinking and Digital		1	
		2023/07/12	2023/07/12	Economic Development	Transformation	3		
		2020,07712		Association				
					The Future of Enterprises			
		2023/06/07	2023/06/07	Taiwan Institute of Directors	Amidst the Battlefield:	3		
		2023/00/07	2023/00/07	Taiwan Institute of Directors	Strategic Repositioning	3		
					and Transformation			
				Greater China Financial and	AI Thinking and Digital			
	E CI	2023/07/12	2023/07/12	Economic Development	Transformation	3		
Director	Fu-Chun,			Association Greater China Financial and	The Impact of Carbon		12	
Ciluar	Chuang	2023/08/09	2023/08/09	Economic Development	Pricing on Business	3		
		2023/00/07	2023/00/07	Association	Operations	5	- 12	
					Talent Competition in			
		2022/10/11	2022/10/11	Greater China Financial and	Enterprises: Exploring	2	12	
		2023/10/11	2023/10/11	Economic Development Association	Key Issues in Employee	3		
					Compensation Strategies			
					Practical Sustainability			
		2023/05/12	2023/05/12	Corporate Governance	Governance in Corporate	3		
Dimater	Ioner Cl. 1			Association in Taiwan	Succession and Transformation		4	
Director	Jonny Shih				The Impact and		0	
		2023/07/19	2023/07/19	Corporate Governance	Opportunities of AI on	3		
		_0_0,0,119		Association in Taiwan	Industries			
					Practical Sustainability			
		2023/05/12	2023/05/12	Corporate Governance	Governance in Corporate	3		
	Jonathan	2023/03/12	2025/05/12	Association in Taiwan	Succession and	3		
Director	Tsang				Transformation		6	
	134115			Corporate Governance	The Impact and			
		2023/07/19	2023/07/19	Association in Taiwan	Opportunities of AI on	3		
					Industries Practical Sustainability			
				Corporate Governance	Governance in Corporate			
		2023/05/12	2023/05/12	Association in Taiwan	Succession and	3		
Director	S.Y. Hsu				Transformation		6	
				Componento Common	The Impact and		6	1
		2023/07/19	2023/07/19	Corporate Governance Association in Taiwan	Opportunities of AI on	3		
				Association in Talwan	Industries			

Title	Name	Traini	ng date	Organizer	Course name	Training hours	Total Training hours of	Notes
		Start	Liid		"Trends and Regulations		the year	
Director	Chiu-Hsu, Lin	2023/06/30	2023/06/30	Securities and Futures Institute	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	2	6	
		2023/11/15	2023/11/15	Securities and Futures Institute	The Green Industrial Revolution of 2030/2050	3		
In daman dama		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		
Independent Director	Daho Yen	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	6	
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	

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	ganizer Course name		Training hours for the year
		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	
		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	
Governance Manager	Ming-Han Hsieh	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	12
		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 Na	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 %	

Other remarks:

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 CommitteeMeetings

			Company's
Compensation	Details of the relevant agendas and the subsequent	Resolution	response to Compensation
Committee	Details of the relevant agendas and the subsequent	Resolution	Committee's opinions
2 <sup>nd</sup> times of the 4 <sup>th</sup> term Jan. 9, 2023	<ol> <li>Submission of Proposed Allocation for Employee Compensation and Director Remuneration for 2022 (Estimated Figures).</li> <li>Submission of Proposed Distribution of Year-End Bonuses for Management for 2022.</li> </ol>	Approved by all committee	Submitted to the Board and
3 <sup>rd</sup> times of the 4 <sup>th</sup> term Feb. 24, 2023	<ol> <li>Submission of Actual Allocation for Employee Compensation and Director Remuneration for 2022.</li> <li>Submission of Incentive Bonus Scheme for Non- Sales Non-SBU for 2023.</li> <li>Submission of Proposed Salary Adjustments for Management for 2023.</li> </ol>	Approved by all committee members	Submitted to the Board and was approved by all Board members.
4 <sup>th</sup> times of the 4 <sup>th</sup> term Aug. 9, 2023	<ol> <li>Submission of Proposed Distribution of Director Remuneration for 2022.</li> <li>Submission of Proposed Distribution of Employee Compensation for Management for 2022.</li> </ol>	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 Oranization 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 AAEON 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 Oranization 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	Professional Qualification and Experience
Nai	me	
Independent Director (Chairperson)	Daho Yen	Law.
Independent Director	Kun-Chih, Chen	Accounting

Identity	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> <li>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.</li> <li>The Risk Management Committee shall report its operation to the Board of Directors at least once a year.</li> </ol>
Risk Management Committee	"Risk- Management Measures" and "Risk Management Committee Oranization Regulation"	<ol> <li>They are evaluated quarterly.</li> <li>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.</li> <li>The operation of the risk management team is reviewed at least once a year.</li> </ol>
Risk Management team	QR2-002 Risk Management Operation Standard	<ol> <li>The content of the risk assessment items is reviewed from June to July every year.</li> <li>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).</li> </ol>

#### 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	President Chien-Hung, Lin		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

			Implementation Status	Deviations		
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons		
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		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 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.	No significant difference		

	Implementation Status			Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
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		<ol> <li>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."</li> <li>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 arsing 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, marketing, human resources, research and development, finance, and strategy execution).</li> <li>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</li> </ol>	No significant difference

	Implementation Status			Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
			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. 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.	
<ul> <li>III. Environmental issues</li> <li>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</li> </ul>	V		(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.	difference

	Implementation Status			Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
(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		<ul> <li>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.</li> <li>(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.</li> <li>Waste and Resource Recycling Management 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.</li> <li>Industrial Waste Management</li> <li>The Company's industrial waste manufacturers are selected in accordance with the Environmental Protection Administration's regulations. They are selected among the lost provided by the website of Industrial Waste Repor and Management System, Environmental Protection Administration is obtained from the "Permi Inquiry". Our partner manufacturers have provided Waste Treatment</li> </ul>	No significant difference

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
(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		<ul> <li>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.</li> <li><u>Proceeds from Recoverables</u></li> <li>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.</li> <li>(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</li> </ul>	No significant
			team conducts assessments under climate change financial disclosure projects to identify potential risks, opportunities, and financial impacts, and develops corresponding risk management strategies.	

					Implemer	ntation Status			Deviations
Evaluation Item	Yes	No			P	Abstract Illust	ration		from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
(IV) Does the Company record the			· /		gas emissi			. a	No significant
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,			1, 2, and As of th	d 3 emissi	ons from o	our Taiwan he	adquarters, ha	ars, covering Scope ave been compiled. ed by a third party.	
greenhouse gas reduction, water consumption or other waste management?								(Note) (ton CO2e / 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	
			Revenue fo Revenue fo Water L Water c consum of 6.549 We con	r 2022 in parat r 2023 in parat Jsage: onsumptio ption thro %. reached tinued the	nt company is 5, nt company is 4, on throughout 202 d the annua e measures,	$23 = 4,372 \text{ m}^3$ I target of red , such as post	578  m3 = 4,67 3 = 4,372  metr lucing water c ting water eff	8 metric tons, Wate ric tons, an decrease consumption by 1% iciency slogans and he management uni	e  d
							orking with th nanagement n		L

				Implementation Status	Deviations
	Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
				Total waste amount:It was a total of 15.802 metric tons for 2022 and 32.715 metric tons for2023. The total weight of waste increased in 2023 due to the absence ofgeneral business waste reduction initiatives (such as packaging materials.mixed plastic waste, PE film) in 2022. Consequently, the company will taskeach unit with coordinating discussions to gradually reduce wastegeneration practices.(Unit: metric tons )Year 2022 2023Hazardous Industrial Waste 0.14 0.14General Business Waste 15.662 32.575Total 15.802 32.715Greenhouse gas inventory:AAEON established a greenhouse gas inventory promotion organization ir2022 to conduct inventories of the Company's headcount, electricityconsumption, transportation, and supplies procured. At present, we plan toappoint external consultants for coaching, with the goal of obtaining ISO-14064-1 certification (greenhouse gas verification).	
IV. (I)	Social Issues Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and			<ul> <li>(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</li> </ul>	difference

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
international conventions on human rights?			<ul> <li>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:</li> <li>No child labor: comply with local minimum age laws and regulations, no child labor.</li> <li>Above minimum wage: Provide employees with the wages and benefits that meet or exceed the requirements of local laws and regulations.</li> <li>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.</li> <li>Non-discrimination: Discrimination based on race, color, age, gender, sexual orientation, religion, disability, work membership or political orientation.</li> </ul>	

	Implementation Status				
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons	
			• No inhumane treatment: Harassment, physical abuse or threats are prohibited.		
			<ul> <li>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.</li> <li>Health and safety: Provide a healthy and safe working environment for all employees with mutual trust and respect.</li> <li>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.</li> <li>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 rules also specify the regulations on avoidance of a hostile work rules. In addition, the Company has listed sexual harassment prevention as a training topic in the education and training courses for new employees.</li> </ul>		

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
(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		<ul> <li>(II) Implementation status of various employee welfare measures (including salary, vacation and other benefits)</li> <li>Employee Compensation</li> <li>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.</li> <li>Workplace Diversity and Equality</li> <li>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.</li> <li>1. Female Management Ratio: Our company's female management ratio is 16.7%.</li> <li>2. Disability Employment Target: We have achieved a 100% target for employing individuals with disabilities.</li> <li>3. Benefit Policies: All relevant welfare policies are implemented without discrimination based on sexual orientation or gender.</li> </ul>	No significant difference

		Implementation Status				
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons		
			Employee welfare measures and implementation:			
			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. <b>Leave Policies and Implementation</b>			
			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. 1. We pay the full salary to female employees who have been employed			
			<ul><li>for fewer than six months and apply for maternity leave of five days, one week or four weeks.</li><li>We added birthday leave and provide one day of paid leave to</li></ul>			
			<ul><li>employees on their birthdays.</li><li>3. We adjusted female menstrual leave and provided the maximum of 42 days of half-pay leave throughout the year.</li></ul>			
			<ul><li>4. We added a new childbirth transportation subsidy with a monthly upper limit of NT\$3,000.</li></ul>			

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?			<ul> <li>5. We increased the childbirth cash gift to NT\$10,000 per child.</li> <li>Retirement system and its implementation:</li> <li>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.</li> <li>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.</li> <li>(III) The Company's work environment shaped for employees' safety and health is as follows</li> <li>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.</li> <li>(1) Provide new employees and operators who replaced old ones with general safety and health education for three hours.</li> <li>(2) Provide on-the-job personnel with safety and health education and training for three hours every three years.</li> </ul>	No significant difference

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
			<ul> <li>(3) Provide various safety and health education and training (first aiders; three hours every three years ).</li> <li>(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. ).</li> <li>(5) Provide various safety and health education and training (occupational safety management specialist;12 hours every two years).</li> <li>(6) Provide various safety and health education and training (occupational safety management specialist;12 hours every two years).</li> <li>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, Such a drill is carried out every six months.</li> <li>3. Regularly monitor work environment</li> </ul>	

		Implementation Status				
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons		
			<ul> <li>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 CO<sup>2</sup> in the work environment every six months.</li> <li>4. Voluntary safety and health inspections to protect workers' personal safety <ul> <li>(1) Regularly inspect firefighting equipment and regularly inspect all firefighting facilities every year.</li> <li>(2) Check and record each protective equipment for the on-site machinery and equipment, such as safety face shields and emergency button switch.</li> </ul> </li> <li>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.</li> </ul> <li>6. Regularly hold health checkups and implement health management and health promotion</li>			

	Implementation Status				
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons	
			<ul> <li>(1) Hold annual health checkups for in-service employees.</li> <li>(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.</li> <li>(3) Arrange an on-site physician consultation session once a month.</li> <li>Additional information is as follows:</li> <li>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</li> </ul>		

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
			<ul> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	

	Implementation Status				
Evaluation Item		No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<ul> <li>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.</li> <li>(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.</li> </ul>	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		<ul> <li>(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.</li> </ul>	No significant difference	
			(VI) The Company devotes in the energy-saving and carbon-reduction functions of the products provided by suppliers and enhance		

	Implementation Status				
Evaluation Item		No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons	
(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		<ul> <li>corporate social responsibility. For the implementation of the quality and environmental management system in corporates or long-term cooperation for more than several times a year, ir 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 conten 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 or business transaction execution.</li> <li>The Company engaged in environmental protection activities with clients and suppliers.</li> <li>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.</li> </ul>	No significant difference	

			Implementation Status	Deviations
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
			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).	
			<ul> <li>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.</li> <li>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,</li> </ul>	

			Implementation Status	Deviations			
Evaluation Item	Yes	No	Abstract Illustration	from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons			
			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.				
<ul> <li>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?</li> <li>Have such reports been assured, verified or certified by a third party?</li> </ul>	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.	difference No significant difference			
I. 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."							

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

Item	Implementation status
1.Describe the supervision and governance by the board of directors and management regarding climate-related risks and opportunities.	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.
	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.
2.Describe how the identified climate risks and opportunities impact the business, strategy, and finances of the company (short-term, medium-term, long-term).	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. 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. 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.
	In response to the above risks and opportunities, the company will implement the

Item	Implementation status
	<ul> <li>following measures:</li> <li>Physical Risks:</li> <li>Develop emergency response plans.</li> <li>Enhance employee education and training.</li> <li>Implement environmentally friendly activities to raise awareness of carbon reduction.</li> <li>Transition Risks :</li> <li>Adhere to TCFD guidelines.</li> <li>Regularly track performance execution.</li> </ul>
	<ul> <li>Promote ISO14064-1/GHG greenhouse gas inventory.</li> <li>Evaluate the feasibility of purchasing renewable energy.</li> <li>Introduce circular economy thinking and develop low-carbon products.</li> </ul>
3. Describe the financial impacts of extreme weather events and transition actions.	(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.
	(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.
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	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).
	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

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.	Here are the short-term, mid-term, and long-term goals: 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. 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. 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.
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	) Prop	per enforce	ement of	business	integrity
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	1) Proper enforcement of business integrity			Actual governance	Variation from the
	Items	Yes	No	Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
I. (I)	Business Integrity Policy and action plans 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?			(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?			(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.	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.	general

			Actual governance	Variation from the
Items		No	Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
<ul> <li>II. Proper enforcement of business integrity</li> <li>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</li> <li>(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)?</li> </ul>			<ol> <li>(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.</li> <li>(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.</li> <li>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 Boad. The complaint mailbox for the general personnel: Aaeon.direct@aaeon.com.tw. Matters will be handled by the Chief Internal Auditor.</li> </ol>	general

			Actual governance	Variation from the
Items	Yes	No	Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
			<ul> <li>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."</li> <li>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.</li> </ul>	

			Actual governance	Variation from the
Items	Yes	No	Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
			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.	
<ul> <li>(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</li> <li>(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?</li> </ul>			<ul> <li>(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.</li> <li>(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.</li> </ul>	No discrepancy in general No discrepancy in general
<ul><li>(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?</li></ul>			(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

				Actual governance	Variation from the
Items			No	Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
				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.	
	The operations of the Company's Report System				
(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?	V		<ul> <li>(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.</li> </ul>	No discrepancy in general
(II)	operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?			(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.	No discrepancy in general
(III)	Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(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	No discrepancy in general

				Variation from the				
	Items	Yes	No	Actual governance Summary description	Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the			
				confidentiality of the informer and shall not have	reasons			
				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?			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.	for TWSE/TPEx Listed Companies", please de	scribe	any dis	y principles based on "Corporate Social Responsibility crepancy between the principles and their implementa s for Ethical Management and Guidelines for Conduct	tion: The Company has			
VI.	<ul> <li>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):</li> <li>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.</li> </ul>							
(IX)	) Disclosure to the Company's Corporate Governa Conduct", "Code of Business Conduct", "Proced "Corporate Social Responsibility Best Practice I Shareholders' Meetings", "Procedure for the Ele "Code of Corporate Governance Practice", "Self	unce Pr lures for Principle ection of f-Evalu tice Pr	inciples or Ethics es", "R of Direct ation or inciples	: The regulations formulated by the Company, such as ' al Management and Guidelines for Conduct", ""Rules f ules and Procedures for Board Meetings", "Rules and P tors", "Charter of Audit Committee", "Charter of Comp Peer Assessment of the Board of Directors and Function ", "Regulations Governing the Self-Evaluation by the B website.	for Board Meetings", rocedures of pensation Committee", pnal			

(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 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.



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.

Type of Meetings	Major Motions	Execution		
May 31, 2023 General	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.		
Meeting of shareholders	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.		

(XIII) Resolutions of the Board of Directors' Meeting and the General Shareholders' Meeting: 1. Shareholders' Meeting:

2. Board of Directors:

Type of Meetings	Convening date	Important Resolution Items
Board of Directors	2023.01.09	<ol> <li>Revision of some articles of the company's "Internal Material Information Processing Procedures"</li> <li>Revision of some articles of the company's "Procedures for Preventing Insider Trading Management"</li> <li>Amendments to some articles of the company's "Rules of Procedure for the Board of Directors"</li> <li>Submit the 2022 bonus distribution proposal for managers.</li> <li>Submit the 2022 employee remuneration and director remuneration proposal (estimated amount)</li> </ol>
Board of Directors	2023.02.24	<ol> <li>2022 internal control effectiveness and internal control system statement</li> <li>2022 business report and financial statements</li> <li>The distribution of 2022 retained earnings</li> <li>2023 business plan and budge0</li> <li>Convening of the 2023 Annual General Meeting</li> <li>Revision of the company's "Corporate Social Responsibility Code of Practice" and "Corporate Social Responsibility Organization Chart"</li> <li>Revision of some articles of the company's "Corporate Governance Code"</li> </ol>

Type of Meetings	Convening date	Important Resolution Items
		<ul> <li>8. In the fourth quarter of 2022, the case of converting employee stock option certificates into new shares was executed.</li> <li>9. Amendments to some articles of the company's "Articles of Association"</li> <li>10. Accountant Independence Assessment Case</li> <li>11. The case of changing the company's certified accountant</li> <li>12. Donation of NT\$2 million to AAEON EDUCATION FOUNDATION.</li> <li>13. Proposal for 2023 Non-Sales Non-SBU Incentive Bonus Scheme.</li> <li>14. Submission of the Proposal for Salary Adjustment for</li> </ul>
Board of	2023.03.23	Managers in 2023           Issuance of new shares by means of capital increase and
Directors Board of Directors	2023.05.10	<ul> <li>transfer of shares</li> <li>1. In the 1st quarter of 2023, the case of converting employee stock option certificates into new shares was executed.</li> <li>2. Case of Applying for Comprehensive Credit Facility and Derivative Financial Instruments Trading Limit (Renewal)</li> <li>3. 2023Q1 Financial report</li> <li>4. Termination of Mr. Lin Jian-Hong, General Manager of the Company, Competing Restriction Case</li> </ul>
Board of Directors	2023.08.09	<ol> <li>In the 2nd quarter of 2023, the case of converting employee stock option certificates into new shares was executed.</li> <li>2023Q2 Financial report</li> <li>Proposal for the Distribution of Director Remuneration for 2022</li> <li>Proposal for the Distribution of Managerial Employee Compensation for 2022</li> </ol>
Board of Directors	2023.11.08	<ol> <li>Revision of Internal Control and Internal Audit System for 2023</li> <li>Internal Audit Plan for 2024</li> <li>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."</li> <li>In the 3rd quarter of 2023, the case of converting employee stock option certificates into new shares was executed.</li> <li>2023Q3 Financial report</li> <li>Proposal for ATECH OEM INC., a Related Party, to Lease Office Space on Baoqiao Road from AAEON TECHNOLOGY INC.</li> </ol>

Type of Meetings	Convening date	Important Resolution Items
Board of Directors	2024.01.08	<ol> <li>Proposal for Amendment of Regulations on Reporting Director and Executive Compensation, and Adjustment of Monthly Compensation for Independent Directors.</li> <li>Proposal for Distribution of Year-end Bonuses for 2023.</li> <li>Proposal for Allocation of Employee Compensation and Director Remuneration for 2023 (Estimated).</li> </ol>
Board of Directors	2024.02.29	<ol> <li>Case of Internal Control Effectiveness and Declaration of Internal Control System for 2023</li> <li>2023 business report and financial statements</li> <li>The distribution of 2023 retained earnings</li> <li>Proposal to Distribute Stock Dividends at NT\$0.5 per Share from Capital Surplus.</li> <li>Convening of the 2024 Annual General Meeting</li> <li>2024 business plan and budget</li> <li>Amendment to the "Ethical Corporate Management Best Practice Principles"</li> <li>Amendment to the "Procedures for Ethical Management and Guidelines for Conduct"</li> <li>Amendment to the "Code of Ethical Conduct and English Version".</li> <li>Accountant Independence Assessment Case</li> <li>Fees for Auditor's Certification for 2023 and 2024.</li> <li>In the 4th quarter of 2023, the case of converting employee stock option certificates into new shares was executed.</li> <li>Donation of NT\$2.5 million to AAEON EDUCATION FOUNDATION.</li> <li>Proposal for 2024 Executive Salary Adjustments</li> </ol>

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

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

.,			·		Unit: shares
		20	23	As of Ma	r. 31,2024
Title	Name	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	-

(I) Share changes by directors, supervisors, managers, and major shareholders

		20	23	As of Mar. 31,2024		
Title	Name	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.

					-			31, 2024; Uni	t. 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 INVESTME NT 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 INVESTME NT CO.,LTD.	Parent company and subsidiary Affiliate	_
Representative : Jonny Shih	-	-	_	—	_	_	-	-	_
HUA-MIN INVESTMEN T 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 esponsible persor	_
Representative : Hui-Mei, Huang	-	-	_	—	_	_			_
Yu-Ming, Huang	4,127,000	2.57					-	-	_

March 31, 2024; Unit: shares

Name		eld In Own ame	sp	Shareholdings of spouse and underage children		Held In The s 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

	-			0131, 2024, 0	Jint. Thous	una snares, 70
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

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 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

Voor		Authorized capital		Paid-in capital		Remarks			
	Par Value (NT\$)	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	

		Authorized capital		Paid-in capital		Remarks			
Month/ Year	Par Value (NT\$)	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 10: Jing-Shou-Shang-Zi Letter No. 11230090300 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

Share Type	A	Denverler		
Share Type	Issued Shares	Un-issued Shares	Total Shares	Remarks
Ordinary shares	160,890,830	39,109,170	) )	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 Foreign Other Domestic structure Government Financial Institutions Juridical Natural Total Agencies Institutions & Natural Amount Persons Persons Persons Number of 0 8 4,795 37 4,727 23 Shareholders Shareholding 3,119,000 160,890,830 0 114,568,727 42,654,506 548,597 (shares) 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; %

Shareholding Shareholder's Name	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\$

Itom			Year	2022	2023	As of Mar. 31 2024
Item			Uichast	05.5	227	
Market			Highest	95.5	237	185.5
price per			Lowest	67.8	86.2	148
share			Average	79.01	129.12	163.96
Net worth	Befo	re div	vidend distribution	57.92	62.41	
per share	Afte	er div	idend distribution	52.92	Not yet appropriated	
<b>.</b> .	Weighted Average Shares (thousand shares)			107,152	115,061	118,936
Earnings per share	Earnings	per Cum-dividend		10.03	8.42	
per snare	share (Note 1)		Ex-dividend	10.03	Not yet appropriated	
	Cash	Fr	om retained earnings	5.0	6.5 (Note 2)	
Dividends	dividends	From capital surplus		-	-	
per share	Stock	Fr	om retained earnings	-	-	
1	dividends	ŀ	From capital surplus	-	-	
	Accumula	ted U	Indistributed Dividends	-	-	
	Price	/ Earr	nings Ratio (Note 3)	7.88	15.33	

Return on	Price / Dividend Ratio (Note 3)	15.80	19.86	
Investment	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: NI\$
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.Vesting date 2 <sup>nd</sup> yearCumulative vesting 50% 3 <sup>rd</sup> year3 <sup>rd</sup> year75% 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.				

	1	r	1						1			31,2024	
				Stock		Exercised				Unexercised			
	Title	Title Name Options (thousand)	Options as a Percentage of Shares		Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage	No. of Shares	Strike Price (NT\$)	(NT\$	Converted Shares as a Percentage		
			snares)	Issued	shares)		,			Ì	,	of Shares	
Managers	Assistant V.P. Assistant V.P. Manager Manager Assistant	Lai Shu- Chen, Li Shao- Chou, Hsueh Jen- Chieh, Huang Wen- Ming, Ni Wan- Hui, Chiu Jen- Chung Wang Han Hsieh Chris	shares)	of Shares	(thousand	65.7/63.1/60.7	thousands) 44,520.9	0.44	Converted 525		thousands) 31,867.5	0.33	
Employee	V.P. Assistant V.P. Assistant V.P. Top Ten Employees (Note 1)	Chuang Hank Peng Jansin Lee	412	0.26	412	65.7/63.1/60.7	25,739.6	0.26	244	share: \$ 60.7	14,810.8	0.15	

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

Mar. 31,2024

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 crossmarketing, 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.

$(\Pi)$	Basic Information of Recent	v Acquired	and Acquired	Companies in the	Last Fiscal Year
()	20010 111011001001 01 1000010	j 1 1 0 0 00 0 0 0 0 0 0 0 0 0 0 0 0 0 0			

		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 Repres	entative	Yung-Shun, Chuang		
Paid-in Capit	al	749,833		
Primary Business Operations		Manufacturing, processing, and trading of industrial motherboards and computer peripherals.		
Main product	t	Revenue from industrial motherboards and computer		
-		peripherals.		
Financial	Total Assets	1,814,320		
Information	Total Liabilities	364,477		
of recently	Total Equity	1,449,843		
year	Revenue	1,330,751		
	Opertaing profit	490,455		
	Operating income	196,960		
	Profits for the	172 /11		
	year	172,411		
	Earnings per	2.30		
	share	2.50		
	ng and Implementat	·		

(

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: NI	\$ thousand	
Year	202	22	2023		
Item	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.

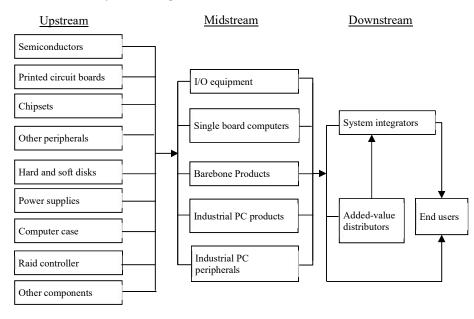
2. Correlation of the upstream, midstream, and downstream of the industry

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; %
Item	2022	2023
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

-	printing date of this annual report
2022	<ul> <li>Embedded single-board computers and motherboards /modular computers / industrial-grade motherboards / chassis-type single-board computers and backplanes: GENESYS-CML5 、 GENESYS-BT05 、</li> </ul>
	GENE-SKU6 B12 、 GENE-EHL5 、 PICO-V2K4 、 ESBD-ACIES03 、
	GENE-KBU6-MLD 、 EPIC-TGH7 、 COM-TGHB6 、 GENE-ADP6 、
	NANOCOM-EHL \circle de next-TGU8 \circle COM-ICDB7 \circle M2AI-2280-720 \circle
	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
	<ul> <li>Industrial-grade innovative development board / IoT gateway :</li> </ul>
	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 v VEND-CRST01 v UP-APL03-B1.0 v UPS-EDGE-EHL01 v 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	• 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-WHUC6B10、VL-PRO-PLUS、HPC-ADSC、PICO-
	EHL1 \ EPIC-ADS7-PUC \ PICO-APL2 \ de next-V2K8 \ GENESYSM-
	ADP6 、 SRG-TG01 、 EEB-A10 、 NOH-EDIN-ED515
	• Indusrial computer product : CMIX-H610A1 \ TPM-8800 \ MAX-
	H420A、CX7、CX5、KC5、MIX-ALPSD1、MIX-Q670A1、MIX-
	ALND1 、 MAX-Q670A 、 MIX-Q670D1
	<ul> <li>Network Security Products : VM-MBQ470E          ZEUS-WHI0     </li> </ul>
	• 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) VPX-ADLP A1.1 (UP Xtreme i12) V
	UP-EDGE-ADLN01(UP 7000 EDGE) VUPS-EDGE-ADLP01 (UP
	Squared i12 EDGE) · UP-ADLN01(UP 7000) · UPS-ADLP01(UP
	Squared i12) SRA-AIARM-APL03 UPN-EDGE-ADLN01(UP
	Squared Pro 7000 Edge) VPN-ADLN01(UP Squared Pro 7000) VPX-
	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	•	Embedded Single Board Computers and Motherboard Products: COM-
printing		TGUC6 B10, COM-TGHB6 A11, EPIC-RPS9, NOC-BORM-USX
date of	•	Intelligent Platform Product: BOXER-6843-ADS
the	•	Industrial Computer Products: OMB-H610, MIX-H610A1
annual	•	Network Security Product: ICS-6280
report	ullet	UP Series Product: AXONE NEMO2 EVO

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 AAEON eShop, provide quick delivery service within  $3 \sim 5$  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)

	5 1		Unit: N	NT\$ thousand; %	
Year	20	22	2022		
Area	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 <u>Loan substrates automatically</u> $\rightarrow$	Print soldering paste (of tin or glue) to substrates with automatic PLC monitoring
$ \begin{array}{rcl} (\text{Automatic loader}) \\ \rightarrow & \underline{\text{Print adhesive onto}} & \rightarrow \\ & \underline{\text{substrates automatically}} \\ & (\text{Adhesive dispenser}) \end{array} $	<u>system</u> (Automatic solder paste printer) <u>Placing surface mount components onto the</u> <u>substrates automatically</u> (High-speed component mounter, visual component mounter)
$ \rightarrow \frac{\text{Make corrections by visual}}{\text{inspection on buffer}} \rightarrow \frac{\text{conveyor}}{\text{(Substrate buffer}} $	Heat by hot air until soldering paste melts and components fused to the substrate (Hot air reflow ovens)
conveyor) → <u>Unload of substrates</u> <u>automatically</u> (Automatic unloader)	
(Trolley type hot air <u>componer</u>	$ \frac{\text{e speed chain}}{\text{it insertion conveyor}} \xrightarrow{\rightarrow} \frac{\text{Automatic tin}}{\text{soldering}} $ (Automatic tin soldering machine)
$\rightarrow \frac{\text{Cleaning off tin and flux residue}}{\text{distilled water with machine}}$	$ \frac{\text{e with}}{\text{assembly of fragile}} \rightarrow \frac{\text{Soldering touch-up and}}{\text{assembly of fragile}} $
(Cleaning machine + Ultra-pure machine) → <u>Test</u> (Internal circuit tester)	
	(Insulation and temperature-tolerant oven) ional 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

 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

	Unit: N15 thousan							
	2022				2023			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Relationshin	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer
1	А	1,284,764	22.40	The parent company	А	661,080	15.91	The parent company
2	В	1,063,826	18.54	None	В	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 20232 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

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Year		2022			2023	
Production volume and value Major products	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
(or department classification)						
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

Year	Year 2022						2023	
	Domes	tic sales	Overs	eas sales	Domes	tic sales	Overseas sales	
Sales Volume Value Major products (or department classification)	Volume	Value	Volume	Value	Volume	Value	Volume	Value
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
	Production	348	479	466
	Construction	240	340	347
Number of employees	Sale	153	180	181
employees	Administration	100	169	169
	Total	841	1,168	1,163
	Average age	41.93	41.95	42.43
Averag	ge years of service	7.45	8.13	8.26
	Ph.D	3	2	3
	Masters	156	176	182
Education	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		Starting Sep. 1, 2017	Procurement	None
procurement	Computer Inc.	Starting Sep. 1, 2017	Trocurement	TUNE
Contract of product	Wincor	Starting Nov. 03, 2015	Sales	None
sales	whicor	Starting Nov. 05, 2015	Sales	None
Contract of product	NCR	Starting Nov. 29, 2016	Sales	None
supply	NCK	Starting Nov. 29, 2010	Sales	None

## VI. Financial summary

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- 1. Five-Year Balance Sheets and Statement of Comprehensive income summary
  - (I) 1. Condensed balance sheet IFRS (consolidated)

Unit: NT\$ thousand							
Year	Financi	al information	n from the pa	st five years	(Note 1)		
	2019	2020	2021	2022	2022		
assets	4,810,234	4,793,844	5,143,956	5,918,961	7,387,004		
ment	595,882	564,531	800,321	805,741	1,519,684		
e assets	23,993	24,669	17,726	13,313	700,153		
assets	4,247,834	4,194,074	4,254,002	4,664,971	4,770,817		
assets	9,677,943	9,577,118	10,216,005	11,402,986	14,377,658		
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		
t liabilities	127,032	115,945	305,631	380,343	558,785		
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		
	7,800,514	7,841,121	7,868,758	8,642,423	10,010,600		
ıl	1,484,985	1,484,985	1,486,185	1,492,255	1,604,078		
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		
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		
equity	(63,315)	(53,278)	(64,805)	(12,359)	62,953		
y stock							
ests	515,999	531,332	521,770	720,475	2,110,795		
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		
	Year Year Year Assets olant, and ment le assets assets Assets Before distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution After distribution Before distribution After distribution Before distribution After distribution Before distribution After distribution Before distribution After distribution Before distribution After distribution After distribution After distribution After distribution After distribution	YearFinancia2019assets4,810,234plant, and ment595,882le assets23,993assets4,247,834assets9,677,943Before distribution1,234,398After distribution1,709,593distribution1,361,430After distribution1,836,625Dutable to s of the7,800,514After distribution5,348,750Before distribution5,348,750After distribution5,348,750After distribution5,348,750After distribution5,348,750After distribution5,348,750After distribution5,54,899equity (63,315)(63,315)y stock—trolling ests515,999Before distribution5,14,218	Year         Financial informatio           2019         2020           assets         4,810,234         4,793,844           plant, and ment         595,882         564,531           le assets         23,993         24,669           assets         4,247,834         4,194,074           assets         9,677,943         9,577,118           Before         1,234,398         1,088,720           distribution         1,709,593         1,534,215           distribution         1,709,593         1,534,215           distribution         1,361,430         1,204,665           After         1,836,625         1,650,160           outable to         5,348,750         5,473,802           After         5,348,750         5,473,802           After         5,348,750         5,473,802           After         5,348,750         5,399,553           Before         1,030,094         935,612           After         1,030,094         935,612           After         554,899         564,366           equity         (63,315)         (53,278)           y stock         —         —           trolling         515,999	YearFinancial information from the particle2019202020212 assets $4,810,234$ $4,793,844$ $5,143,956$ plant, and ment $595,882$ $564,531$ $800,321$ le assets $23,993$ $24,669$ $17,726$ assets $4,247,834$ $4,194,074$ $4,254,002$ assets $9,677,943$ $9,577,118$ $10,216,005$ Before distribution $1,234,398$ $1,088,720$ $1,519,846$ After distribution $1,709,593$ $1,534,215$ $1,980,563$ Before distribution $1,361,430$ $1,204,665$ $1,825,477$ After distribution $1,836,625$ $1,650,160$ $2,286,194$ putable to s of the $7,800,514$ $7,841,121$ $7,868,758$ all $1,484,985$ $1,484,985$ $1,486,185$ Before distribution $5,348,750$ $5,379,553$ $5,359,617$ Before distribution $1,030,094$ $935,612$ $1,013,452$ After distribution $554,899$ $564,366$ $627,044$ equity $(63,315)$ $(53,278)$ $(64,805)$ y stock————trolling ests $515,999$ $531,332$ $521,770$ Before distribution $8,316,513$ $8,372,453$ $8,390,528$	Unit: N           Year         Financial information from the past five years           2019         2020         2021         2022           assets         4,810,234         4,793,844         5,143,956         5,918,961           plant, and ment         595,882         564,531         800,321         805,741           le assets         23,993         24,669         17,726         13,313           assets         4,247,834         4,194,074         4,254,002         4,664,971           assets         9,677,943         9,577,118         10,216,005         11,402,986           Before         1,234,398         1,088,720         1,519,846         1,659,745           distribution         1,709,593         1,534,215         1,980,563         2,405,872           distribution         1,361,430         1,204,665         1,825,477         2,040,088           After         1,361,430         1,204,665         1,825,477         2,040,088           After         1,3836,625         1,650,160         2,286,194         2,786,215           outable to s of the         7,800,514         7,841,121         7,868,758         8,642,423           all         1,484,985         1,484,985		

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.

V	<b>E</b> :	1 :	fue		$\Gamma$ thousand
Items	2019	2020	2021	st five years ( 2022	2022
Operating revenues	6,148,380	5,898,185	6,347,704	8,352,076	
Operating gross	0,148,380	3,898,183	0,347,704	8,332,070	8,073,203
profit	2,063,922	1,930,453	1,855,051	2,753,135	2,834,374
Operating gains and	2,003,922	1,950,155	1,000,001	2,755,155	2,051,571
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	668,245	464,171	513,753	1,177,836	1,167,250
operations	008,243	404,171	515,755	1,177,030	1,107,230
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		7 (70	(12.070)		
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	010,001	171,015	199,771	1,250,119	1,23 1,000
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

2. Comprehensive income statement - IFRS (consolidated)

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)
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Unit: NT\$ thousand

<	Unit: N1\$ thousan						
	Year	Financi	al informatio	n from the pas	st five years (	Note 1)	
Items		2019	2020	2021	2022	2023	
Curre	ent assets	3,682,162	3,539,101	3,897,683	4,252,776	4,415,907	
· ·	y, plant, and ipment	374,734	360,601	325,869	325,782	358,604	
Intang	gible assets	23,435	19,421	12,899	7,395	7,332	
Oth	er assets	4,653,481	4,651,742	4,680,662	5,300,267	6,220,203	
Tota	al assets	8,733,812	8,570,865	8,917,113	9,886,220	11,002,046	
Current	Before distribution	890,431	686,650	971,504	1,134,432	883,247	
liabilities	After						
	distribution	1,365,626	1,132,145	1,432,221	1,880,559	Note 2	
Non-curre	ent liabilities	42,867	43,094	76,851	109,365	108,199	
Total	Before distribution	933,298	729,744	1,048,355	1,243,797	991,446	
liabilities	After						
	distribution	1,408,493	1,175,239	1,509,072	1,989,924	Note 2	
Equity attr	ibutable to						
shareholde	rs of the parent	7,800,514	7,841,121	7,868,758	8,642,423	10,010,600	
Share capit		1,484,985	1,484,985	1,486,185	1,492,255	1,604,078	
Capital	Before distribution	5,348,750	5,473,802	5,433,926	5,461,370	6,421,702	
surplus	After	5,348,750	5,399,553	5,359,617	5,461,370	Note 2	
1	distribution						
Retained	Before distribution	1,030,094	935,612	1,013,452	1,701,157	1,921,867	
earnings	After	554,899	564,366	627,044	955,030	Note 2	
	distribution						
Othe	er equity	(63,315)	(53,278)	(64,805)	(12,359)	62,953	
Treasury stock							
Non-contr	olling interests	_	_		_		
Total	Before distribution	7,800,514	7,841,121	7,868,758	8,642,423	10,010,600	
equity	After distribution	7 325 310	7,395,626	7,408,041	7,896,296	Note 2	
	uisuiouuou	7,325,319	1,393,020	/,400,041	1,090,290	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.

				Ont. I	15 mousand			
Year	Financi	Financial information from the past five years (Note 1)						
Item	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			

## 4. Comprehensive income statement - IFRS (individual)

Unit: NT\$ thousand

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)	Financial Analysis for the most recent five years					
Items of anal	ysis	2019	2020	2021	2022	2023	
Financial	Debt to assets ratio	14.07	12.58	17.87	17.89	15.69	
structure (%)	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	
5	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  $\circ$
- 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.

	Year (Note 1)	Financial Analysis for the most recent five years				
Items of anal	lysis	2019	2020	2021	2022	2023
Financial	Debt to assets ratio	10.69	8.51	11.76	12.58	9.01
structure (%)	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
uonnty	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

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

	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: N	VT\$ thousand
Year			Differ	ence
Item	2022	2023	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 Year Increase Rate of 2022 2023 (decrease) change (%) Item 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 2,834,374 81,239 2.95 2,753,135 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 268,942 434,350 165,408 61.50 and expenses 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 (0.9)1,167,250 (10,586)

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).

Increase in Non-operating revenues and expenses :

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.

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.

#### 3. Cash Flow Analysis

Unit: NT\$ thous									
Year Item	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					

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

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

				Ullit.	
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)	aga	on measures inst h flow deficit 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 \$561,000in 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.

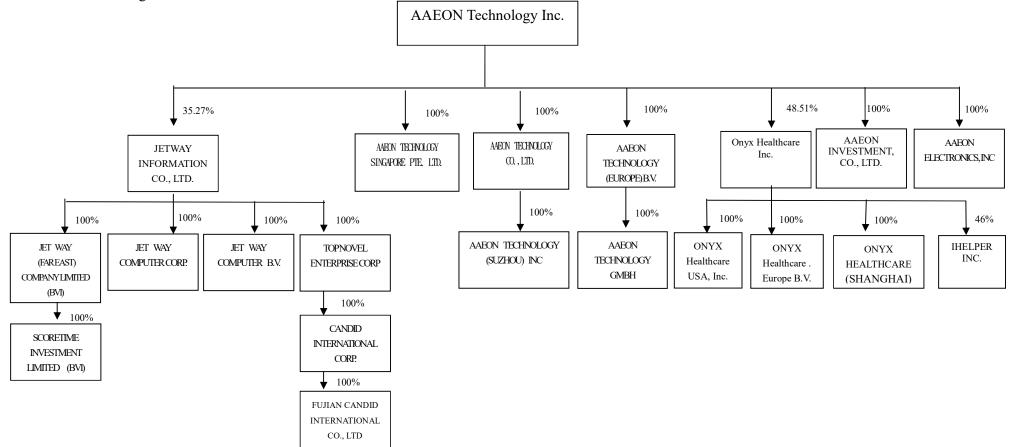
Internal network systems and / or external cloud computing networks (such as servers) maintained by the aforementioned service vendors and / or their contractors may also be at risk of cyber attacks. If the Company or service provider cannot timely resolve the technical problems caused by these cyber 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

2. Profiles of the subsi				
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.

Name of antonia	Title	Name or the representative person	Shares	held
Name of enterprise	Inte	Name of the representative person	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	Director	AAEON Technology (Europe) B.V. (representative: Yung-Shun, Chuang)	-	100.00
TECHNOLOGY GMBH	Director	AAEON TECHNOLOGY (EUROPE) B.V. (representative: Li-Kai LAI)	-	-

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

Name of antomnica	Title	Name or the representative person	Shares h	eld
Name of enterprise	Inte	Name of the representative person	Shares	%
AAEON INVESTMENT, CO., LTD.	Chairman and President	AAEON Technology (representative: Yung-Shun, Chuang)	15,000,000	100.00
	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
ONYX	Director	AAEON Technology (representative: Feng-Hsiang, Wang)	-	_
HEALTHCARE INC.	Director	Rui Hai Investment Co., Ltd. (representative:Li-Kai, Lai)	_	-
	Independent Director	Chih-Hao, Li	-	_
	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
	Chairman	ONYX HEALTHCARE INC. (representative: Yung-Shun, Chuang)	-	100.00
ONYX	Director	ONYX HEALTHCARE INC. (representative: Chin-Lung, Hsu)	-	-
HEALTHCARE (SHANGHAI) LTD.	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

None of entermine	Title	Name or the representative person	Shares	held
Name of enterprise	Inte	Name of the representative person	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%
	Director and President	AAEON Technology (representative: Chien-Hung, Lin)	_	
JETWAY INFORMATION CO.,	Director	AAEON Technology (representative: Chi-Hung, Liao)	_	_
LTD	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	100%
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%

	Title	Name or the representative person	Shares	held
Name of enterprise	The	Name of the representative person	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

							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 INTERNATIONA L CORP.	523,520	423,645	-	423,645	-	-	(21,474)	-
FUJIAN CANDID INTERNATION AL 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.
- Any Events in the most recent fiscal yearand 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

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February 29, 2024

#### 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 affiliates is included in the consolidated financial statements of affiliates is included in the consolidated financial statements of affiliates is included in the consolidated financial statements of affiliates is included in the consolidated financial statements of affiliates is included in the 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 jurisdoctions. 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 <u>CONSOLIDATED BALANCE SHEET</u> <u>DECEMBER 31, 2023 AND 2022</u> (Expressed In Thousands of New Taiwan Dollars)

			 December 31, 2023		 December 31, 2022	
	Assets	Notes	 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	n 6. (2)				
	profit or loss - current		423,284	3	307,675	3
1136	Financial assets measured a	t 8				
	amortized cost-current		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		 7,387,004	51	 5,918,961	52
	Non-current assets					
1510	Financial assets at fair value through	6. (2)				
	profit or loss - non-current		62,631	-	55,503	1
1517	Financial assets at fair value through	6. (3)				
	other comprehensive income -					
	non-current		68,756	1	27,536	-
1550	Investments accounted for under	6. (6)				
	equity method		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)			,	
1700			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		 6,990,654	49	 5,484,025	48
IXXX	Total assets					
			\$ 14,377,658	100	\$ 11,402,986	100

(Continued)



			I	December 31, 2023		December 31, 2022		
	Liabilities and equity	Notes		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	6. (12), 8		11,717			56,100	1
	Portion			10,476	-		10,376	-
2399	Other current liabilities - other			47,941			37,940	1
21XX	<b>Total current liabilities</b>			1,697,478	12		1,659,745	15
	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			558,785	4		380,343	3
2XXX	Total liabilities			2,256,263	16		2,040,088	18
	Equity							
	Equity attributable to owners of	f						
	parent Share capital	6. (16)						
3110	Share capital-common stock	0. (10)		1,602,418	11		1,490,825	13
3140	Advance receipts for share capital			1,660	11		1,490,825	15
5140	Capital surplus	6. (15) (17)		1,000	-		1,450	-
3200	Capital surplus	0. (10) (17)		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 t owners of parent	0		10,010,600	69		8,642,423	76
36XX	Non-controlling interests	4. (3)		2,110,795	15		720,475	6
3XXX	Total equity	4. (5)		12,121,395	84		9,362,898	82
574747	Significant contingent liabilities and	d 9		12,121,555			,,502,090	
	unrecognized contract commitments							
	Significant events after the balanc	<b>e</b> 11						
	sheet date							
3X2X	Total liabilities and equity		\$	14,377,658	100	\$	11,402,986	100

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



Manager: Chien-Hung Lin





# 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)

	Itom	Nata		2023	0/	2022	0/
4000	Item Operating income	<u>Notes</u> 6. (19), 7		Amount	<u>%</u>	Amount	%
			\$	8,073,203	100 \$	8,352,076	100
5000	Operating cost	6. (5) (23)					>
5000		(24), and 7	(	5,238,829)(	65)(	5,598,941 ) (	67)
5900	<b>Operating profit</b>			2,834,374	35	2,753,135	33
	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 los	s 12. (2)					
	or (gain)			1,997	- (	2,969)	
6000	Total operating expense		(	1,827,951 ) (	23)(	1,559,045 ) (	19)
6900	Operating income			1,006,423	12	1,194,090	14
	Non-operating income an	ıd					
	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	6. (6)					
	associates and joint ventures						
	accounted for under equity						
	method			176,426	3	317,029	4
7000	Total non-operating incon	ne					
	and expenses			434,350	6	268,942	3
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		\$	1,167,250	14 \$	1,177,836	14
			(Continued	l) — — — — — — — — — — — — — — — — — — —			

(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)

				2023			2022	
	Item	Notes		Amount	%		Amount	%
	Other comprehensive income							
	(loss)							
	Components of other comprehensive							
	income (loss) that will not be							
0211	reclassified to profit or loss	c(1,4)						
8311	Gains (losses) on	6 (14)						
	remeasurements of defined		٠	(22		<i><b>^</b></i>		
0016	benefit plans	( <b>(</b> ))	\$	422	-	\$	-	-
8316	Unrealized gains(losses) on	6. (3)						
0000	financial assets at FVOCI		(	5,394)	-	(	4,845)	-
8320	Share of other comprehensive	6. (6)						
	income of associates and joint							
	ventures accounted for under							
	equity method - not to be							
	reclassified to profit or loss in						1 < 0.15	
0240	subsequent periods	(0.5)		76,426	1		16,347	-
8349	Income tax relating to items that	6. (25)	,	0()				
0.010	will not be reclassified		(	86)			-	
8310	Total amount not to be							
	reclassified to profit or loss			=1.2.00			11 500	
	in subsequent periods			71,368	1		11,502	
	To be reclassified to profit or loss							
0.0 (1	in subsequent periods							
8361	Financial statements translation							
	differences of foreign operations		(	10,755)	-		52,621	1
8370	Share of other comprehensive	6. (6)						
	income of associates and joint							
	ventures accounted for under							
	equity method - to be							
	reclassified to profit or loss in						6 A A A	
0.000	subsequent periods	( <b>(2</b> 5)		3,985	-		6,983	-
8399	Income tax relating to the	6. (25)						
	components of other							
	comprehensive income			2,152		(	10,523)	
8360	Total amount to be							
	reclassified to profit or loss							
	in subsequent periods		(	4,618)	-		49,081	1
8300	Net Other comprehensive income		\$	66,750	1	\$	60,583	1
8500	Total comprehensive income		\$	1,234,000	15	\$	1,238,419	15
	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
			\$	1,167,250	14	\$	1,177,836	14
	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
	_		\$	1,234,000	15	\$	1,238,419	15
			_					
	Basic earnings per share	6. (26)						
9750	Total basic earnings per share		\$		8.42	\$		10.03
	Diluted earnings per share	6. (26)						
9850	Total diluted earnings per							
	share		\$		8.32	\$		9.86
			<u> </u>			*		

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



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



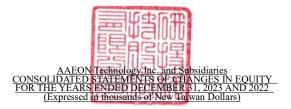
Chairman: Yung-Shun Chuang

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					Equ	ity attributable	to owners of the	parent					
		Share	Capital		R	etained Earnin	gs			Equity			
									Unrealized gains				
									(losses) form				
								Financial	financial				
								statements	assets measured				
								translation	at fair value	_			
		~	Advance	~		~ · ·	Undistributed	differences of	through other	Remeasurements			
		Common	receipts for	Capital	- ·	Special	retained	foreign	comprehensive	of defined		Non-controlling	
	Notes	share capital	share capital	surplus	Legal reserve	reserve	earnings	operations	income	benefit plans	Total	interests	Total
For the year ended December 31, 2022		¢ 1 494 095	¢ 1.200	¢ 5 422 026	¢ 425.(24	\$ 52.279	¢ 524 550	(\$ (5.407)	¢ 1711	( 0 2 1 2 1 )	¢ 7 9 C 9 7 5 9	¢ 521.770	¢ 0 200 520
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	( <u>\$65,407</u> )	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528
Profit fo the period		-	-	-	-	-	1,074,460	-	-	-	1,074,460	103,376	1,177,836
Other comprehensive income							1.074.460	44,002	8,444		52,446	8,137	60,583
Total comprehensive income	( (19) )						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 Special reserve		-	-	-	44,909	- 11,527	( 44,909) ( 11,527)	-	-	-	-	-	-
Cash dividends		-	-	-	-		(386,408)	-	-	-	( 386,408)	-	( 386,408)
Capital surplus-cash dividend	6. (17) (18)	_	-	( 74,309)	_		( 500,400)	_	_	-	2 2 2 2 2 2	-	(74,309)
Differences between share price and book value	6. (17)			( ,4,50))							( 74,507)		( ,4,50))
from acquisition or disposal of subsidiaries	01(17)	-	-	19,802	-	-	-	-	-		19,802	( 19,802)	-
Recognition of changes in ownership interest in	6. (17)			1 (20							1 (20	( 1.(20)	
subsidiary	((1))	-	-	1,630	-	-	-	-	-		1,630	( 1,630)	-
Effect from long-term investment that has not been recognized based on shareholding percentage	0. (0) (17)	-	-	( 443)	-	-	-	-	-	-	( 443)	-	( 443)
Change in associates and joint ventures accounted	6. (6) (17)			· · · · ·							· · · · · ·		· /
for under equity method		-	-	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-subsidiary increase cash capital		-	-	-	-	-	-	-	-		-	172,266	172,266
Changes in non-controlling interests-cash dividends	s 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	$(\underline{\$ 21,405})$	\$ 11,177	(\$ 2,131)	\$ 8,642,423	\$ 720,475	\$ 9,362,898

(Continued)



							le to owners of the	he parent					
		Share (	Capital		R	etained Earnin	gs			r Equity			
	Notes	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) form 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, 2023													
Balance at January 1, 2023		\$ 1,490,825	<u>\$ 1,430</u>	\$ 5,461,370	\$ 470,533	\$ 64,805		$(\underline{\$ 21,405})$	\$ 11,177	( <u>\$ 2,131</u> )	\$ 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	(	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-subsidiary acquisition	6 (27)	-	-	-	-	-	-	-	-	-	-	1,383,476	1,383,476
Changes in non-controlling interests- cash dividend	ls 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.



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



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

			For the years ended December 31,			
	Notes		2023	2022		
Cash flows from operating activities						
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	6 (2) (21)					
liabilities at fair value through profit or loss		(	130,978)		177,760	
Losses on disposal of property, plant and	6(7)(21)		. ,			
equipment			2,631		2,190	
Transferred to expenses and losses			2,639		2,443	
Depreciation expense of investment	6 (9) (21)		,		,	
property (other gains and losses)			6,277		6,613	
Share of profit of associates accounted for	6 (6)		- )		- )	
under equity method	- (-)	(	176,426)	(	317,029)	
Gain on lease modification	6. (8)(21)	Ì	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	$\left( \right)$	3,068)	
Net changes in operating liabilities			1,555	(	5,000 )	
Contract liability		(	86,244)		55,064	
Notes and accounts payable		(	00,211)		55,001	
(including related-parties)		(	30,661)	(	144,919)	
Other payables		$\left( \right)$	22,600)	C	158,877	
Other current liabilities		C	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						
Interest paid		(	75,796 6,457)	(	7,242	
Income taxes paid			,	(	6,012)	
Net cash flows from operating activities		(	406,319)	(	121,811)	
net cash nows from operating activities			2,066,827		806,202	

(Continued)

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

		For the years ended I				
	Notes		2022		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	0(10)	(	0,010 )	(	10,000 )	
cost-current		(	31,626)		-	
Disposal of financial asset measured at amortized			100.025			
cost-current Acquired financial assets at fair value through			100,035		-	
other comprehensive income		(	71,769)		-	
Increase in other current assets		Ì	258)	(	403)	
Acquisition of investments accounted for under	6 (6)	Ì	,		,	
equity method		(	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	
Acquisiton of subsidiary, net of cash received	6 (27)		754,136		-	
Net cash flows from investing activities			985,443		29,728	
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 Changes in non-controlling interests-subsidiary	4 (3)	(	206,420)	(	68,017)	
increase cash capital			-		172,266	
Employee share options exercised	6 (15)		69,325		38,611	
Net cash flows from financing activities		(	923,044)	(	475,761)	
Effects due to changes in exchange rate		(	15,453)		32,514	
Increase in cash and cash equivalents			2,113,773		392,683	
Cash and cash equivalents at the beginning of						
periods			2,234,203		1,841,520	
Cash and cash equivalents at the end of periods		\$	4,347,976	\$	2,234,203	

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

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin





## <u>AAEON Technology Inc, and Subsidiaries</u> <u>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</u> <u>FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022</u> (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) <u>The impact of adopting standards or interpretations issued, revised or amended by IASB</u> 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:

	Effective date
Newly issued revised or amended standards and interpretations	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	January 1, 2023
liabilities arising from a single transaction'	
Amendments to IAS 12, "International tax reform - pillar two	May 23, 2022
model rules"	
The above standards and interpretations have no significant impa	1
condition and financial performance based on the Group's assessm	ent.

(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 intrpretations and amendments endorsed by the FSC effective from 2024 are as follows:

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

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	To be determined by
between an investor and its associate or joint venture"	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").

#### Basis of preparation (II)

- 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 nee 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 associateor 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 preiously 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.

		-	Ownershi	p interest	-
Investor	Investee	Business	2023/12/31	2022/12/31	Notes
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

2. The subsidiaries included in the consolidated financial statements:

			Ownershi	_	
Investor	Investee	Business	2023/12/31	2022/12/31	Notes
AAEON.	AAEON TECHNOLOGY SINGAPORE	Sales of IPC and PC peripherals	100%	100%	
AAEON.	PTE. LTD (ASG) 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)	1 1	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

			Ownershi	p interest	_
Investor	Investee	Business	2023/12/31	2022/12/31	Notes
TOPNOVEL	CANDID INTERNATION AL CORP. (CANDID)	Investing of computer peripheral business	100%	-	Note 3
CANDID	FUJIAN CANDID INTERNATION 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, 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 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:

		]	Non-controlling interests		 Non-controlli	ng interests
		2023/12/31		2022/1	2/31	
Subsidiar	Main business	Ownership				Ownership
y Name	location		Amount	interest	 Amount	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		
\$	870.965	\$	939,028		
	1,177,243		1,027,880		
(	305,151 )(		318,887)		
(	222,511 )(		247,132 )		
\$	1,520,546	\$	1,400,889		
	\$ ( (	2023/12/31 \$ 870.965 1,177,243 ( 305,151 )( ( 222,511 )(	2023/12/31         202           \$         870.965         \$           1,177,243         (         305,151         )(           (         222,511         )(		

		JETWAY
	2	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	\$	2,044,861

# 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	\$	254,082	\$	219,108			
Total comprehensive income attributable to non-controlling interests	\$	130,399	\$	111,459			
Dividends paid to non-controlling interests	\$	85,087	\$	68,017			

	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	\$	95,834	
Total comprehensive income attributable to non-controlling interests	\$	61,404	
Dividends paid to non-controlling interests	\$	121,333	

### Cash flow statement

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

		n April 28 to nber 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		106,952
Cash and cash equivalents at the beginning of periods		758,967
Cash and cash equivalents at the end of periods	\$	865,919

#### (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 periodend are re-ranslated 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) <u>Cash equivalents</u>

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 commitmets 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) <u>Leasing arrangements (lessor) – operating leases</u>

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 follow using interest rates of government bonds or interest rates of return of highquality investments that have tersms 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)<u>Revenue recognition</u>

- 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 acquisitionrelated 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 provide 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

	2023/12/31		 2022/12/31
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	\$	4,347,976	\$ 2,234,203

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

Item	2023/12/31		2022/12/31	
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
		298,072		305,421
Valuation adjustment		125,212	_	2,254
Subtotal	\$	423,284	\$	307,675

Item	20	23/12/31	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 measur at fair value through profit or loss	red				
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	20	23/12/31	20	22/12/31
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 clasify 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 separtely.

2. 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) Transfer to retained earnings from derecognition of	( <u></u>		5,394) (	(		4,845)
financial assets	( <u></u>		4,845)	\$		_

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

(IV) Notes and accounts receivable

	20	23/12/31	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	

1. 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	20	23/12/31	2	022/12/31	
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.

- 2. The Group does not hold any financial assets as security for accounts and notes receivables.
- 3. 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.
- 4. 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) <u>Inventories</u>

		2023/12/31		
		Valuation		
	 Cost	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				
			Valuation		
		Cost	allowance	Car	rying 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,				
Cost of inventory sold		2023	2022		
	\$	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

	2023/2	12/31	2022/12/31			
Investee	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. PROTECTLIFE	13.08	629,526	13.99	606,637		
INTERNATIONAL BIOMEDICAL INC.	11.27	34,685	-	-		
		\$ 4,138,921	_	\$ 4,143,549		

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 TECH	DGY INC.	
	2	023/12/31		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	\$	9,897,934	\$	9,295,514
Share of net assets of the affiliate Goodwill	\$	2,381,574 978,418	\$	2,441,798 978,418
Book value of affiliates	\$	3,992,216	\$	3,420,216

## 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 enden 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 ia as follows:

	2	023/12/31	 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 votting 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 votting 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
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/					20	023					
January 1	Land	E	Buildings		lachinery equipment	e	Other quipment	in eq	nstruction progress and uipment under stallation		Total
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)
mpannen	\$ 490,453	\$	208,227	\$	50,924	\$	47,767	\$	8,370	\$	805,741
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 Effects due to	(	23,307)	(	15,484 )	(	29,512)		-	(	68,303)	
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	\$ 714,261	\$	666,596	\$	62,287	\$	76,197	\$	343	\$	1,519,684
December 31 Cost Accumulated	\$ 714,261	\$	977,482	\$	239,666	\$	283,009	\$	343	\$	2,214,761
depreciation and impairment	-	(	310,886)	(	177,379)	(	206,812)		-	(	695,077)
impannient	\$ 714,261	\$	666,596	\$	62,287	\$	76,197	\$	343	\$	1,519,684

						2	022					
					Ma	chinery and		Other	pr	nstruction in ogress and quipment under		
		Land		Buildings		quipment	e	equipment	ir	istallation		Total
January 1 Cost Accumulated	\$	511,982	\$	310,595	\$	69,224	\$	200,338	\$	1,307	\$	1,093,446
depreciation and impairment		-	(	101,534)	(	45,528 )	) (	146,063)		-	(	293,125)
1	\$	511,982	\$	209,061	\$	23,696	\$	54,275	\$	1,307	\$	800,321
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			(	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	\$	490,453	\$	208,227	\$	50,924	\$	47,767	\$	8,370	\$	805,741
December 31												
Cost Accumulated	\$	490,453	\$	319,367	\$	98,346	\$	197,458	\$	8,370	\$	1,113,994
depreciation and impairment		-	(	111,140)	(	47,422 )	) (	149,691)		-	(	308,253)
*	\$	490,453	\$	208,227	\$	50,924	\$	47,767	\$	8,370	\$	805,741
	~	1				2 1	1			1 0000	1	

2022

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

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

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
	\$ 186,616 \$	121,490

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

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:

	For the years ended December 31,						
	2023	2022					
Items affecting profit or loss	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		
Reclassifiation (Note 1)	-	(	24,145	<i></i>	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				
T 1	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		
Reclassfiation (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					
The fair value of inves	two out much out	w for the weer and	d Daaamh	<u>an 21 2022 and</u>					

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

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

		nt and ertise		Computer Software	Goo	odwill	omer onship	Total
December 31, 2022 Cost Accumulated	\$	385	\$	66,511	\$	_	\$ 	\$ 66,896
amortization	and (	59)(	<	53,524)		-	- (	55,583)
1	\$	326	\$	12,987	\$	_	\$ 	\$ 13,313

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

2. 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.

3. The details of Amortization as below:

For the year ended December 31,				
	2023		2022	
\$	248	\$	1,632	
	624		796	
	55,997		4,369	
	6,105		8,570	
\$	62,974	\$	15,367	
		2023 \$ 248 624 55,997 6,105	2023 \$ 248 \$ 624 55,997 6,105	

## (XI) Short-term borrowings

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

1. The short-term borrowing for the year ended December 31, 2022: None.

2. For the year ended December 31, 2023 and 2022, interest expenses recognized through profit or loss were \$142 and \$364, respectively.

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 lo	ong-term loans		(	10,476)
				\$ 134,499
Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/12/31
Borrowings from banks		Tate Tallge		2022/12/51
Guaranteed borrowings	2022.5.28-2036.5.28 Monthly amortization of principal and interest	1.73%	Land, Buildings	\$ 155,286
Less: Current portions of lo	ong-term loans		(	10,376)
				\$ 144,910
1 The interst recognized				

- 1. The interst 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
Accured payroll, employee's compensation and bonuses	\$ 446,691	\$ 375,968
Accured technical service fee (Note7 (3) 6.)	37,691	37,859
Accured commission fee	78,349	65,546
Others	109,619	114,160
	\$ 672,350	\$ 593,533

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 would assess the 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 would assess the 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:

	202	23/12/31
Present value of defined benefit obligations	(\$	18,986)
Fair value of plan assets		29,123
Net defined benefit liability	\$	10,137

(3)	Movements	in net	defined	benefit	liabilities	are as follows:
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	de	sent value of fined 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)
	(	631)	404	(	227)
Remeasurements:					
Change in financial assumptions	(	71)	-	(	71)
Experience adjustments		381	112		493
		310	112		422
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	(\$	18,986)	\$ 29,123		\$ 10,137

- (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	1.30%
Future salary increases rate	2.00%

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:

	Discou	nt rate	Future salary increases rat			
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%		
December 31, 2023 Effect on present value of defined						
benefit obligation $(\underline{\underline{S}})$	<u> </u>	\$ 1,230	\$ 1,215 (	/		

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:

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

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		
		Weighted	
	No. of units	average	
	(shares in	exercise price	
	thousands)	(in dollars)	
Options outstanding at beginning of period	1,877	\$ 63.1	
Options exercised (	659)	62.3	
Options outstanding at the end of period	1,218	60.7	
Options exercisable at the end of period	1,218		

		For the year ended December 3 2022			
	-	No. of units (shares in thousands)	Weigh avera exercise (in dol	ge price	
Options outstanding at beginning period	of	2,556	\$	65.7	
Options exercised	(	607)		63.6	
Options forfeited	(	72)		65.7	
Options outstanding at the end of period	1,877		63.1		
Options exercisable at the end of period	1,236				

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

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

			2022/12/31		
			Number of		
	Authorized		shares	Exercise price	
Arrangement type	issue date	Maturity date	(in thousands)	(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:

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

(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:

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

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

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

	F	For the year ended December 31, 2023				
			Weighted			
		No. of units	average exercise			
		(shares in	price			
		thousands)	(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 ye	For the year ended December 31, 2022				
	No. of u	No. of units Weighted				
	(share	s in	exercise price			
	thousa	nds)	(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:

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

			2022/12/31		
	Authorized		No. of units	E	
Arrangement type	issue date	Maturity date	(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 Plan of employee stock options	Grant date 2020.08.06	Quantity granted (thousand) 1,000	Stock price \$139.5	Exercise price \$139.5	Expected price Volatility 32.26%	Expected option life 3.88 years	Risk-free interest rate 0.29%	Fair value per unit (in dollars) \$ 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		
	\$	3,590	\$	16,960		

## (XVI) Share capital

1. 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	160,407	149,225

- 2. 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.
- 3. As of December 31, 2023, AAEON's associates IBASE owned 41,698 thousand of AAEON's shares.
- 4. 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.

Recognition of								2023	;					
Recognition of changes in ownership interest in subsidiary(3,935Employee stock options exercised44,819-12,516-(10,376)-46,959Effect from long-term investment that has not been162162recognized based on shareholding percentage Change in associates and joint ventures accounted for under equity method Issuance of new shares in exchange for other company's shares Share-based Payment64,23564,23564,23564,23564,235for other company's shares Share-based Payment17,48-2,980-4,728		Sh	are premium	cons carrii subsid	ideration and ng amount of iaries acquired	R	changes in ownership interest in	co	mpany net			Others		Total
changes in ownership	January 1	\$	4,804,131	\$	233,002	\$	229,677	\$	164,713	\$ 27,438	\$	2,409	\$	5,461,370
option exercised 44,819 - 12,516 - (10,576) - 46,559 Effect from long-term investment that has not been 162 162 recognized based on shareholding percentage Change in associates and joint ventures accounted 64,235 64,235 for under equity method Issuance of new shares in exchange 848,183 848,183 company's shares Share-based 1,748 - 2,980 - 4,728	changes in ownership interest in subsidiary		-		-	(			-	-		- (	r.	3,935)
not been 162 162 recognized based on shareholding percentage Change in associates and joint ventures accounted 64,235 64,235 for under equity method Issuance of new shares in exchange shares in exchange shares and shares Share-based 1,748 - 2,980 - 4,728	options exercised Effect from long-term		44,819		-		12,516		- (	10,376	)	-		46,959
ventures accounted 64,235 64,235 for under equity method Issuance of new shares in exchange for other company's shares Share-based Payment	not been recognized based on shareholding percentage Change in		-		-		-		162	-		-		162
for other company's shares Share-based	ventures accounted for under equity method Issuance of new		-		-		-		64,235	-		-		64,235
Payment	for other company's shares		848,183		-		-		-	-		-		
December 31 \$ 5,697,133 \$ 233,002 \$ 240,006 \$ 229,110 \$ 20,042 \$ 2,409 \$ 6,421,702	Payment		-		-		1,/48			 2,980				4,/28
	December 31	\$	5,697,133	\$	233,002	\$	240,006	\$	229,110	\$ 20,042	\$	2,409	\$	6,421,702

						202	2						
		nare premium	Difference between consideration and carring 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	5	\$ 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	ę	\$ 164,713	\$	27,438	\$	2,409	\$ 5,461,370
	_				_		-						

## (XVIII) <u>Retained earnings</u>

- 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:

		202		2022							
			Dividends per share (in NT				Dividends per share (in NT				
		Amount		dollars)		Amount		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			
	\$	801,092			\$	442,844					

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:

	20	2023				
		Dividends per share				
	Amount	(in dollars)				
Legal reserve	96,684					
Cash dividends	1,042,651	\$ 6.50				
	\$ 1,139,335					

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 Over time	\$	6,580,318 2,001	\$	1,469,117 21,767	\$	8,049,435 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 Over time	\$	6,765,117 2,579		1,542,652 41,548		8,307,769 44,307				
Total 2. Contract liability	\$	6,767,876	\$	1,584,200	\$	8,352,076				
<ul> <li>(1) Recognized contract liabilities as follows:</li> <li>Contract Liability - Current: Advances from customers Warranty contract Contract Liability - Non-current: Advances from customers Warranty contract Total</li> </ul>	\$	2023/12/31 216,338 9,226 44,848 13,838 284,250	3 \$ 5 \$ 3 <u>3</u> <u>5</u>	2022/12/31 244,311 10,900 54,939 18,486 328,636	\$	2022/1/1 212,285 13,946 26,024 21,317 273,572				
(2) Recognized income of contract	i na		-	ears ended Dece	mbe	or 31				
		2023				022				
Beginning balance of contract l	iabi	-								
Advances from customers		\$	1	.87,645 \$ 10,900		156,854				
Warranty contract		<u>_</u>	13,971							
Total		\$		98,545 \$		170,825				
(XX) Other income										
		For the years ended December 31,								

	For the years ended December 31,							
		2022						
Rental income	\$	20,838	\$	17,697				
Dividend income		18,390		18,256				
	\$	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						
\$	156,362 (\$	85,293)						

#### (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					
	\$	6,462	\$	5,989					

## (XXIII) Extra information regarding the nature of cost and expenses

		For the years ended December 31,											
				2023						2022			
	0	Operating		Operating			(	Operating		Operating			
		cost		expense		Total	cost			expense	Total		
Employee													
benefits	\$	350,255	\$	1,201,677	\$	1,551,932	\$	316,924	\$	1,079,148	\$	1,396,072	
expenses													
Depreciation		51,433		74,559		125,992		36,382		48,448		84,830	
expense		51,755		74,557		123,772		50,582		-0,0		04,050	
Amortization		270		63,152		63,422		1,684		14,491		16,175	
expenses		270		05,152		03,722		1,004		17,771		10,175	

#### (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							
	\$	1,551,932 \$	1,396,072							

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	2
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		248,441		293,831
Deferred tax				
Origination and reversal of temporary differences		25,082 (		8,635)
Income tax expense	\$	273,523	\$	285,196

(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> </u>	(\$	2,066)	\$	10,523

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	\$	273,523	\$	285,196	

Note: The basis of the applicable tax rate is depends on the the relevant country regulation.

	Ja	nuary 1	in j	ognized profit or loss	com	cognized in other prehensive income	-	Additions- due to changes in consolidated entities		Effect of change rate changes	De	cember 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 Currency		3,127	(	3,127)		-		-		-		-
translation differences		633		-		2,194		2,175		-		5,002
Others		14,829		911		-		9,087		25		24,852
Subtotal	\$	74,247	\$	19,070	\$	2,194	\$	31,345	\$	25	\$	88,741
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	(\$	57,861	) (	6,012)	(	128 )	)(	166,907)		35	(\$	230,873)
Total	\$	16,386	\$	25,082	\$	2,066	(	135,562)	\$	60	(\$	142,132 )

3. Amounts of deferred tax assets as a result of temporary differences and tax loss are as follows:

						2022				
	Ja	anuary 1		ognized in fit or loss		ecognized in other omprehensive income	e	Effect of xchange rate changes	D	ecember 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	\$	57,557	\$	24,948	(\$	8,414)	\$	156	\$	74,247
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	(\$	39,438)	(	16,313 )	(	2,109)	(	1 )	)(\$	57,861)
Total	\$	18,119	\$	8,635	(\$	10,523 )	\$	155	\$	16,386

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	2021
JETV	VAY					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)			
Basic (diluted) losses per share						
Profit attributable to ordinary shareholders of parent company <u>Diluted earnings per share</u> Dilutive effect of potential ordinary shares	<u>\$ 969,345</u>	115,061	<u>\$ 8.42</u>			
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>	116,568	<u>\$ 8.32</u>			

	For the year ended December 31, 2022					
Basic (diluted) losses per share	Amount after-tax	Weighted average outstanding shares (in thousand)	s	sses per hare dollars)		
Profit attributable to ordinary shareholders of parent company <u>Diluted earnings per share</u> Dilutive effect of potential	<u>\$ 1,074,460</u>	107,152	\$	10.03		
ordinary shares Employee stock options Employees' bonuses		327 1,483				
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 1,074,460	108,962	\$	9.86		
The Company applies the eq	uity method fo	or the exchange of sh	ares w	ith IBASI		

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.

Acquisition consideration		2023/4/28
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
		2,341,841
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 indentified net assets		2,137,451
Goodwill	\$	204,390

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

2.

- 3. 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.
- 4. 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.
- 5. 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 separetly. 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 equipement	(	2,817)	(	4,322)	
Cash paid during the period	\$	117,977	\$	150,453	

(XXIX)Changes in liabilities arising from financing activities

			2023		
	Short-term	Long-term borrowings (including current	Lease		
	borrowings	portion)	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	Long-term borrowings (including current	Lease		
	borrowings	portion)	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. <u>Related party transaction</u>

(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) <u>Related parties</u>

Name of related party ASUSTEK COMPUTER INC.	Relation 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
MACHVISIONINC.	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	Other related party - Investee accounted for under the equity
INTERNATIONAL INC. MORRIHAN	method by the Company's Fellow subsidiary Other related party - Investee accounted for under the equity
INTERNATIONAL CORP.	method by the Company's Fellow subsidiary
NUVISION TECHNOLOGY,	Other related party - Investee accounted for under the equity
INC.	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	Other related party - the Company's Chairman is spouse of
INC.	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	\$	68,140	\$	19,907		

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

		ember 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	\$	854,477	\$	1,476,251

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			
	\$	87,686 \$	98,031			

(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

Accounts Receivables	20	23/12/31	2022/12/31		
Ultimate parent entity	\$	90	1,398		
Associates		803	290		
Other related party		35,787	822		
Total	\$	36,680 \$	2,510		
Other Receivables	20	23/12/31	2022/12/31		
Associates	\$	319 \$	389		

Mainly comprised system service receivable

5. Payables from related parties

	20	23/12/31	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					
	20	23/12/31	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) Acquision of Property, plant and equipment

		31		
		2023	2022	
Other related party	\$	335	\$	-
(2) Acquision of investment property			1	
		For the years end	led December 3	31
		2023	2022	
Associates- LITEMAX ELECTRONICS INC.	\$	-	\$	119,405
The group made a acquision of inve	atmont pro	party from relate	d norty in Son	tombor

The group made a acquision of investment property from related party in September, 2022, amounted \$120,432 (tax included), which had paid in full.

(3) Acquision of intangible assets

	 For the years en	ded December 31	
	2023	2022	
Fellow subsidiary	\$ 2,674	\$	-

(4) Acquision 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

	F	or the years ende	ed Dece	ember 31,
		20232		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. <u>Pledged Assets</u>

The Group's pledged assets are summarized below:

		Book			
Pledged assets		23/12/31	20	)22/12/31	Guarantee purpose
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) <u>Contingencies</u>
  - None.
- (II) <u>Commitments</u>

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

Financial assetFinancial assets at fair value throuth profit or lowFinancial assets mandatorily measured at fair value through profit or loss\$ 485,915 \$ 363,178Financial assets at fair value through other comprehensive income Designation of equity instrument $68,756$ $27,536$ Financial assets at amoritized cost/ loans and receivables $4,347,976$ $2,234,203$ Cash and cash equivalents $4,347,976$ $2,234,203$ Financial assets measured at amortized cost-current Notes receivable $13,400$ $17,615$ Accounts receivable $17,377$ $25,059$ Restricted time deposit (including other non-current assets) $31,626$ $921$ Pinancial liability Financial liabilities at amortized cost Short-term borrowings $$ 27,000$ $$ -$ Notes payable (including related parties) $2 109$ Accounts payable (including current portion) $522,666$ $435,973$ $363,178$ Inancial liability Financial liability $2 109$ $144,975$ $155,286$		 2023/12/31	2022/12/31
Financial assets mandatorily measured at fair value through profit or loss $363,178$ Financial assets at fair value through other comprehensive income Designation of equity instrument $68,756$ $27,536$ Financial assets at amoritized cost/ loans and 	Financial asset		
through profit or loss300,110Financial assets at fair value through other comprehensive incomeDesignation of equity instrument68,75627,536Financial assets at amoritized cost/ loans and receivables4,347,9762,234,203Cash and cash equivalents4,347,9762,234,203Financial assets measured at amortized cost-current62,331-Notes receivable919,5661,135,029Other receivables17,37725,059Restricted time deposit (including other non-current assets)31,626921Refundable deposits (including other non-current assets)14,51212,337Financial liability\$5,961,459\$Short-term borrowings\$27,000\$Notes payable219Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Financial assets at fair value throuth profit or low		
comprehensive income Designation of equity instrument $68,756$ $27,536$ Financial assets at amoritized cost/ loans and receivables $2,234,203$ 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) $14,512$ $12,337$ Financial liability Financial liabilities at amortized cost Short-term borrowings\$ $27,000$ \$-Notes payable $2$ 19Accounts payable (including related parties) $522,666$ $435,973$ Other payables $672,350$ $593,533$ Long-term borrowings (including current portion) $144,975$ $155,286$	•	\$ 485,915	\$ 363,178
Financial assets at amoritized cost/ loans and receivables4,347,9762,234,203Cash and cash equivalents4,347,9762,234,203Financial assets measured at amortized cost-current62,331-Notes receivable13,40017,615Accounts receivable919,5661,135,029Other receivables17,37725,059Restricted time deposit (including other current assets)31,626921Refundable deposits (including other non-current assets)14,51212,337Financial liability\$5,961,459\$Financial liability\$219Accounts payable219Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	•		
receivablesCash 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) $14,512$ $12,337$ Financial liability $14,512$ $12,337$ Financial liabilities at amortized cost\$ 27,000 \$-Notes payable219Accounts payable (including related parties) $522,666$ $435,973$ Other payables $672,350$ $593,533$ Long-term borrowings (including current portion) $144,975$ $155,286$	Designation of equity instrument	68,756	27,536
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) $14,512$ $12,337$ Financial liability $$5,961,459$ \$ $3,815,878$ Financial liability $$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) $144,975$ $155,286$			
Notes receivable13,40017,615Accounts receivable919,5661,135,029Other receivables17,37725,059Restricted time deposit (including other current assets)31,626921Refundable deposits (including other non-current assets)14,51212,337§5,961,459\$3,815,878Financial liability\$219Accounts payable219Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Cash and cash equivalents	4,347,976	2,234,203
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) $14,512$ $12,337$ $\frac{$}{$5,961,459}$ $$3,815,878$ Financial liability $$$27,000$ $$$-$ Notes payable $2$ 19Accounts payable (including related parties) $522,666$ $435,973$ Other payables $672,350$ $593,533$ Long-term borrowings (including current portion) $144,975$ $155,286$	Financial assets measured at amortized cost-current	62,331	-
Other receivables $17,377$ $25,059$ Restricted time deposit (including other current assets) $31,626$ $921$ Refundable deposits (including other non-current assets) $14,512$ $12,337$ $$ 5,961,459$ $$ 3,815,878$ Financial liability $$ 5,961,459$ $$ 3,815,878$ Financial liabilities at amortized cost Short-term borrowings $$ 27,000$ $$ -$ Notes payableNotes payable $2$ 19Accounts payable (including related parties) $522,666$ $435,973$ $672,350$ Other payables $672,350$ $593,533$ $155,286$	Notes receivable	13,400	17,615
Restricted time deposit (including other current assets) $31,626$ $921$ Refundable deposits (including other non-current assets) $14,512$ $12,337$ $$ 5,961,459 $$ $3,815,878$ Financial liability $$ 5,961,459 $$ $3,815,878$ Financial liabilities at amortized cost Short-term borrowings $$ 27,000 $$ -Notes payable219Accounts payable (including related parties) $522,666$ $435,973$ Other payables $672,350$ $593,533$ Long-term borrowings (including current portion) $144,975$ $155,286$	Accounts receivable	919,566	1,135,029
other current assets)Refundable deposits (including other non-current assets) $14,512$ $12,337$	Other receivables	17,377	25,059
other non-current assets)Financial liabilityFinancial liabilities at amortized costShort-term borrowingsNotes payableAccounts payable (including related parties)Other payablesLong-term borrowings (including current portion)12,00712,00712,007\$ 5,961,459\$ 5,961,459\$ 5,961,459\$ 27,000 </td <td>· · · ·</td> <td>31,626</td> <td>921</td>	· · · ·	31,626	921
Financial liabilityFinancial liabilities at amortized costShort-term borrowings\$ 27,000 \$ -Notes payable2Accounts payable (including related parties)522,666Other payables672,350Long-term borrowings (including current portion)144,975	1 0	14,512	12,337
Financial liabilities at amortized costShort-term borrowings\$ 27,000 \$Notes payable2Accounts payable (including related parties)522,666Other payables672,350Long-term borrowings (including current portion)144,975155,286		\$ 5,961,459	\$ 3,815,878
Short-term borrowings\$ 27,000 \$-Notes payable219Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Financial liability		
Notes payable219Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Financial liabilities at amortized cost		
Accounts payable (including related parties)522,666435,973Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Short-term borrowings	\$ 27,000	\$ -
Other payables672,350593,533Long-term borrowings (including current portion)144,975155,286	Notes payable	2	19
Long-term borrowings (including current portion)144,975155,286	Accounts payable (including related parties)	522,666	435,973
	Other payables	672,350	593,533
<u>\$ 1,366,993</u> <u>\$ 1,184,811</u>	Long-term borrowings (including current portion)	144,975	155,286
		\$ 1,366,993	\$ 1,184,811
Lease liabilities (including current and non-current)\$ 148,437\$ 123,174	Lease liabilities (including current and non-current)	\$ 148,437	\$ 123,174

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 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:

	-	Foreign currency		Book value
	_	(in thousands)	Exchange rate	(NTD)
(Foreign currency:				
functional currency)				
Financial asset				
Monetary items				
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
Financial liability				
Monetary items				
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		Book value
	-	(in thousands)	Exchange rate	(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
T TT 11 1	 1. 1 0 .	1 . /1	> 0.1

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:

_	For the year ended December 31, 2023											
	Sensitivity analysis											
	Extent of			Effect on other comprehensive								
-	change		Effect on income	income								
(Foreign currency:												
functional currency)												
Financial asset												
Monetary items												
USD:NTD	1%	\$	33,451 \$	-								
EUR:NTD	1%		356	-								
USD:CNY	1%		52	-								
USD:SGD	1%		8	-								
<u>Financial liability</u>												
Monetary items												
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)											
Financial asset											
Monetary items											
USD:NTD	1%	\$ 21,929 \$	-								
EUR:NTD	1%	164	-								
USD:CNY	1%	86	-								
USD:SGD	1%	90	-								
Financial liability											
Monetary items											
USD:NTD	1%	\$ 3,380 \$	-								
USD:CNY	1%	749	-								
USD:SGD	1%	207	-								
• 1											

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 porfolio. Diversification of the portifolio 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 offet by 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
2023/12/31											
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
				Past due within	Past due	_	Past due	_	Past due	Past due	
	_	Not yet due		30 days	30 days		60 days		90 days	120 days	Total
2022/12/31											
Expected loss rate		0%~1.30%		0%~7.71%	$0.07\% \sim 14.48\%$		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.

		Notes and accounts receiv (including related partie	
		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

H. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

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	With	in 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings					
(including expected	\$	27,074	\$ -	\$ -	\$-
interest)					
Notes payable		2	-	-	-
Accounts payable		522,666			
(including related parties)		522,000	-	-	-
Other payables		672,350	-	-	-
Long-term borrowings					
(including current portion		13,076	13,076	39,229	97,010
and accured interest)					
Lease liabilities		47,517	38,734	29,721	43,974

Non-derivative financial				
liabilities:				
2022/12/31	Within 1 yea	r 1-2 years	2-5 years	Over 5 years
Notes payable	\$ 1	9 \$ -	\$ -	\$ -
Accounts payable (including related parties)	435,97		-	-
Other payables	593,53	- 33	-	-
Long-term borrowings (including current portion and accured interest)	12,97	12,973	12,973	135,140
Lease liabilities	41,04	4 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 convertibal 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				
Recurring fair value measurements				
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
Convertibal 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		(0.75(				(0.75(
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						
Recurring fair value measurements						
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
Convertibal 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	Convertibal bond
			The weighted
Market quoted price	Closing prices	Net asset value	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		20	)22
	Equity	instruments	Equity in	struments
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	\$	63,720	\$	84,128
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
Equity instruments: 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	value 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	<u>19,360</u>	Discounted Cash Flow method	Note 1	Not applicable	Note 2	
Hybrid instrument: Unlisted and non-OTC stocks	59,291	Discounted Cash Flow	Note 1	Not applicable	Note 2	
Embedded option	( 50,657)	method 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	
Equity instruments:		teeninque		uveruge)		
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 Hybrid instrument:	46,986	Discounted Cash Flow method	Note 1	Not applicable	Note 2	
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, weigh	ted average cos	st of capital, long term	n net profit befor		

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) <u>Information on investees</u>

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) <u>General information</u>

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) <u>Measurement of segment information</u>

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) <u>Segment information</u>

Segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023								
	 AAEON		AOH		JETWAY				
	 Group		Group	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	\$ 5,740,200	\$	1,492,860	\$	944,712	(\$	104,569)	\$	8,073,203
Segment profit or loss	\$ 999,754	\$	305,000	\$	136,019	\$	-	\$	1,440,773
Segment profit or loss includes: Depreciation and									
amortization	\$ 93,889	\$	24,095	\$	77,707	\$		\$	195,691
Segment assets	\$ 11,423,670	\$	2,048,208	\$ 2	2,556,964	( <u></u>	1,651,184)	\$	14,377,658

	For the year ended December 31, 2022							
	AAEON		AOH					
		Group	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	\$	6,962,837	\$ 1,600,265	(\$	211,026)	\$	8,352,076	
Segment profit or loss	\$	1,220,998	\$ 242,034	\$	-	\$	1,463,032	
Segment profit or loss includes:								
Depreciation and amortization	\$	82,529	\$ 25,089	\$		\$	107,618	
Segment assets	\$	10,127,675	\$ 1,966,908	( <u></u>	691,597)	\$	11,402,986	
Note 1. The intro second at according		les au alimina	tad ta CO					

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) <u>Reconciliation for segment income</u>

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

		2023		2022					
	 Income	Non	Non-current assets		Income		n-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		

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

The above non-current assets exclude financing instruments, deferred income tax assets and certain other non-current assets.

# (6) <u>Major customer information</u>

The Group's customers exceeding 5% of consolidated operating income in 2023 and 2022 is as follows:

	2023	2022
А	\$ 149,868	\$ 450,083

#### MARKETABLE SECURITIES HELD

#### (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

#### DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

	Mar	ketable securities type and name				2023/1	2/31		
Holding company	Туре	Name (Note 1)		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.	n		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.

Schedule 1

#### Schedule 1 Page 1

# 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

					Beginnin	g Balance	A	equisition (Note 3	3)		Γ	Disposal (Note	e 3)		Ending	Balance
Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value	(Note 4)	Gain/ Losses on Disposal	Shares	Amount
AAEON TECHNOL OGY 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 retaind 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.

Schedule 2 Page 1

#### 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)

					Transact	tion			be tra	Reasons for c tween the re insaction ter arms length transaction	lated party ms and the terms of	Accou	ints and notes	receivable (payable)	
Company Name	Related Party	Nature of Relationship	Purchase (sales)		Amount	tota	rcentage to al purchase sales) (%)	Payment terms	Ur	nit Price	Payment terms	Endir	ig Balance	Percentage to total accounts and notes receivable or payable (%)	Note
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.

Schedule 3 Page 1

#### RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

#### DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

		Nature of	Er	nding balance	_		Over	rdue		Amount	s Received in		
Company Name	Related Party	Relationship		(Note)	Turnover (%)	Amount		Action taken		Subsec	uent Period	Loss allowance	
AAEON TECHNOLOGY INC.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$	230,016	5.58 \$	6	-		-	\$	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.

Schedule 4 Page 1

Schedule 4

#### 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

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

				Intercompany transaction						
Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Financial Statement Account		Amount	Terms	As a percentage of consolidated revenues or total assets (%) (Note 3)		
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.

Schedule 5 Page 1

Schedule 5

#### AAEON Technology Inc. and Subsidiaries NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES 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)

				Original I	nvestment	Balance	as of Decemb	er 31,2023		Profits or losses on investment	
Name of investor	Name of investee	Location	Main businesses and products	2023/12/31	2022/12/31	Shares	Percentag e (%)	Carrying Amount	Investee profit or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks
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 )	
n	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,398	3,272	-	100.00	97,059	31,218	31,218	
'n	AAEÓN 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	
n	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.	u	Manufacturing and selling of industrial motherboard and computer peripherals	958,247	-	26,450,000	35.27	925,705	172,411	36,520	

Schedule 6 Page 1

#### AAEON Technology Inc. and Subsidiaries NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES 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)

				Original In	vestment	Balance a	s of Decembe	er 31,2023	_	Profits or losses on investment	
Name of investor	Name of investee	Location	Main businesses and products	2023/12/31	2022/12/31	Shares	Percentag e (%)	Carrying Amount	Investee profit or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks
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	-	"
n	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)	-	"
u	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	-	"
'n	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	-	"
'n	JETWAY COMPUTER B.V.	Netherlands	Selling and repairing of computer peripheral equipment	676	681	40	100.00	23,205	1,657	-	u

Schedule 6 Page 3

#### AAEON Technology Inc. and Subsidiaries NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES 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)

				Original Ir	vestment	Balance a	s of Decembe	er 31,2023	Investee profit	Profits or losses on investment	
Name of investor	Name of investee	Location British	Main businesses and products Investing of	2023/12/31 \$ 94,714	<u>2022/12/31</u> \$ 94,729	Shares 3,084,634	Percentag <u>e (%)</u> 100.00	Carrying Amount \$ 115,781	or loss for the period (Note 2) \$ 1,714	recognized for the period (Note 2)	<u>Remarks</u> Note1
INFORMATION CO., LTD.	(FAR EAST) INFORMATION COMPANY LIMITED	Virgin Islands	computer peripheral business	• • • • •	↓ ,,,_,	-,,		• • • • • • • • •	÷ -,		
"	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.

Schedule 6

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.

#### Schedule 6 Page 3

#### 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)

		Total Amount of	Methods of	Beginning Balance of Accumulated Outflow of Investment from	Investi Flov		Accumulated Outflow of Investment from Taiwan as of December 31,	Investee profit	The Company's direct or indirect holding	Share of Profits /	Carrying Amount as of December 31,	Accumulated Inward Remittance of Earnings as of December 31,	
Investee Company	Main Businesses	Paid-in Capital	investment (Note 1)	Taiwan	Outflow	Inflow	2023	or loss for the period	percentage	Losses	2023	2023	Remarks
AAEON	Production and sales of	\$ 266,835	2	\$ 266,835		<u>s -</u>	\$ 266,835	(\$ 43,885)	100%	(\$ 43,885)	\$ 190,457	\$ -	Note.2(2)B
TECHNOLOGY (SUZHOU) INC.	IPC and interface card	\$ 200,000	-	\$ 200,000	Ŷ	Ŷ	0 200,000	( \$ 15,000 )	10070	(* 10,000)	¢ 190,107	Ψ	1101012(2)2
ONYX HÉALTHCARE (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 B Accum Investment i Name Chi		Ar Auth Inv Com	estment nounts orized by estment mission, IOEA	Upper Limit on Investment Authorized by Investment Commission, <u>MOEA</u>		
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.
 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.

#### Schedule 7 Page 1

# AAEON Technology Inc. INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

Schedule 8

	Shares	
Name of major shareholder	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

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.



			December 31, 202			 December 31, 2022		
	Assets	Notes		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	ugh 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			4,415,907	40	 4,252,776	43	
	Non-current assets							
1510	Financial asset at fair value through	ugh 6 (2)						
	profit or loss - non-current			27,994	-	28,547	-	
1550	Investments accounted for un	der 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			6,586,139	60	 5,633,444	57	
1XXX	Total assets		\$	11,002,046	100	\$ 9,886,220	100	

(Continued)



			]	December 31, 2023			December 31, 2022	
	Liabilities and equity	Notes		Amount	%		Amount	%
	Current liability							
2130	Contract liability - current	6 (15)	\$	54,471	1	\$	111,357	
2150	Notes payables			2	-		19	
2170	Accounts payables			188,304	2		237,164	
2180	Accounts payables - related party	7		65,354	1		69,146	
2200	Other payables	6 (9) and 7		443,210	4		444,329	
2230	Current tax liabilities			46,060	-		190,318	
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			883,247	8		1,134,432	1
	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	
2580	Lease liability - non-current			23,376	-		36,057	
2600	Other non-current liabilities			1,210			898	
25XX	Total non-current liabilities			108,199	1		109,365	
2XXX	Total liabilities			991,446	9		1,243,797	1
	Equity							
	Share capital	6 (12)						
3110	Share capital-common stock			1,602,418	15		1,490,825	1
3140	Advance receipts for share capital			1,660	-		1,430	
	Capital surplus	6 (13)						
3200	Capital surplus			6,421,702	58		5,461,370	5
	Retained earnings	6 (14)						
310	Legal reserve			577,944	5		470,533	
3320	Special reserve			12,359	-		64,805	
3350	Undistributed retained earnings			1,331,564	12		1,165,819	1
	Other equity							
3400	Other equity			62,953	1	(	12,359)	
BXXX	Total equity			10,010,600	91		8,642,423	8
	Significant contingent liabilities and	9						
	unrecognized contract commitments							
	Significant events after the balan							
	sheet date							
3X2X	Total liabilities and equity		\$	11,002,046	100	\$	9,886,220	10

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)

			Juno	2022			2022	
	Item	Notes	Δ	2023 mount	%		2022 Amount	%
4000	Operating revenue	$\frac{10000}{6(15)}$ and 7	<u>s</u>	4,664,543	100	\$	5,940,824	100
5000	Operating costs	6 (4) (20) (21)	*	4,004,545	100	φ	5,940,024	100
2000	operating costs	and 7	(	3,290,274) (	70)	(	4,227,853) (	71)
5900	Gross profit from operations		<u> </u>	1,374,269	30		1,712,971	29
5910	Unrealized profit from sales		(	53,930) (	1)	(	68,007) (	
5920	Realized profit from sales		<b>`</b>	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		<u> </u>			<u> </u>	
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	12 (2)						
	(gain)		(	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	1 5			309,708	/		455,104	7
/000	Total non-operating income and expenses			490,732	11		344,417	6
7900	Profit before income tax			1,138,324	25		1,295,157	$\frac{6}{22}$
7950	Income tax expense	6 (22)	(	168,979) (	<sup>23</sup> 4)	(	220,697) (	4)
8200	Profit for the year	0(22)	\$	969,345	21	\$	1,074,460	18
0200	Other comprehensive income (loss)		Ψ	707,545	21	Ψ	1,074,400	10
8330	Components of other comprehensive income (loss) that will not be reclassified to profit or loss Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in							
8310	subsequent periods Total other comprehensive income (loss) that will not be reclassified to		<u>\$</u>	71,962	1	<u>\$</u>	8,260	-
	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		(	0.074			10000	
8380	differences of foreign operations Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be		(	2,874)	-		46,056	1
8399	reclassified to profit or loss Income tax relating to the components of	6 (22)		3,871	-		6,389	-
	other comprehensive income	× /	(	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	<u>\$</u>	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.



Manager: Chien-Hung Lin



## AAEON Technology Inc. SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed In Thousands of New Talwan Dollars, except as otherwise indicated)

		• •	Capital	s of New Taiwan I	Jonars, except a	Retained Earnings	aleuj		Other Equity		
	Notes	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) form financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
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	6 (13)										
subsidiaries acquired or disposed		-	-	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 of 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	· (17)	-	-	-	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				<u> </u>	<u> </u>		(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
		The accord	anting notes of	a on integral no	t of these some	moto financial at	to tom on to				

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 CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed In Thousands of New Taiwan Dollars)

			For the years end	led Dece	ember 31,
	Notes		2023		2022
Cash flows from operating activities					
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	6. (2) (18)				
through profit or loss		(	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)		Ì	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		、 <u> </u>	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	۱ <u>ــــــــــــــــــــــــــــــــــــ</u>	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

	For the years end			led December 31,		
	Notes		2023		2022	
Cash flows from investing activities						
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			431,398	(	62,644)	
Cash flows from financing activities						
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		(	734,092)	(	450,329)	
Increase (decrease) in cash and cash equivalents			1,076,904		238,822	
Cash and cash equivalents at the beginning of periods			1,601,115		1,362,293	
Cash and cash equivalents at the end of periods		\$	2,678,019	\$	1,601,115	

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







Manager: Chien-Hung Lin

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# AAEON Technology Inc. <u>NOTES TO SEPARATE FINANCIAL STATEMENTS</u> <u>FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022</u> (Expressed in thousands of New Taiwan Dollars, except as of otherwise indicated)

## I. <u>Company Profile</u>

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) <u>The impact of adopting standards or interpretations issued, revised or amended by IASB which</u> 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:

	Effective date
Newly issued revised or amended standards and interpretations	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

(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:

	Effective date
Newly issued revised or amended standards and interpretations	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-	January 1, 2024
current"	
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:

Effective date
by IASB
To be determined by
International
Accounting
Standards Board
January 1, 2023
January 1, 2023
January 1, 2023
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) <u>Compliance Statement</u>

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 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) <u>Financial assets at fair value through profit or loss</u>
  - 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 system of the 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; and

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.

#### (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 deposit	its	1,049,192		1,300,720	
Time deposits		1,628,307		300,000	
Total	\$	2,678,019	\$	1,601,115	

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	
		161,264		168,613	
Valuation adjustment		128,542		22,362	
Subtotal	\$	289,806	\$	190,975	

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	

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 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.

2. Amounts recognized in profit of loss in relation to financial assets at fair value through profit or loss are listed below:

	2	2023/12/31	2022/12/31		
Financial assets mandatorily measu at fair value through profit or loss	ured				
Equity instruments	\$	107,029 (\$	174,752 )		
Beneficiary certificates		322	142		
Derivatives	(	279)	-		
Hybrid instrument	(	553 ) (	264 )		
Total	\$	106,519 (\$	174,874)		

3. The Company has no financial assets measured at fair value through profit or loss pledged to others.

#### (III) Notes and accounts receivables

	20	23/12/31	2022/12/31			
Notes receivable	\$	663	\$	186		
Accounts receivable	\$	174,217	\$	218,305		
Less: Loss allowance	(	58)	(	53)		
	\$	174,159	\$	218,252		

Notes receivable	20	23/12/31	2022/12/31		
Not past due	\$	663	\$	186	
Accounts receivable	20	2023/12/31		022/12/31	
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	
	\$	174,217	\$	218,305	

1. The aging of accounts and notes receivable are as follows:

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

- 2. 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.
- 3. The Company does not does not hold any financial assets as security for accounts and notes receivables.
- 4. 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.
- 5. Please refer to Note 12 (2) for credit risk information of notes and accounts receivables.
- (IV) Inventories

	2023/12/31								
		Cost	Valuati	on allowance	Carrying amount				
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	\$	875,821	(\$	71,907)	\$ 803,914				
	2022/12/31								
		Cost	Valuati	on allowance	Carrying amount				
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	\$	1,630,361	(\$	83,903)	\$ 1,546,458				

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)				
	\$	3,290,274	\$ 4,227,853				

#### (V) Investments accounted for under equity method

	2023	3/12/31	2022/12/31			
	Ownership		Ownership			
Investee	(%)	Book value	(%)	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	-	-		
		\$ 5,941,152		\$ 4,974,623		

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	\$	9,897,934	\$	9,295,514			
Share of net assets of the affiliate	\$	2,381,574	\$	2,441,798			
Goodwill		978,418		978,418			
Book value of affiliates	\$	3,359,992	\$	3,420,216			

Statement of comprehensive income

	]	For the years ende	d Dece	ember 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 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	\$	18,916	\$	25,764			

(4)The fair value of the Company's associates which have quoted market price is as follows:

	20	2023/12/31		
Litemax	\$	237,713	\$	189,067
IBASE		4,270,794		4,090,859
	\$	4,508,507	\$	4,279,926

- (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.

	2023											
	Constructio									truction		
										ogress		
					Ma	chinery		~ .	-	and		
	Lar		D!1	din aa		and		Other		ment to		Tatal
January 1	Lar	10	Bull	dings	equ	ipment	eq	upment	be in	spected		Total
•	ф <b>1</b> (	22 520	ф <b>1</b> 1	1.026	¢	77.050	¢	10 107	¢	6.642	¢	100 161
Cost	\$ 18	83,539	\$11	1,836	\$	77,959	\$	43,487	\$	6,643	\$	423,464
Accumulated depreciation and impairment		-	( 4	7,570)	(	29,540)	(	20,572)		-	(	97,682)
*	\$ 18	83,539	\$ 6	4,266	\$	48,419	\$	22,915	\$	6,643	\$	325,782
January 1	\$ 18	83,539	\$6	4,266	\$	48,419	\$	22,915	\$	6,643	\$	325,782
Additions		-		670		7,529		25,063		2,317		35,579
Disposal		-		-		-	(	892)			(	892)
Reclassification (Note)		-	2	3,534		8,542		2,281	(	8,960	)	25,397
Depreciation expense		-	(	3,111 )	(	11,306)	(	12,845)		-	(	27,262)
December 31	\$ 18	83,539	\$ 8	5,359	\$	53,184	\$	36,522	\$	-	\$	358,604
December 31												
Cost	\$ 18	83,539	\$15	5,443	\$	93,349	\$	62,786	\$	-	\$	495,117
Accumulated depreciation and impairment		-	( 7	0,084)	(	40,165)	(	26,264)		-	(	136,513)
	\$ 18	83,539	\$ 8	5,359	\$	53,184	\$	36,522	\$	-	\$	358,604

#### (VI) Property, Plant and Equipment

_						202	22					
						achinery and		Other	in equ	nstruction progress and ipment to		
January 1		Land	E	Buildings	eq	uipment	eq	uipment_	be	inspected		Total
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)
	\$	212,691	\$	66,459	\$	19,164	\$	26,248	\$	1,307	\$	325,869
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	\$	183,539	\$	64,266	\$	48,419	\$	22,915	\$	6,643	\$	325,782
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)
	\$	183,539	\$	64,266	\$	48,419	\$	22,915	\$	6,643	\$	325,782

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:

	202	3/12/31	2022	/12/31
	Carryi	ng amount	Carryin	g amount
Buildings	\$	40,370	\$	57,027
	For	the years ende	ed Decembe	er 31,
	2	2023	20	22
	Deprecia	tion expense	Depreciati	on expense
Buildings	\$	29,582	\$	29,447
E	2		and of malet	af waa

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	
Items affecting profit or loss					
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
	22	1 2022 11 0	• • • 1	1 .01	C

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	φ	128,075	φ			
and impairment		-	(	23,190)	(	23,190)
	\$	128,073	\$	51,092	\$	179,165
January 1	\$	128,073	\$	51,092	\$	179,165
Reclassification		-	(	24,145)		24,145)
Depreciation expense		-	(	961)	`	961)
December 31	\$	128,073	<u>\$</u>	25,986	\$	154,059
December 31	—					
Cost	\$	128,073	\$	30,676	\$	158,749
Accumulated depreciation and impairment		-	(	4,690)	(	4,690)
	\$	128,073	\$	25,986	\$	154,059
				2022		
-		Land		Buildings		Total
January 1 Cost	\$	Land -	\$		\$	Total 53,574
Cost Accumulated depreciation	\$	Land -	\$ (	Buildings		
Cost	\$	Land - - -	\$ ( <u>\$</u>	Buildings 53,574		53,574
Cost Accumulated depreciation and impairment January 1	-	Land - - - -	(	Buildings 53,574 21,926 )	(	53,574 21,926 )
Cost Accumulated depreciation and impairment	\$	Land - - - 128,073	( <u>\$</u>	Buildings 53,574 21,926) 31,648	(	53,574 21,926 ) <u>31,648</u>
Cost Accumulated depreciation and impairment January 1 Reclassification Depreciation expense	\$\$		( <u>\$</u> (	Buildings 53,574 21,926) 31,648 31,648	( <u>\$</u> \$ (	53,574 21,926 ) <u>31,648</u> 31,648
Cost Accumulated depreciation and impairment January 1 Reclassification	\$		( <u>\$</u>	Buildings 53,574 21,926 ) 31,648 31,648 20,708	( <u>\$</u> \$	53,574 21,926 ) <u>31,648</u> 31,648 148,781
Cost Accumulated depreciation and impairment January 1 Reclassification Depreciation expense	\$\$		( <u>\$</u> (	Buildings 53,574 21,926 ) 31,648 31,648 20,708 1,264 )	( <u>\$</u> \$ (	53,574 21,926 ) <u>31,648</u> 31,648 148,781 1,264 )
Cost Accumulated depreciation and impairment January 1 Reclassification Depreciation expense December 31 December 31 Cost	\$\$		( <u>\$</u> (	Buildings 53,574 21,926 ) 31,648 31,648 20,708 1,264 )	( <u>\$</u> \$ (	53,574 21,926 ) <u>31,648</u> 31,648 148,781 1,264 )
Cost Accumulated depreciation and impairment January 1 Reclassification Depreciation expense December 31 December 31 Cost Accumulated depreciation	\$\$	- - - 128,073 - 128,073	( <u>\$</u> ( <u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u></u>	Buildings 53,574 21,926 ) 31,648 31,648 20,708 1,264 ) 51,092	( <u>\$</u> ( <u>\$</u> \$ \$	53,574 21,926 ) <u>31,648</u> 31,648 148,781 1,264 ) 179,165
Cost Accumulated depreciation and impairment January 1 Reclassification Depreciation expense December 31 December 31 Cost	\$\$	- - - 128,073 - 128,073	( <u>\$</u> ( <u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u></u>	Buildings 53,574 21,926 ) 31,648 20,708 1,264 ) 51,092 74,282	( <u>\$</u> ( <u>\$</u> \$ \$	53,574 21,926 ) 31,648 31,648 148,781 1,264 ) 179,165 202,355

1. 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

2. 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

	2	023/12/31	20	22/12/31
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
	\$	443,210	\$	444,329
$\mathbf{D}_{1}$ $(\mathbf{C}_{1}, \mathbf{N}_{2}, \mathbf{T}_{2}, \mathbf{C}_{2})$				

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

1. The Company had the following share-based payment arrangement active for the years ended December 31, 2023 and 2022.

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

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

2. Details of the aforementioned share-based payment arrangement:

	E		ad Daaamah an 2	01		
	202	or the years end	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		- (	( <u>72</u> )	) 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:

			2023	3/12/31
			Number of	
	Authorized		shares	Exercise price (in
Arrangement type	issue date	Maturity date	(in thousands)	dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,218	\$ 60.7

			2022	2/12/31	
			Number of		
	Authorized		shares	Exercise pric	e (in
Arrangement type	issue date	Maturity date	(in thousands)	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 optionpricing model. Relevant information is as follows:

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

5. Expenses of share-based payment transaction:

	Fo	r the years end	ed Decen	nber 31,
		2023		2022
Equity settlement	\$	2,246	\$	4,647
c1 1 1				

## (XII) Share capital

1. 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

- 2. 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.
- 3. As of December 31, 2023, the Company's associate IBASE owned 41,698 thousand of AAEON's shares.
- 4. 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						
	Sh	are premium	c	Difference between consideration and arrying amount of bsidiaries acquired or disposed	R	ecognition of changes in ownership interest in subsidiary	c n	Affiliate company let equity changes	nployee ire 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 Issuance of new shares in		-		-		-		64,235	-		-	64,235
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												
	Sha	re premium	conside carrying subsidiar	ce between ration and amount of ies acquired isposed	cha ow int	gnition of anges in nership erest in osidiary		Affiliate company net equity changes		nployee re 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)
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) <u>Retained earnings</u>

- 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. 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.
- 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) 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					
			Dividends per share				Dividends per share			
		Amount		(in dollars)		Amount		(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		
	\$	801,092			\$	442,844				

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		
		]	Dividends per share	
	Am	nount	(in dollars)	
Legal reserve	\$	96,684		
Cash dividends	1,	042,651 \$	6.50	
	\$_1,	139,335		

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						
<ol> <li>Recognized contract liabilities relative follows:</li> </ol>	e to revenu	e from contracts	with cus	stomers are as		
	2	023/12/31	2	022/12/31		
Contract Liability - Current:	¢	51 000	¢	100.050		
Advances from customers	\$	51,832		109,356		
Warranty contract Contract Liability - Non-current:		2,639		2,001		
Warranty contract		5,384		5,565		
Total	\$	59,855		116,922		
(2) Recognized income of contract liability			<u> </u>	- )-		
() 2		For the years end	ded Dece	ember 31,		
		2023	<u> </u>	2022		
Beginning balance of contract liabilities	Recogniz					
Advances from customers	\$	88,658		49,377		
Warranty contract	¢	2,001		2,759		
Total	\$	90,659	<u>\$</u>	52,136		
VI) <u>Interest income</u>						
	F	for the years end	led Dece	mber 31,		
		2023		2022		
Deposit interest income	\$	57,225	\$	5,567		
VII) Other income						
	г	for the years end	lad Daga	mbor 21		
	1	2023		2022		
Rental income	\$	8,799	\$	6,468		
Dividend income	*	10,982	*	14,547		
Total	\$	19,781	\$	21,015		
10001	Φ	19,701	Ψ	21,015		

## (XVIII) Other gains and losses

	F	for the years ended Dece	ember 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	\$	105,301 (\$	115,522 )

## (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	\$	1,283 \$	1,807					

## (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				
	\$	700,120	\$	720,251				

- 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 ende	d Dece	cember 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 Deferred tax		151,470		219,775		
Origination and reversal of temporary differences		17,509		922		
income tax expense	\$	168,979	\$	220,697		

(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	\$	168,979	\$	220,697				

3. Amounts of deferred tax assets and liabilities as a result of temporary differences are as follows:

	2023									
	_		Recc January 1 in				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	\$	47,656	(	\$	4,191	)	\$	-	\$	43,465
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	(\$	57,856	) (	\$	13,318	)(	\$	15 )	(\$	71,189)
Total	(\$	10,200	) (	\$	17,509	)(	\$	15 )	(\$	27,724)

2022								
	January 1	Re	ecognized in income		other	December 31		
\$	5,430	\$	1,779	\$	-	\$	7,209	
	9,904		3,697		-		13,601	
	11,879		4,902		-		16,781	
	6,150		-	(	6,150)	)	-	
	3,779		6,286		-		10,065	
\$	37,142	\$	16,664	(\$	6,150 )	) \$	47,656	
(\$	38,161	)(\$	17,586	) \$	-	(\$	55,747)	
	-		-	(	2,109 )	)(	2,109)	
(\$	38,161	)(\$	17,586	) (\$	2,109)	)(\$	57,856)	
(\$	1,019	)(\$	922	)(\$	8,259)	)(\$	10,200)	
	\$ (\$ (\$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	January 1         \$       5,430       \$         9,904       11,879       6,150         3,779       \$       37,142       \$         (\$       38,161)(\$       -         (\$       38,161)(\$       -	January 1       Recognized in income         \$ 5,430       \$ 1,779         9,904       3,697         11,879       4,902         6,150       - $3,779$ $6,286$ \$ 37,142       \$ 16,664         (\$ 38,161)(\$ 17,586         -       -         (\$ 38,161)(\$ 17,586	January 1       Recognized in income       c         \$ 5,430       \$ 1,779       \$         9,904       3,697 $3,697$ 11,879       4,902 $6,150$ - ( $3,779$ $6,286$ $($$$       $$         $ 37,142       $ 16,664       ($$$       $$         ($ 38,161)($ 17,586) $       - (       $$       - (         ($ 38,161)($ 17,586) $       - (       $$       - (         ($ 38,161)($ 17,586) $       - (       $$       - (   $	Image: Second secon	Recognized in other comprehensive income         January 1       Recognized in income       Recognized in other comprehensive income       I         \$ 5,430       \$ 1,779       \$ - \$       \$         9,904       3,697       -       \$         9,904       3,697       -       \$         9,904       3,697       -       \$         9,904       3,697       -       \$         6,150       -       (       6,150)       \$         3,779       6,286       -       -       \$         \$ 37,142       \$ 16,664       (\$ 6,150)       \$       \$         (\$ 38,161)(\$ 17,586) \$ - (\$       -       -       (\$       2,109)(         (\$ 38,161)(\$ 17,586)(\$ 2,109)(\$       -       -       -       (\$ 2,109)(\$	

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:	¢	0.00.045	115 0.61	¢	0.42
Net income	<u>\$</u>	969,345	115,061	\$	8.42
Diluted earnings per share: Effect of dilutive potential ordinary shares:			645		
Employees' bonuses Diluted earnings per share:			862		
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:	<b>•</b>			-	10.00
Net income	<u>\$</u>	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

	Fe	For the years ended December 31,				
		2023		2022		
	Le	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	\$	41,620	\$	58,030		

# 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	\$	19,390	\$	18,624		

The other income, other gains and loses 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	\$ 430,867	\$	649,338
	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	\$ 514	\$	1,402

# 6. Payables from related parties

	2023/12/31		2022/12/31	
Accounts Payable				
Ultimate parent entity	\$	52,099	\$	53,140
Subsidiary		13		359
Associate		4,683		22
Other related party		8,559		15,625
Total	\$	65,354	\$	69,146
Other Payables				
Ultimate parent entity	\$	37,691	\$	37,859
Subsidiary		1,140		1,203
Associate		19		-
Other related party		128		166
Total	\$	38,978	\$	39,228

7. Lease transaction-lease

The company leased office space from ONYX HEALTHCARE INC. and increased the rightof-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

	202	3/12/31	2022/12/31	
Subsidiary				
ONYX HEALTHCARE INC.	\$	-	\$	1,148
Other related party		154		154
Total	\$	154	\$	1,302

- The security deposit for lease.
- 9. Transaction of property

(1) The acquision of property, plant and equipment

			2023			2022
	Other related party	\$		335	\$	-
(2)	The acquision of investment propertie	s				
			2023			2022
	Associate					
	LITEMAX ELECTRONICS INC.	\$		-	\$	119,405
тс				<u></u>	- 1	1 4 1 4 0

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.

	 2023	2022		
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

	 2023	 2022
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	\$ 76,118	\$ 63,252

# VIII. Pledged Assets

None.

# IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

- (I) <u>Contingencies</u> 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) <u>Capital management</u>

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
Financial asset				
Financial assets at fair value through profit or loss Financial assets mandatorily measured at fair value	<b>•</b>	• • • • • • • • •	<b>•</b>	
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
	\$	3,608,574	\$	2,698,970
<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
	\$	696,870	\$	750,658
Lease liabilities (including current and non-current)	\$	41,620	\$	58,030
2 Dick management policy				

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 stoploss 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										
		oreign currency		~ .	_						
		(in thousand)	Exchange rate	Carrying amount							
(Foreign currency: functional currency)											
Financial asset											
Monetary items											
USD : NTD	\$	88,991	30.71	\$ 2,732,9	14						
EUR : NTD		2	33.98	(	68						
Non-monetary items											
USD : NTD	\$	11,391	30.71	\$ 349,8	18						
EUR : NTD		3,187	33.98	108,29	94						
Financial liability											
Monetary items											
USD : NTD	\$	7,374	30.71	\$ 226,43	56						
EUR : NTD		7	33.98	23	38						

	2022/12/31										
		reign currency in thousand)	Exchange rate	Carrying amount							
(Foreign currency: functional currency)											
Financial asset											
Monetary items											
USD : NTD	\$	62,933	30.71	\$ 1,932,672							
EUR : NTD		4	32.72	131							
Non-monetary items											
USD : NTD	\$	10,331	30.71	\$ 317,265							
EUR : NTD		2,254	32.72	73,751							
<u>Financial liability</u>											
Monetary items											
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		ect on profit or loss	Effect on other comprehensive income	-					
(Foreign currency: functional										
currency)										
Financial asset										
Monetary items										
USD : NTD	1%	\$	27,329	\$	-					
EUR : NTD	1%		1		-					
Financial liability										
Monetary items										
USD : NTD	1%	\$	2,265	\$	-					
EUR : NTD	1%		2		-					

	,				-,
		Sens	itivity analysi	S	
	Effect on profit Extent of change or loss		Effect on other comprehensive income		
(Foreign currency: functional currency)					
Financial asset					
Monetary items					
USD : NTD	1%	\$	19,327	\$	-
EUR : NTD	1%		1		-
<u>Financial liability</u>					
Monetary items					
USD : NTD	1%	\$	2,952	\$	-
EUR : NTD	1%		6		-

For the year ended December 31, 2022

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:

	No	ot yet due		ss than 30 s 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
	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
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:

_	1.0000 0000 0000	ounts receivable elated parties)			
	2023		2022		
January 1	\$ 53	\$		13	
Recognition (reverse) of impairment loss	5			40	
December 31	\$ 58	\$		53	

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	Wit	hin1year	1-2ye	ars	2-5ye	ars
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

2022/12/31	Wi	thin1year	1-2years	2-5years		
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:

2023/12/31	]	lst Level	2n	d Level		3rd Level	l Total		
Asset									
<u>Recurring fair value</u> measurements									
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	1	lst Level	2n	d Level		3rd Level	_	Total	
Asset									
<u>Recurring fair value</u> measurements									
Financial assets at fair									
value through profit or									
loss	Φ	1 (0, 114	Φ	1 200	¢	10.0(0	¢	102 (02	
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	

(1) The related information of the nature of the assets and liabilities is as follows:

(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:

	Shares of listed	
	companies	Open-end funds
Quoted market price	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:

		2023	2022			
	Equ	ity instrument	Eq	uity instrument		
January 1	\$	28,547	\$	28,811		
Loss recognized in income (Note)	(	553)	(	264)		
December 31	\$	27,994	\$	28,547		
Changes in unrealized gains or losses of assets and liabilities owned at the						

end of the period (\$ 553)(\$ 264)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
Equity instruments:					
Unlisted and \$ non-OTC stocks	19,360	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Hybrid instrument:					
Unlisted and \$ non-OTC stocks	59,291	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Embedded (\$	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
Equity instruments:					
Unlisted and \$ non-OTC stocks	19,360	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Hybrid instrument:					
Unlisted and \$ non-OTC stocks	65,729	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Embedded (\$	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 paidin capital: None.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paidin 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 paidin 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)

	Mar	ketable securities type and name			2023/12/31				
Holding company	Туре	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.

Schedule 1

### Schedule 1 Page 1

### 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

					Beginnin	g Balance	А	equisition (Note 3	3)		Γ	Disposal (Note	e 3)		Ending	Balance
Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value	(Note 4)	Gain/ Losses on Disposal	Shares	Amount
AAEON TECHNOL OGY 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 retaind 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.

Schedule 2 Page 1

#### 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)

				Transaction							difference elated party rms and the terms of n (Note)	Accou			
Company Name	Related Party	Nature of Relationship	Purchase (sales)		Amount	tota	rcentage to al purchase sales) (%)	Payment terms	Unit	Price	Payment terms	Endin	ng Balance	Percentage to total accounts and notes receivable or payable (%)	Note
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	
n	AAEON ELECTRONICS, INC.	"	"	(	976,754)	(	20.94)	"		-	-		116,493	19.23	
n	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.

Schedule 3 Page 1

### AAEON Technology Inc.

### RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

### DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

		Nature of	En	nding balance	_		Over	due	_	Amou	ints Received in		
Company Name	Related Party	Relationship		(Note)	Turnover (%)	Amount		Action taken		Sub	sequent Period	Loss allowance	
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.

Schedule 4 Page 1

# Schedule 4

#### 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

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Financial Statement Account	 Amount	Terms	As a percentage of consolidated revenues or total assets (%) (Note 3)
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.

Schedule 5 Page 1

Schedule 5

### AAEON Technology Inc. and Subsidiaries NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES 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)

				Original	nvestment	Balance	as of Decemb	per 31,2023		Profits or losses on investment	
Name of investor	Name of investee	Location	Main businesses and products	2023/12/31	2022/12/31	Shares	Percentag e (%)	Carrying Amount	Investee profit or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks
AAEON TECHNOLOGY	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 150,455	\$ 150,479	490,000	100.00	\$ 328,750	\$ 32,850	\$ 32,854	
INC.			Peripiterals								
'n	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	3,498,501	3,498,501	52,921,856	26.82	3,359,992	715,895	94,727	
n	JETWAY INFORMATION CO., LTD.	"	motherboards Manufacturing and selling of industrial motherboard and computer peripherals	958,247	-	26,450,000	35.27	925,705	172,411	36,520	

Schedule 6

Schedule 6 Page 1

#### AAEON Technology Inc. NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES 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)

			Original Investment Balance as of December 31,2023					T	<b>6</b> 4	Profits or losses on investment		
Name of investor	Name of investee	Location	Main businesses and products	2023/12/31	2022/12/31	Shares	Percentag e (%)	Carrying Amount	or los	tee profit ss for the l (Note 2)	recognized for the period (Note 2)	Remarks
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	-	"
11	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	-	n
"	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.	n	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	13.08	629,526	:	506,391	-	n
n	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 INVESTEES 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)

				Original In	vestment	Balance a	s of Decembe	er 31,2023	Investee profit	Profits or losses on investment	
Name of investor	Name of investee	Location	Main businesses andproducts	2023/12/31	2022/12/31	Shares	Percentag e (%)	Carrying Amount	or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks
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
'n	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	543,494	543,582	17,700,500	100.00	427,257	( 19,220 )	-	'n
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	-	-	-	-	-	"
'n	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.

Schedule 6 Page 3

#### AAEON Technology Inc. INFORMATION ON INVESTMENT IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 7

		Total Amount of	Methods of investment	Beginning Balance of Accumulated Outflow of Investment from	Investr Flov		Accumulated Outflow of Investment from Taiwan as of December 31,	Investee profit or loss for the	The Company's direct or indirect holding	Share of Profits /	Carrying Amount as of December 31,	Accumulated Inward Remittance of Earnings as of December 31,	
Investee Company	Main Businesses	Paid-in Capital	(Note 1)	Taiwan	Outflow	Inflow	2023	period	percentage	Losses	2023	2023	Remarks
AAEON	Production and sales of	\$ 266,835	2	\$ 266,835	\$ -	\$ -	\$ 266,835	( \$ 43,885 )	100%	(\$ 43,885)	\$ 190,457	\$ -	Note.2(2)B
TECHNOLOGY (SUZHOU) INC.	IPC and interface card												
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	Accur	Balance of mulated in Mainland hina	Ar Auth Inv Com	estment nounts orized by estment mission, IOEA	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.
 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.

### Schedule 7 Page 1

# AAEON Technology Inc. INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

#### Schedule 8

_	Shares						
Name of major shareholder	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)

Item		Su	immary	Amount
Reserve cash				\$ 390
Petty cash				130
Bank deposit				
Checking accounts				2
Demand deposit				482,310
Foreign currency	USD	18,460,284.44	Rate 30.7050	566,823
demand deposit	EUR	985.87	Rate 33.9812	33
	HKD	6,182.43	Rate 3.9302	24
Time deposits				1,628,307
				\$ 2,678,019

# 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)

		Amo	ount		
Item		Cost	Ne	t realizable value	Remarks
Raw material	\$	458,719	\$	414,283	Allowance for inventory
Work in progress		284,201		276,894	valuation and obsolescence
Finished good		125,978		164,096	losses are from the lower of
Merchandise inventory		6,923	6,277		the acquisition cost or net realizable value.
		875,821	\$	861,550	Teanzable value.
Less: Allowance for Inventory Valuation and Obsolescence Losses	(	71,907	)		
	\$	803,914			

### AAEON Technology Inc. CHANGE IN INVESTMENTSACCOUNTED FOR UNDER EQUITY METHOD FOR THE YEAR ENDED DECEMBER 31, 2023 (Expressed in thousands of New Taiwan Dollars)

Statement 4

	January	1, 2023	Increase (	Note 1)	Decrea	se (Note 2)			Other	De	cember 31, 202	23		price or net	Guarantees
	Number of		Number of		Number		]	Investment	changes	Number of	Ownership				or
Name	shares	Amount	shares	Amount	of shares	Amount	ga	ains (losses)	(Note 3)	shares	(%)	Amount	Price	Total	<b>Collaterals</b>
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	-	-	Ì	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	)	36,520 (	3,055)	26,450,000	35.27	925,705	42	1,117,513	"
Subtotal		\$ 4,974,623	-	\$ 958,365	(	\$ 463,941	) \$	\$ 309,708	\$ 162,397			\$ 5,941,152			

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

Customer name	_	Amou	nt
А	5	\$	30,086
В			15,148
Others (Note)	_		143,070
Total		\$	188,304

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)

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		144,335
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	` <u> </u>	1,670,706
Direct labor		80,352
Production overheads		189,751
Manufacturing costs		1,940,809
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		35,629
Cost of inventory sold		3,284,267
Loss on inventory valuation and obsolescence		6,032
Others	(	25)
Cost of sales	\$	3,290,274
	Ψ	5,270,274

# AAEON Technology Inc. MANUFACTURING OVERHEAD FOR THE YEAR ENDED DECEMBER 31, 2023 (Expressed in thousands of New Taiwan Dollars)

Item	 Amount	Remarks
Indirect labor	\$ 100,392	
Depreciation expense	28,459	
Insurance premium	16,465	
Others	\$ 44,435 189,751	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)

Item	A	mount	Remarks
Salaries and wages expenditure	\$	72,828	
Export fee		6,195	
Others		30,152	Note: Each of the account did not exceed 5% of the total account balance.
	\$	109,175	

# AAEON Technology Inc. GENERAL AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (Expressed in thousands of New Taiwan Dollars)

Item	A	Amount	Remarks
Salaries and wages expenditure	\$	92,833	
Depreciation expense		16,881	
Others	\$	<u>41,813</u> 151,527	Each of the account did not exceed 5% of the total account balance.

# AAEON Technology Inc. RESEARCH AND DEVELOPMENT EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (Expressed in thousands of New Taiwan Dollars)

Item	 Amount	Remarks
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
Others	 84,386	account balance.
	\$ 480,047	



Chairman: Yung-Shun Chuang

