Stock Code: 6123

GrandTech+

2023 Annual Report

The Best Digital & Cloud Services Operator In The World

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GrandTech C.G. Systems Inc. website : https://www.grandtech.com
Taiwan Stock Exchange Market Observation Post System : mops.twse.com.tw

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   Address: B1, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
   Website: www.yuanta.com.tw
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4. **Contact information of the CPAs for the latest financial statements**
   CPAs: HSU, HSIN-MIN and YU, CHIEN-JU
   Accounting firm: Ernst &Young, Taiwan
   Address: 9F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City
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   Tel: (02) 2757-8888

5. **Name of the offshore stock exchange and method for accessing information on offshore securities:**
   N/A

6. **Company website**
   http:/www.grandtech.com

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I. Letter to Shareholders

2023 is a challenging year. The global economy is gradually recovering from the pandemic, but climate disasters are becoming more common, regional wars are still ongoing, and geopolitical tensions remain. Inflation in developed economies around the world has slowed down significantly, but interest rates still remain high. The pace of economic recovery in China, which has an enormous impact on the development of the global market, has been slowed down. The declining economy in overall domestic manufacturing such as capital equipment has led private enterprises to adopt a prudent approach to investment. Confronting various challenges to economic growth and development, GrandTech C.G. Systems Inc. adjusted its business policies and strived to reduce the impact of external factors in order to strengthen operating performances.
Here is a further explanation of the overview of business operations in 2023:

(I) 2023 Operation Overview

A. 2023 Business Plan Implementation Results

With efforts from all of the group's business teams to improve revenue performance and profitability, the consolidated annual revenue was NT$ 5,210,306,000 in 2023 (the same below), the operating income was NT$ 361,302,000, and the net income before tax was NT$ 419,179,000. However, since the implementation of the CFC system in 2023, the income tax has been levied on the overseas companies held by the group, which affected the overall profitability performance. The net income after tax attributed to the parent company was NT$245,089,000, and the net income after tax per share was NT$ 3.95.

Relevant data may be referred to for the profit or loss in the same period as below:

Unit: NT$ Thousand

Item / Year	2023	2022	Increase (Decrease)	YoY Rate increase (decrease)
Operating Revenue	5,210,306	5,286,819	-76,513	-1%
Operating Income	361,302	427,561	-66,259	-15%
Net Income Before Tax	419,179	468,343	-49,164	-10%
Net Income After Tax	313,360	389,412	-76,052	-20%
Net Income After Tax of the Parent company	245,089	320,201	-75,112	-23%
Earnings per Share After Tax (NT$)	3.95	5.49	-1.54	-28%

Overall, business users and digital printing clients have extended the evaluation time for capital expenditures, which affects the overall revenue and profit performance. The group's strategy development of growth promoted the revenue of cloud services and digital printing services through a new business model, which emphasized the advantages of operator in the group. As a result, it has boosted the proportion of the recurrent income of the group with an annual increase of 14%.

GrandTech focuses on an advantageous growth strategy. We ensure that business clients have achieved Customer Success efficiently with our service by increasing cloud-based value-added operations and digital printing services, continuously expanding the percentage of ARR (Annual Recurring Revenue), promoting the comprehensive growth of business clients, developing service in various business groups with our advantages in order to enhance the Customer Lifetime Value of the Company.

Long-term development and sustainable operations are our goals. The cloud service and digital printing business are the dual engines of growth of the corporate group. We have to increase investment in IaaS infrastructure and related services, as well as optimize the value-added system of cloud services. In addition, we must strengthen the competitiveness of the team, cultivating new markets diligently to meet customer needs, and continuing to network and cooperate with domestic and overseas start-up companies through strategic alliances, expanding the Greater SEA overseas market and building a powerful transnational cloud ecosystem to satisfy client needs.

Printing technology is advancing under the trend of digital intelligence. Digital equipment and intelligence management are gaining influence. Digital intelligence brings the business opportunities of industrial restructuring by way of disruptive innovation. GrandTech is well aware that to seize such great business opportunities, requires commitment to cultivating and choosing the right clients to enable the power of digital printing and the capability of selling products to the global market. It is this way we will expand the business territory of our clients. Revolutionary innovations in smart packaging, labels, and material applications are also required. Moreover, in utilizing the business opportunity of the internet economy driven by one item, one QR code for various packaging, we can therefore provide small amounts, various selections, and mass customization services for the market. We are expanding in the local market in Taiwan at a steady pace, and are heading towards the world across borders with our clients and partners to establish a circle of sustainable management.

The domestic and overseas investment subsidiaries of GrandTech utilize their business advantages and continue to grow. We provide our business clients with cybersecurity-related integration services and solutions that have gained recognition in the international cybersecurity industry, aimed at market expansion in various fields, such as education, telecommunications, and logistics, not only establishing a solid backup force for corporate operations but also providing comprehensive support for client businesses to be successful.

B. 2023 budget implementation status: The Company is not required to publicize the financial forecast and therefore it is not applicable.

C. Analysis of financial income and expenses and profitability:

2023

Unit: NT$ Thousand

Analysis	Item	Parent company	Group
Revenue and expenditure	Operating Income	412,362	5,210,306
	Gross Profit	124,988	827,392
	Net Income	245,089	313,360
Profitability	Return on Assets %	9%	11%
	Return on Equity %	18%	19%
	Profit Before Tax to Capital Stock %	46%	68%
	Operating Income to Capital %	8%	58%
	Net Profit Margin %	59%	6%
	EPS (NT$)	3.95	3.95

D. Research and development status: In order to strengthen its service advantages, the group has set up a research and development unit to develop client value-added service platform systems and provide optimized management and analysis, and other additional online services.

(II) 2024 Buisness Plan

A. Business policy

1. Adhere to the core value of “Entrepreneurs’ Paradise” to build an entrepreneurial leadership management platform, and continue to strengthen financial support, risk management, mentor consultation, experience and resource sharing, and performance supervision.
2. Introduce “Internet+” and infuse innovative thinking into operations and the management platform to expand the business scale and increase operational performance.
3. Facing the challenges of market changes and industry shifts with the spirit of “Entrepreneurship and Innovation” to establish sustainable development in the company’s foundations.
4. Extend the thinking of new clients with an international perspective, market-leading insights, and innovative management models to improve clients’ satisfaction and grow with customers, developing a “clients are our partners” business circle and model.

B. Estimated sales amount: The Company is not required to publicize the financial forecast and therefore it is not applicable.

(III) Future Development Strategy

With a sound financial structure and management, GrandTech promotes cross-regional cooperation plans and pursues maximum business profits. As a pioneering company, we leverage our advantages, focusing on the provision of multi-cloud value-added services and other IaaS and SaaS services to expand the deployment of overseas markets and recruit new start-up businesses as clients with great potential to enter the global market. Choosing the right clients in digital printing empowers the applications of innovative technologies of digital printing in various fields in different ways, enabling us not only to grow rapidly in the global market but also to establish strategic partnerships with clients and enhance customer loyalty and success. Our aim is also to expand the business scale and increase operational performance. Through external investments and mergers, we are able to introduce potential businesses and services, recruit talent with entrepreneurial characteristics, and increase the proportion of business mergers to actively expand the group’s territory and increase profit.

(IV) Impact of External Competitive Environment, Regulatory Environment, and Overall Economic Environment

In 2023, although facing the global economic downturn, inflation significantly affects the overall market purchasing power, companies are conservative in their expansion, which may reduce their IT expenditures and postpone project procurement. With the development of AI, blockchain and other technologies, electronic technology has benefited from the AI trend, and the semiconductor market has gradually improved, which may hopefully drive overall economic growth. Enterprises may continue to invest in IT, focusing on maintaining operating energy. National development not only needs to observe the changes in the international political and economic situation but also attaches importance to the subsequent performance of economic growth. In addition to the support of private consumption, we expect that the government will facilitate policies to promote investment, strengthen domestic demand, and assist in the transformation and innovation of business clients. The advantages of these possibilities are evident and can continue to maintain competitiveness in adversity.

Regarding the regulatory environment, the company has completely adopted the IFRS (International Financial Reporting Standards), and complies with the relevant regulations of the competent authority to disclose information in a timely manner.

GrandTech C.G. Systems Inc. sincerely appreciates the long-term support and positive recognition of all shareholders so that we can focus on building a better operating foundation and continue to progress. Although the recovery of the global economy is still difficult and full of challenges, we are committed to our original aim and enthusiasm to implement lean management in group businesses, leading our employees to achieve their goals together, and make great contributions that add value to our shareholders and society. We believe that GrandTech C.G. Systems Inc. will write another new page in 2024 and sincerely ask our shareholders to continue supporting and encouraging us.

Thank you!

Chairman: HSU, CHENG-CHIANG
General Manager: NGOI, MIEW-HUAT
Chief Accounting Officer: HUANG, SHU-CHEN

II. Company Profile

(I) Date of Incorporation: July 27, 1991.

(II) Company History

May 2000	• The Securities and Futures Commission approved the issuance of new shares by the Company to complete a public offering, and the Company began the TPEx listed guidance operation.
Jan. 2002	• The stock was listed in TPEx in Taiwan.
Dec. 2011	• A Remuneration Committee was established.
Jun. 2014	• The Company invested in Netcore Network Communication Corp., and expanded the network communication layout with Juniper, Aruba, and A10.
Mar. 2015	• The Company invested in DPI Technology, a Malaysian company, and obtained 52% of its equity, to expand the digital printing business to the Southeast Asian market.
Apr. 2015	• The Company obtained the exclusive agency of ADOBE software in Hong Kong and Macao.
Jan. 2016	• The Company obtained 55% of equity of Senco-Masslink Technology Limited, a Hong Kong based company.
Jun. 2016	• The Shareholders' Meeting reelected directors, and established and Audit Committee.
Feb. 2017	• The Board of Directors passed a resolution to appoint Mr. HSU, CHENG-CHIANG (founder of GrandTech Group) as the chairman.
Aug. 2017	• GrandTech Cloud Services were established.
Sep. 2017	• The Company established GrandTech HP Indigo Endless Possibilities Center of Excellence (HP Indigo Authorized Training Center) in Zhonghe District, New Taipei City, to promote digital printing integration solutions and talent upgrading training for the industry.
Mar. 2019	• GrandTech Cloud Services (GCS), an invested company, passed ISO 27001 Information Security Certification.
Apr. 2019	• GrandTech Cloud Services (GCS), an invested company, marched towards a new milestone, and was awarded with AWS MSP Partner Certification.
Nov. 2019	• The Company signed "Intelligent Packaging & Innovative Blue Ocean" Cooperation Plan with TCI (8643) to comprehensively set foot in the field of packaging intelligence.
Jul. 2020	• The Company obtained the dealership of HP 3D printing products to jointly promote the new opportunities of intelligent manufacturing.
Aug. 2021	• Subsidiary GrandTech Cloud signed a memorandum of understanding with Headline Asia, a venture capital company, to accelerate the matchmaking of business opportunities of entrepreneurial ecology system through cooperation.
Sep. 2021	• Subsidiary GrandTech Cloud became an elite partner of Google Cloud.
Apr. 2022	• The Company joined hands with an internal venture capital company called AC Ventures to speed up the scale growth of innovative ecology in the Southeast Asia.
Nov. 2022	• The Company increased its capital by NT$ 220,500,000 in cash and issued 4,500,000 new shares. After capital increase, the capital of the Company reached

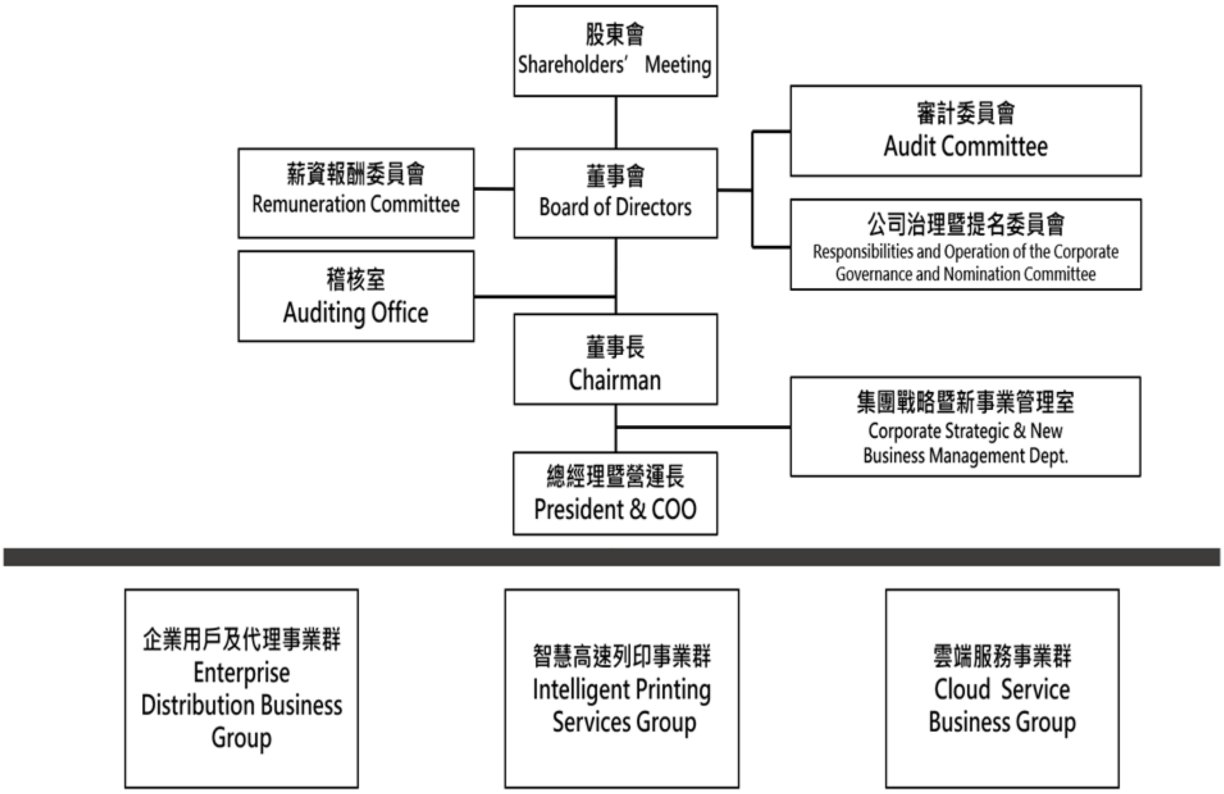
	NT$ 620,894,000.
	• The Board of Directors passed a resolution to appoint Mr. NGOI, MIEW- HUAT as the president of the Company.
Feb. 2023	• Subsidiary GrandTech Cloud became a Google Workspace Premier Partner and a global sales service partner of Workspace
Feb. 2023	• Subsidiary GrandTech Cloud became a Google Workspace for Education Partner.

III. Corporate Governance Report

(I) Organization

A. Organization Chart

1. Organizational Chart



2. Business activities of main divisions

Department	Functions
Audit Committee	Supervise the following matters as the primary objectives based on the authorization of the Board of Directors: 1. Fair presentation of the financial statements of the Company 2. Selection (dismissal) of CPAs, and their independence and performance 3. Effective implementation for the internal control of the Company 4. Compliance of the Company with relevant laws, regulations, and rules 5. Control of the existing or potential risks of the Company
Corporate Governance and Nomination Committee	1. Review and evaluate the soundness of corporate governance organizations and systems, and formulate regulations of corporate governance and committee. 2. Recommend to the Board of Directors proposed nominees for election to the Board and review their qualifications. 3. Formulate and review the establishment, duties and operations of the committees under the Board, and review the qualifications and potential conflicts of interest of the members of the committees. 4. Plan and implement the continuing education program for directors. 5. Other matters instructed by the Board of Directors.
Remuneration Committee	1. Establish and periodically review the performance evaluation of directors, supervisors, and managers, as well as remuneration policies, determination,standards, and structure. 2. Periodically evaluate and determine remuneration for directors, supervisors,and managers.
Auditing Office	1. Investigate and evaluate the absence of internal control system and measure the operating efficiency. 2. Make suggestions on improvement as appropriate, to ensure the continual, effective implementation of the internal control. 3. Assist the Board of Directors and the management in practically performing their responsibilities.
Chairman's Office	1. Take charge of domestic and overseas project support, public relations, and other relevant matters of the Group as aids and staff of the enterprise. 2. Provide operation analysis information.
Corporate Strategic & New Business Management Dept.	1. Provide operation analysis information, and manage overseas subsidiaries as well as domestic and overseas invested companies of the Group. 2. Enterprise finance system maintenance, capital application, investment application planning, finance and stock affairs planning, and dispatch management. 3. Accounting treatment. 4. Take charge of credit limit, legal affairs management of each business division and human resources planning.
SaaS & Distribution Business Group	1. Take charge of planning the marketing of all series of products through the Company's channels, executing and evaluating product agency, product commercialization, market analysis, and marketing activities, and managing market expansion, development, and channels. 2. Take charge of planning the marketing of enterprise application software, and executing and evaluating product agency, product commercialization, market analysis, marketing activities., etc.
Intelligent Printing Services Group	1. Evaluate and market diversified variable digital printing products as an agent, including marketing planning for introduction of products to the market, business operation, and all-around after-sales services. 2. Provide cross-border cooperation solutions for industrial customers, e.g., digital printing equipment used in the printing industry, the Internet, or brand owners, technical and industrial application solutions, as well as relevant industry procedure planning and purchasing related to one-stop and customization-like printing services. 3. Provide customers with consulting services involving professional planning of introduction of printing production procedures and products as well as marketing and execution. 4. Establish GrandTech HP Indigo Endless Possibilities Center of Excellence (COE) to cultivate professional technical talents, and provide OP training courses and technical certification in the industry of digital printing.

Department	Functions
Cloud Service Business Group	1. Consulting: Provide all-around professional technical and consulting services to facilitate a better understanding of enterprises for cloud transfer, cloud requirements, and cloud structure planning. 2. Security monitoring: The information security experts of the Company assist the inspection of the security settings and policies of AWS, and provide security information protection to ensure the compliance of settings and policies with commercial requirements. Also, they standardize and help enterprises strengthen information security compliance and standards. 3. SaaS services: Provide the infrastructure of AWS, i.e., IaaS and SaaS, and offer more experienced and professional services in multiple fields including image processing, website design, game, office applications, and customer support.

(II) Profile of the Company's directors, supervisors, president, vice-presidents, associate managers, and the heads of all Company divisions and branch units

(I) Directors and Supervisors

1. Profile of directors

April 30, 2024

Title	Nationality / place of incorporation	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	HSU, CHENG-CHIANG	Male 51-60	2022.06.10	3	1999.09.15	1,891,389	3.28%	2,009,622	3.24%	10,792	0.02%	0	0	M.S. in Computer Science, State University of New York	Note 1	None	None	None	Note 10
Director	Malaysia	NGOI, MIEW-HUAT	Male 51-60	2021.06.10	3	2016.06.23	400,000	0.69%	425,004	0.68%	0	0	0	0	Campbell University, North Carolina, USA	Note 2	None	None	None	-
Director	R.O.C.	Longwei Co.,Ltd.	-	2022.06.10	3	2019.06.06	2,578,550	4.48%	2,739,738	4.41%	0	0	0	0		None	None	None	None	-
	R.O.C.	Representative: CHUANG, TZU-HUA	Male 51-60	2022.06.10	3	2017.10.26	0	0	2,740,464	4.41%	10,500	0.02%	0	0	M.S. in Construction Engineering, National Taiwan University of Science and Technology M.S. Master In-service Professional Law Section of School of Law of Soochow University PhD Candidate of Industry Section, College of Management, Yuan Ze University	Note 3	None	None	None	-
Director	R.O.C.	LIU, YAO-YUAN	Male 41-50	2022.06.10	3	2021.06.10	89,000	0.15%	100,000	0.16%	11,000	0.02%	0	0	PhD Candidate of National Taiwan University of Science and Technology Graduate Institute of Management	Note 4	None	None	None	-
Director	R.O.C.	HUANG, LI-AN	Male 41-50	2022.06.10	3	2019.06.06	0	0	0	0	0	0	0	0	IESE Business School of Spain	Note 5	None	None	None	-
Director	R.O.C.	YANG, JUNG-KUNG	Male 51-60	2022.06.10	3	2017.10.26	0	0	0	0	0	0	0	0	M.B.A, University of Missouri - Columbia	Note 6	None	None	None	-
Independent Director	R.O.C.	LIN, TE-JUI	Male 61-70	2022.06.10	3	2019.06.06	170,000	0.30%	180,626	0.29%	0	0	0	0	PhD of Brigham Young University Law School	Note 8	None	None	None	-
Independent Director	R.O.C.	CHEN, WEI-YU	Male 51-60	2022.06.10	3	2017.10.26	0	0	0	0	0	0	0	0	M.B.A, California State University	Note 9	None	None	None	-
Independent Director	R.O.C.	CHEN, SU-LAN	Female 51-60	2022.06.10	3	2021.06.10	0	0	0	0	0	0	0	0	Bachelor of Department of International Trade of National Taiwan University	Note 9	None	None	None	-

Note 1: Chairman of GrandTech Cloud, chairman of Netcore Network Communication, chairman of COGATE, director of DeepStone, director of Senco-Masslink Technology, director of Senco-Masslink Solutions, director of DPI, director of BoniO Inc.
Note 2: Director of GrandTech Cloud, director of COGATE, director of DPI, director of Senco-Masslink Technology, director of Senco-Masslink Solutions
Note 3: Chairman of Longyuan, chairman of Fu Le Qun, chairman of Longwei
Note 4: Director of Shanghai Shitai, director of Unigate Telecom Inc., director of Chief International Corp, director of S-Link
Note 5: Director of iCatch Technology, director of FST Disc, director of Ability Enterprise Co., Ltd., director of ABICO AVY Co., Ltd., director of Green Breeze Plant Corp.
Note 6: Director of Parade, executive director of TransLink Capital, director of Reed Semiconductor, director of Shenzhen Immotor, director of DCard, director of Pakal, director of Axonne, director of UBiAi, director of Xconn Technologies, director of Point Robotics MedTech Inc., Director of LIONSBOT
Note 7: Independent director of Ta Ching Bills
Note 8: CPA partner of JYH HER CPAs and independent director of Daiichi_KY, independent director of Taisun Company
Note 9: Chairman of Business Next Publishing Corporation, director of Development Innovation, director of FundRich Securities, director of Mite Digital, director of Stylist
Note 10: If the chairman and president or a manager with equivalent rank (top manager) are a same person, or have a spousal relationship, or the first degree of kinship, explain the reason, reasonableness, necessity, and responsive measures: Not involved.

2. Major shareholders of corporate shareholders

Table 1: Major Shareholders of corporate Shareholders

April 30, 2024

Name of corporate shareholder	Major Shareholder	Shareholding ratio
Minerva Capital Inc.	CHENG, CHIA-HSING, HSU, WEN-HSIN, HSU, WEN-JUI	91.9%
Longwei Co., Ltd.	CHUANG, TZU-HUA	89.83%

Source: Department of Commerce, the Ministry of Economic Affairs

Table 2: Major shareholders of major shareholders in Table 1 as corporate shareholders: Not applicable.

3. Profile of directors

(1)Professional qualifications and independence analysis of directors and independent directors:

Condition / Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
HSU, CHENG-CHIANG	With over five years' work experience required for corporate business, currently serving as the chairman and CEO of the Company, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 2,098,373 shares and 3.38% Other conditions complying with independence principle are shown in Note 1.	0
NGOI, MIEW-HUAT	With over five years' work experience required for corporate business, currently serving as the senior vice-president of the Company, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 425,004 shares and 0.68% Other conditions complying with independence principle are shown in Note 1.	0
Longwei Co., Ltd. representative: CHUANG, TZU-HUA	With over five years' work experience required for corporate business, currently serving as the chairman of Longwei Co., Ltd., and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 2,750,964 shares and 4.43% Other conditions complying with independence principle are shown in Note 1.	0
LIU, YAO-YUAN	With over five years' work experience required for corporate business, currently serving as the president of Chief Telecom, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 111,000 shares and 0.18% Other conditions complying with independence principle are shown in Note 1.	0
HUANG, LI-AN	With over five years' work experience required for corporate business, currently serving as the director of Ability Enterprise Co., Ltd., and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0
YANG, JUNG-KUNG	With over five years' work experience required for corporate business, currently serving as the director of WRAP, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0

LIN, TE-JUI	With over five years' work experience required for corporate business, currently serving as the law professor of National Chung Cheng University, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 180,626 shares and 0.29% Other conditions complying with independence principle are shown in Note 1.	1
CHEN, WEI-YU	With over five years' work experience required for corporate business, currently serving as a CPA partner of JYH HER CPAs, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	2
CHEN, SU-LAN	With over five years' work experience required for corporate business, currently serving as the chairman of Business Next Publishing Corporation, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0

Note 1. Compliance with independence status: All members of the Board of Directors comply with the independence status, including but not limited to the followings: Whether the director, his/her spouse, and relatives within the second degree of kinship have served as director, supervisor, or employee of the Company or its affiliated companies; number and ratio of shares held by the director, his/her spouse, and relatives within the second degree of kinship (or in the name of others); whether the director serves as director, supervisor, or employee of any company that has a specific relation with the Company (compliance with the provisions of subparagraphs 5~8, Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of reward obtained from the Company or its affiliated companies in the last two years for the services provided to them, including commerce, legal affairs, finance, and accounting.

4. Diversity and independence of the Board of Directors:
   a. Diversity of the Board of Directors: The Board of Directors of the Company currently consists of 9 directors, including 4 non-exclusive directors, 2 male independent directors, 1 female independent director, and 2 executive directors (CEO HSU, CHENG-CHIANG, and senior vice-president NGOI, MIEW- HUAT). In addition to sufficient experience in corporate governance and industry technical experience, directors possess professional knowledge, skills, industry experience, and expertise that cover multiple levels including finance and accounting, technology, and management.
   b. Independence of the Board of Directors: A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of "Articles of Association" of the Company. Upon nomination and selection of the members of the Board of Directors, relevant materials including written declaration have been acquired from each director, and the directors have no spousal relationship, or kinship within the second degree with each other, and they maintain their independence within the scope of business executed. Also, they do not have a direct or indirect stake in the Company.

5. Overall capacity required of the diversity policy of the Board members and implementation of the policy:
   a. In order to strengthen corporate governance and promote the sound development of the constitution and structure of the Board of Directors, the Company has adjusted "Diversity Policy of Members of the Board of Directors" in accordance with Article 20 of "Corporate Governance Best Practice Principles". It is indicated in this policy that: A variety of requirements including the Company's operation structure, business development direction, and future development trends should be considered for the constitution of the Board of Directors, and various diversity aspects should be better evaluated, e.g., basic constitution (e.g., gender, age, etc.), and professional experience.
   (a) Diversity policy for constitution of the Board members
   The members of the Board of Directors should be diversified, and an appropriate diversity policy should be drafted based on the corporate operation, business types and development

demands. It is advisable to include but not limited to the standards regarding the following two aspects:
Basic conditions and values: Gender, age, nationality, culture, etc.
Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc. The members of the Board of Directors shall generally possess the knowledge, skills and quality needed for execution of their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall have the following abilities as a whole:
Operation judgment capabilities
Accounting and financial analysis capabilities
Operation management capabilities
Crisis handling capabilities
Industrial knowledge
Outlook on international market
Leadership
Decision-making capabilities.

b. Implementation status
The current Board of Directors consists of 9 directors. The general directors have important management experience as directors or presidents of TWSE/TPEx listed companies. In addition to the practical experience of management of operating enterprises, all these general directors have the leadership, decision-making capabilities, crisis handling capabilities, and outlook on international market. Among 3 independent directors, CHEN, WEI-YU has a qualification of CPA, LIN, TE-JUI is a law professor of National Chung Cheng University, and CHEN, SU-LAN is the CEO of Business Next Publishing Corporation. Therefore, all of them have the expertise in the fields of finance and accounting, practical legal affairs, industrial knowledge, and operation judgment capabilities. The Company attaches importance to the gender equality in the constitution of the Board of Directors, and aims to improve the ratio of seats held by female directors to 22% and above. Currently, the male members account for 89% (8 directors) and the male member accounts for 11% (1 director) in the Board of Directors. In the future, the Company will strive to increase the number of female directors in order to achieve the goal.

The diversity of members of the Board of Directors is shown in the following table:

Diversity item / Name	Basic constitution			Industrial experience				Professional competence			
	Nationality	Gender	Serving as a concurrent employee of the Company	Operation development	Operation management	International market	University or college lecturer	Commerce	Law	Accounting	Risk management
HSU, CHENG-CHIANG	R.O.C.	Male	V	V	V	V		V			V
NGOI, MIEW-HUAT	Malaysia	Male	V	V	V	V		V			V
Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	R.O.C.	Male		V	V			V			V
LIU, YAO-YUAN	R.O.C.	Male		V	V	V		V		V	V
HUANG, LI-AN	R.O.C.	Male		V	V	V		V			V
YANG, JUNG-KUNG	R.O.C.	Male		V	V	V		V			V
LIN, TE-JUI	R.O.C.	Male					V		V		V
CHEN, WEI-YU	R.O.C.	Male			V					V	V
CHEN, SU-LAN	R.O.C.	Female		V	V	V		V			V

6. Independence of the Board of Directors: A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of “Articles of Association” of the Company. Upon nomination and selection of the members of the Board of Directors, relevant materials including written declaration have been acquired from each director, and the directors have no spousal relationship, or kinship within the second degree with each other. All independent directors, their spouses, and relatives within the second degree of kinship haven’t held any shares of the Company, and maintained their independence within the scope of business executed. Also, they do not have a direct or indirect stake in the Company.

(II) Profile of directors, supervisors, and the management team

April 30, 2024

Title	Nationality	Name	Gender Age	Date elected	Shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other Position	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Malaysia	NGOI, MIEW-HUAT	Male 51-60	2014.05.05	425,004	0.68%	0	0%	0	0%	Campbell University, North Carolina, USA	Note1	Nil.	Nil.	Nil.	-
Vice-President	R.O.C.	HUANG, SHU-CHEN	Female 51-60	2014.10.16	264,166	0.43%	0	0%	0	0%	Vice-President of Ability International	Note 2	Nil.	Nil.	Nil.	-
Assistant Vice-President	R.O.C.	HSIEH, CHENG-LUNG	Male 51-60	2024.03.07	0	0%	0	0%	0	0%	Senior Manager of Cymmetrik Enterprise	Nil.	Nil.	Nil.	Nil.	-
Assistant Vice-President	R.O.C.	Hsing-Ying Lin	Female 51-60	2024.03.07	108,009	0.17%	0	0%	0	0%	Senior Manager of GrandTech C.G. Systems Inc.	Note 3	Nil.	Nil.	Nil.	-

Note 1: Director of GrandTech Cloud Services, director of Cogate, director of DPI, director of Senco-Masslink Technology, director of Senco-Masslink Solutions
Note 2: Chairman of DeepStone, director of DPI, director of Senco-Masslink Technology, director of Senco-Masslink Solutions
Note 3: Director of GrandTech Cloud Services, director of DeepStone
Note 4: If the chairman and president or a manager with equivalent rank (top manager) are a same person, or have a spousal relationship, or the first degree of kinship, explain the reason, reasonableness, necessity, and responsive measures: Not involved.

(III) Remuneration of directors, supervisors, president, and vice-presidents

1. Remuneration of directors and independent directors

Unit: NT$ Thousand

Title	Name	Director Remuneration								Total amount and percentage of net income after tax of 4 categories A, B, C, D		Employee Remuneration								Total amount and percentage of net income after tax of 7 categories A, B, C, D, E, F, G		Claim of remunerations from re-invested business Other
		Compensation (A)		Pension (B)		Director Remuneration (C)		Business execution expenses (D)				Salary, Bonuses, and Allowances (E)		Pension (F)		Employee Compensation (G)						
																Cash Amount		Stock Amount				
		The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	The Company	Financial reports	
Director	HSU, CHENG-CHIANG	-	-	-	-	399	399	-	-	0.16%	0.16%	2619	4067	-	-	1200	1200	-	-	1.72%	2.31%	-
Director	NGOI, MIEW-HUAT	-	-	-	-	400	400	-	-	0.16%	0.16%	780	3447	44	44	800	800	-	-	0.83%	1.91%	-
Director	Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	-	-	-	-	400	400	-	-	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Director	HUANG, LI-AN	-	-	-	-	400	400	-	-	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Director	YANG, JUNG-KUNG	-	-	-	-	400	400	-	-	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Director	LIU, YAO-YUAN	-	-	-	-	400	400	-	-	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
Independent Director	LIN, TE-JUI	500	500	-	-	-	-	-	-	0.2%	0.2%	-	-	-	-	-	-	-	-	0.2%	0.2%	-
Independent Director	CHEN, WEI-YU	500	500	-	-	-	-	-	-	0.2%	0.2%	-	-	-	-	-	-	-	-	0.2%	0.2%	-
Independent Director	CHEN, SU-LAN	500	500	-	-	-	-	-	-	0.2%	0.2%	-	-	-	-	-	-	-	-	0.2%	0.2%	-

Note 1: Director Remuneration is allocated to unincorporated representatives of incorporation.

Note 2: The amount of employee remuneration of the Company in 2023 (including cash dividends and stock dividends) is a proposed amount.

Note 3: Please clarify the payment policy, system, standard and structure of independent director remuneration, and clarify its relationship with the amount of remuneration according to the responsibilities, risks, invested time and other factors of each independent director: according to the Company’s Articles of Association and Distribution of Directors and Functional Committee Members Remuneration Regulations, the independent directors shall be allocated a fixed amount of remuneration regardless of profit or loss.

Note 4: Except as disclosed above, remuneration of the Company’s directors in recent years for providing services to all companies in the financial reports (such as consultations for non-employees, etc.): None.

Table of Range of Remuneration

Range of remuneration	Name of directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT $1,000,000	HSU, CHENG-CHIANG, NGOI, MIEW-HUAT, Longwei, HUANG, LI-AN, YANG, JUNG-KUNG, Yao-Yuan Liu, LIN, TE-JUI, CHEN, WEI-YU, CHEN, SU-LAN	HSU, CHENG-CHIANG, NGOI, MIEW-HUAT, Longwei, HUANG, LI-AN, YANG, JUNG-KUNG, Yao-Yuan Liu, LIN, TE-JUI, CHEN, WEI-YU, CHEN, SU-LAN	Longwei, HUANG, LI-AN, YANG, JUNG-KUNG, Yao-Yuan Liu, LIN, TE-JUI, CHEN, WEI-YU, CHEN, SU-LAN	Longwei, HUANG, LI-AN, YANG, JUNG-KUNG, Yao-Yuan Liu, LIN, TE-JUI, CHEN, WEI-YU, CHEN, SU-LAN
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-	-	NGOI, MIEW-HUAT	-
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	-	HSU, CHENG-CHIANG	NGOI, MIEW-HUAT
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	-	-	HSU, CHENG-CHIANG
Total	9	9	9	9

2. Remuneration of supervisors: No supervisor has been appointed in the Company.
3. Remuneration of president and vice-presidents

Unit: NT$ Thousand

Title	Name	Salary (A)		Severance pay (B)		Bonuses and Allowances (C)		Employee compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Amount of employee stock options acquired		Amount of new restricted employee shares		Compensation paid to directors from an invested company or from the Company's subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial	The Company	Companies in the consolidated financial	The Company		Companies in the consolidated financial statements		The Company	ompanies in the consolidate financial statements	The Company	ompanies in the consolidate financial statements	The Company	ompanies in the consolidate financial statements	
								Cash	Stock	Cash	Stock							
Chairman	HSU, CHENG-CHIANG (Note 2)	2167	3614	-	-	452	452	1200	-	1200	-	3819 1.56%	5266 2.15%	-	-	-	-	-
President	NGOI, MIEW-HUAT	720	3091	44	44	60	296	800	-	800	-	1624 0.66%	4231 1.73%	-	-	-	-	-
Vice-President	HUANG, SHU-CHEN	1174	1654	91	91	153	153	600	-	600	-	2018 0.82%	2498 1.02%	-	-	-	-	-

Vice-President	LO, CHANG-HUA (Note 2)	1551	1551	95	95	129	129	-	-	-	-	1775 0.72%	1775 0.72%	-	-	-	-	-

Note 1: The amount of employee remuneration of the Company in 2022 (including cash and stock dividends) is a proposed amount.
Note 2: HSU, CHENG-CHIANG holds a concurrent post of the head of Cloud Service Business Group.
Note 3: LO, CHANG-HUA resigned on February 2, 2024

Table of Range of Remuneration

Range of remuneration paid to president and vice-presidents	Name of presidents and vice-presidents	
	The Company	Companies in the consolidated financial statements
Under NT$1,000,000	-	-
NT$1,000,000 (inclusive) ~ NT$2,000,000	NGOI, MIEW-HUAT, LO, CHANG-HUA	LO, CHANG-HUA
NT$2,000,000 (inclusive) ~ NT$3,500,000	HUANG, SHU-CHEN	HUANG, SHU-CHEN
NT$3,500,000 (inclusive) ~ NT$5,000,000	HSU, CHENG-CHIANG	NGOI, MIEW-HUAT
NT$5,000,000 (inclusive) ~ NT$10,000,000	-	HSU, CHENG-CHIANG
Total	5	5

4. Remuneration of the management team

April 30, 2024; Unit: NT$ Thousand

	Job Title	Name Gender	Stock bonus amount	Cash dividend	Total	Ratio of Total Amount to Net Income (%)
Managerial officers	Chairman	HSU, CHENG-CHIANG	0	2970	2970	1.21%
	President	NGOI, MIEW-HUAT				
	Vice-President	HUANG, SHU-CHEN				
	Assistant Vice-President	CHENG-LUNG HSIEH				
	Assistant Vice-President	HSING-YING LIN				

Note 1: The amount of employee remuneration of the Company in 2023 (including cash and stock dividends) is a proposed amount.

5. Ratio of total remuneration for president and vice-presidents of the Company and all the companies in the consolidated Financial Statements in net profit of the individual financial report after tax shall be illustrated, and remuneration payment policy, standard and combination, relevance between establishment procedure of remuneration and performance shall be stated.
   a. Analysis of the ratio of the total remuneration for directors, president and vice-presidents of the Company and all the companies in the consolidated Financial Statements in the recent two fiscal years in net profit of the individual financial report after tax.

Title	2022		2023	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	1.29%	1.29%	1.59%	1.59%
President and Vice-Presidents	3.3%	4.67%	3.77%	5.62%

b. Remuneration payment policy, standard and combination, establishment procedure of remuneration, and relevance between performance and future risk for directors, president and vice-presidents.

(1) The director remuneration of the Company refers to the annual surplus remuneration distributed according to the resolution of the Board of Directors and the provisions of the Articles of Association. However, the independent directors are not included in the aforesaid remuneration distribution. The fixed part-time remuneration of the independent directors has been determined in consideration of the Company’s operating objectives, financial position, and directors’ responsibilities; the remuneration of managers including CEO, president, and vice-presidents include salary, bonus, and employee remuneration, and is specifically negotiated and determined in accordance with their positions, responsibilities, and contributions to the Company, as well as with reference to the industry level; the procedures for remuneration determination have been established in accordance with the Articles of Association and authority for verification and approval; the Company pays remuneration to managers including directors, president, and vice-presidents, and also considers the operating risks faced by the Company in the future and the positive relevancy with operational performance, and links with key performance indicators like “Overall Corporate Performance”, “Performance of Subordinate Units”, and “Personal Performance”, with the objective to pursue a balance between sustainable management and risk control.

(2) The Company has established a Remuneration Committee to assist the Board of Directors in establishing policies for the remuneration of directors and managers as well as salaries of the Company. The Company, in accordance with the provisions of the Articles of Association, stipulates that the Remuneration Committee and the Board of Directors should review the remuneration paid to directors and managers based on their participation in the corporate operation and the value contributed, and strive to minimize the possibilities and relevancy of future risks, with the objective to pursue a balance between sustainable management and risk control.

(III). Implementation of corporate governance

A. Operations of the Board of Directors

total of 6 (A) meetings of the Board of Directors were held in the most recent fiscal year. The attendance of the directors is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%)	Remark
Director	HSU, CHENG-CHIANG	6	0	100%	-
Director	NGOI, MIEW-HUAT	6	0	100%	-
Director	Longwei Investment Co., Ltd. representative：CHUANG, TZU-HUA	6	0	100%	-
Director	HUANG, LI-AN	6	0	100%	-
Director	LIU, YAO-YUAN	6	0	100%	-
Director	YANG, JUNG-KUNG	6	0	100%	-
Independent Director	LIN, TE-JUI	6	0	100%	-
Independent Director	CHEN, WEI-YU	6	0	100%	-
Independent Director	CHEN, SU-LAN	6	0	100%	-

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date	Content of motion	Proposal	All independent directors' opinions
4th and 5th meetings in 2023 August 10, 2023	1. Proposal for consolidated financial statements of Q2 2023 2. Proposal for profit distribution of Q2 2023	Approved	N/A
6th meeting in 2023 November 3, 2023	1. Proposal for consolidated financial statements of Q3 2023 2. Proposal for profit distribution of Q3 2023 3. Proposal for liability insurance of directors and important employees 4. Proposal for audit plan of 2023 5. Proposal for appointment of the Company's information security manager 6. Proposal for appointment of Corporate Governance and Nomination Committee Members 7. Proposal for lending funds to subsidiaries	Approved	N/A
1st Meeting in 2024 March 7, 2024	1. Proposal for distribution of employee remuneration and director remuneration of 2023 2. Proposal for financial statements and consolidated financial statements of 2023 3. Proposal for profit distribution of 2023 4. Proposal for effectiveness assessment of internal control system of 2023 and Declaration of Internal Control System 5. Proposal for discussion of the handling of share dilution work of a subsidiary and waiver of participation in the cash capital increase plan of this subsidiary by the Company and companies controlled by or subordinate to the Company to coordinate with this subsidiary's application for TPEx stock listing plan in the future 6. Proposal for amendment to the corporate organizational structure 7. Proposal for lending funds to subsidiaries 8. Proposal for change of audit manager of the Company	Approved	N/A
2nd Meeting in 2024 April 25, 2024	1. Proposal for lending funds to subsidiaries 2. Proposal for handling of capital decrease in cash of subsidiaries	Approved	N/A
3rd Meeting in 2024 3 May, 2024	1. Proposal for consolidated financial statements of Q1 2024 2. Proposal for profit distribution of Q1 2024 3. Proposal for distribution of employee remuneration and director remuneration of 2023 4. Proposal for disposition of stock of subsidiaries	Approved	N/A

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

(3) Regarding recusals of directors from voting due to conflicts of interests, the names of the directors,

contents of motions, reasons for recusal, and results of the voting shall be specified:

Date	Content of proposal	Recusing personnel	Reason of recusal for conflict of interest	Voting status
November 3, 2023	1. Proposal for appointment of the Company's information security manager 2. Proposal for appointment of Corporate Governance and Nomination Committee Members	NGOI, MIEW-HUAT HSU, CHENG-CHIANG, CHEN, WEI-YU, LIN, TE-JUI	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the proposal was passed as submitted.
May 3, 2024	Proposal for distribution of employee remuneration and director remuneration of 2023	HSU, CHENG-CHIANG, NGOI, MIEW-HUAT, LIU, YAO-YUAN, CHUANG, TZU-HUA, HUANG, LI-AN, YANG, JUNG-KUNG	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the proposal was passed as submitted.

2. Objectives for the strengthening of the functionality of the Board of Directors in the current year and the most recent fiscal year (e.g., establishment of the Audit Committee, and enhancement of information transparency), and evaluation of implementation status:

(1) Functionality objective of the Board of Directors

In order to implement corporate governance, improve supervision functions, and strengthen the management mechanism, the Company has all independent directors form the Audit Committee to strengthen the functionality of the Board of Directors in accordance with the provisions of Article 14-4 of the Securities and Exchange Act.

(2) Evaluation of implementation status: The Company has established Remuneration Committee and Audit Committee to assist the Board of Directors in executing its duties. Also, sticking to the principle of operation transparency, the Company would release major messages and disclose relevant information in the MOPS to safeguard shareholders' rights and interests on the present days after end of meetings of the Board of Directors in accordance with "Procedures of Taipei Exchange for Investigation and Public Handling of Major Information of TPEx Listed Securities Companies".

3. Implementation status of evaluation of the Board of Directors and functional committees:

The Auditing Office is assigned as the unit responsible for executing the internal performance evaluation of the Board of Directors and each functional committee of the Company. The Company has established "Performance Evaluation of the Board of Directors" to conduct evaluation work at the end of each year, and quantify the evaluation using evaluation indicators. The evaluation results shall be concluded prior to the end of the first quarter of next year, and submitted to the Board of Directors. The evaluation results are as follows, and have been presented and reported to the meeting of the Board of Directors on March 7, 2024.

Frequency	Period	Scope	Method	Content	Evaluation Result
Once a year	January 1, 2023 to December 31, 2023	Board meeting	Self-evaluation	Degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, constitution and structure of the Board of Directors, election and continuing education of directors, and internal control	Questionnaire for performance evaluation: 4.82 (out of 5).
Once a year	January 1, 2023 to December 31, 2023	Individual members of the Board	Self-evaluation	Mastery of corporate goals and missions, awareness of directors' responsibilities, degree of participation in the corporate operation, operation and communication of internal relations, expertise and continuing education of directors, and internal	Questionnaire of performance evaluation: 4.87 (out of 5).

				control	
Once a year	January 1, 2023 to December 31, 2023	Evaluation of the performance of the Audit Committee	Self-evaluation	Degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, constitution and structure of the Board of Directors, election and continuing education of directors, and internal control	Questionnaire of performance evaluation: 4.93 (out of 5).
Once a year	January 1, 2023 to December 31, 2023	Remuneration Committee Performance Evaluation	Self-evaluation	Degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, constitution and structure of the Board of Directors, election and continuing education of directors, and internal control	Questionnaire of performance evaluation: 4.93 (out of 5).

4. Objectives for the strengthening of the functionality of the Board of Directors in the current year and the most recent fiscal year, and evaluation of implementation status:
   (1) Strengthening of corporate governance: The Company has already established Remuneration Committee and Audit Committee in accordance with relevant laws and regulations to evaluate and suggest on the remuneration policies adopted for the directors and managers of the Company, as well as the corporate operation in a professional and objective position so that the Board of Directors may use them as reference for decision-making.
   (2) Improvement of information transparency: The Company sticks to the principle of operation transparency, and would release major messages and disclose relevant information in the MOPS to safeguard shareholders' rights and interests on the present days after end of meetings of the Board of Directors in accordance with "Procedures of Taipei Exchange for Investigation and Public Handling of Major Information of TPEx Listed Securities Companies".

B. Operation of the Audit Committee or attendance of supervisors at Board Meetings:
The Audit Committee of the Company consists of 3 independent directors, and is responsible for fair presentation of the financial statements of the Company, selection (dismissal) of CPAs, and their independence and performance, effective implementation fo the internal control of the Company, compliance of the Company with relevant laws, regulations, and rules, and control of the existing or potential risks of the Company.
Total of 5 (A) meetings of the Audit Committee were held in the most recent fiscal year.
The attendance of independent directors as a nonvoting party is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remark
Convener	CHEN, WEI-YU	5	0	100%	-
Committee member	LIN, TE-JUI	5	0	100%	-
Committee member	CHEN, SU-LAN	5	0	100%	-

Other matters to be recorded:
1. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Contents of motions	Audit Committee resolutions	The Company's handling of Audit Committee's resolutions
4th meeting in 2023 August 10, 2023	1. Proposal for consolidated financial statements of Q2 2023 2. Proposal for profit distribution of Q2 2023	Approved	N/A
5th meeting in 2023 November 3, 2023	1. Proposal for Consolidated Financial Statements of Q3 2023 2. Proposal for profit distribution of Q3 2023 3. Proposal for audit plan of 2023 4. Proposal for lending funds to subsidiaries	Approved	N/A

1st Meeting in 2024 March 7, 2024	1. Proposal for distribution of employee remuneration and director remuneration of 2023 2. Proposal for Financial Statements and Consolidated Financial Statements of 2023 3. Proposal for profit distribution of 2023 4. Proposal for effectiveness assessment of internal control system of 2023 and Declaration of Internal Control System 5. Proposal for amendment to the corporate organizational structure 6. Proposal for lending funds to subsidiaries 7. Proposal for change of audit manager of the Company	Approved	N/A
2nd Meeting in 2024 April 25, 2024	1. Proposal for lending funds to subsidiaries 2. Proposal for handling of capital decrease in cash of subsidiaries	Approved	N/A
3rd Meeting in 2024 May 3, 2024	1. Proposal for consolidated financial statements of Q1 2024 2. Proposal for profit distribution of Q1 2024 3. Proposal for waiver of stock of subsidiaries	Approved	N/A
Resolution results	All attending committee members approved the proposals as submitted without any objection.		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

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

3. Communications between the independent directors, the Company's chief internal auditor and CPAs
   (1) During internal audit, the audit report is submitted to each independent director for review, and major audit findings are also reported to the Board of Directors.
   (2) The Company summarizes and lists relevant information regarding the governance matters involved in the audit or review of its financial report, and then communicates it with the Audit Committee in writing every quarter; independent directors may attend relevant meetings of the Audit Committee as a nonvoting party to discuss and communicate relevant annual internal audit, audit results of financial report, key audit items, issues regarding the application of some accounting principles, and impact of newly amended laws and regulations.

3. Corporate Governance implementation status and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established and does it disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company already passed a resolution in a meeting of the Board of Directors on November 3, 2022 to establish "Corporate Governance Best Practice Principles" and disclosed it in the special section for corporate governance on its website.	In line with the Corporate Governance Best Practice Principles.
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation, and does the Company implement such procedures in accordance with the procedures? (2) Does the Company keep a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (3) Has the Company established and does it execute a risk management and firewall system within its affiliated companies? (4) Has the Company established internal rules against insider trading and the use of undisclosed information in securities trading?	V		(1) The Company has appointed dedicated personnel including spokesperson and deputy spokesperson, and assigned stock affairs staff and agency to assist the handling of shareholders' suggestions, or other relevant affairs such as disputes. (2) The Company masters the information regarding the changes of major shareholders' equity as well as changes of directors and supervisors. (3) The Company executes risk control in accordance with its internal control system and relevant regulations. (4) The Company has established "Procedures for Handling of Major Internal Information and Prevention of Insider Trading" which expressly prohibits insiders of the Company from trading securities by utilizing undisclosed information in the market.	In line with the Corporate Governance Best Practice Principles.
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a diversity policy for the composition of its members? (2) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees? (3) Has the Company established standards and methods to evaluate the performance of the	V		(1) It has already been clearly specified in the Corporate Governance Best Practice Principles released and enforced by the Company that the members of the Board of Directors should be diversified. A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of "Articles of Association" of the Company. In addition to the evaluation of education, experience and qualifications of each candidate, the Company also refers to the opinions from stakeholders, and abides by "Regulations Governing the Election of Directors and	In line with the Corporate Governance Best Practice Principles.

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
Board of Directors, conduct evaluations annually and regularly, report the evaluation results to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination and renewal? (4) Does the Company regularly evaluate the independence of the CPAs?			Supervisors", and "Corporate Governance Best Practice Principle", to assure the diversity and independence of the Board members. The current Board of Directors consists of 9 directors. The general directors have important management experience as directors or presidents of TWSE/TPEx listed companies. In addition to the practical experience of management of operating enterprises, all these general directors have the leadership, decision-making capabilities, crisis handling capabilities, and outlook on international market. Among 3 independent directors, CHEN, WEI-YU has a qualification of CPA, LIN, TE-JUI is a law professor of National Chung Cheng University, and CHEN, SU-LAN is the CEO of Business Next Publishing Corporation. Therefore, all of them have the expertise in the fields of finance and accounting, practical legal affairs, industrial knowledge, and operation judgment capabilities. The Company attaches importance to the gender equality in the constitution of the Board of Directors, and aims to improve the ratio of seats held by female directors to 22% and above. Currently, the male members account for 89% (8 directors) and the male member accounts for 11% (1 director) in the Board of Directors. In the future, the Company will strive to increase the number of female directors in order to achieve the goal. (2) In addition to the legally established Remuneration Committee and Audit Committee, the Company has already established a Corporate Governance and Nomination Committee on November 3, 2023. (3) The Company has established Measures for Performance Evaluation of the Board of Directors. It already executed the performance evaluation of the Board of Directors in 2023, and submitted the evaluation results to the meeting of the Board of Directors on March	

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			7, 2024. Besides, the performance evaluation results can be used as reference for remuneration, nomination, and reappointment of individual directors. (4) The Audit Committee of the Company evaluates the independence and competency of the CPAS every year. In addition to requiring CPAs to provide "Declaration of Independence" and "Audit Quality Indicators (AQIs)" for evaluation, it is confirmed that the CPAs have no relationship regarding financial interests and business with the Company except the expenses incurred for the certification of finance and tax cases, and their family members haven't violated the requirements of independence. Furthermore, it is confirmed with reference with AQI information that the CPAs and the accounting firm are above the average level of the industry regarding audit experience and training hours. Besides, the Company will also continually introduce digital auditing tools to improve audit quality in the recent three years. The evaluation results in the most recent fiscal year were already discussed and passed by the Audit Committee on May 3, 2024, and submitted to the Board of Directors on May 3, 2024 for passing a resolution on the evaluation of CPAs' independence and competency.	
4. Does the Company appoint adequate persons and a chief governance officer in charge of corporate governance matters (including, but not limited to, providing directors and supervisors with the required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to Board Meetings and Shareholders' Meetings and keep minutes at Board Meetings and Shareholders' Meetings as required by law)?	V		The Company designated vice-president HUANG, SHU-CHEN as the governance officer of the Company, aiming to strengthen the functionality of the Board of Directors, based on a corresponding resolution passed by the Board of Directors on May 5, 2023. The scope of authority of this governance officer includes the handling of matters related to the meetings of the Board of Directors and the Shareholders' Meeting according to law, making of meeting minutes of the Board of Directors and the Shareholders' Meeting, provision of assistance for office-taking and continuing education of	In line with the Corporate Governance Best Practice Principles.

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			directors and supervisors, provision of data needed for business execution by the directors and supervisors, and assisting the compliance of directors and supervisors with laws and regulations. Also, the stock affairs unit is assigned to assist the promotion of the aforesaid tasks.	
5. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has established a spokesperson system as a communication channel with stakeholders, and set up a dedicated section for stakeholders on its website, to properly respond to the material corporate social responsibilities issues concerned by stakeholders.	In line with the Corporate Governance Best Practice Principles.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The shareholder affairs of the Company have already been trusted to the professional shareholder service agency of Yuanta Securities Co., Ltd.	In line with the Corporate Governance Best Practice Principles.
7. Information transparency (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conferences)? (3) Did the Company publicly disclose and file its financial report within two months of the end of the fiscal year, and publicly disclose and file financial reports for the first, second and third quarters and monthly operating status reports prior to the time limits set by regulations?				
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness,				

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?				
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.				

Note 1: Continuing education of directors, supervisors, and managers

Title	Name	Date of continuing education	Sponsor	Course	Duration
Director	HSU, CHENG-CHIANG	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Director	HSU, CHENG-CHIANG	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3
Director	NGOI, MIEW-HUAT	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Director	NGOI, MIEW-HUAT	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3
Director	CHUANG, TZU-HUA	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Director	CHUANG, TZU-HUA	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3
Director	HUANG, LI-AN	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Director	HUANG, LI-AN	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3
Director	YANG, JUNG-KUNG	December 22, 2023	Securities and Futures Institute	Technology Development and Business Opportunities of Chatbot ChatGPT	3
Director	YANG, JUNG-KUNG	December 22, 2023	Securities and Futures Institute	Taiwan Insider Trading Legislation and Case Studies	3
Director	LIU, YAO-YUAN	November 16, 2023	Corporate Governance Association	Artificial Intelligence Explosion - Technological Development and Business Opportunities of ChatGPT	3
Director	LIU, YAO-YUAN	December 25, 2023	Corporate Governance Association	Roles and Responsibilities of Board of Directors/Senior Managers in ESG Governance	3
Independent director	LIN, TE-JUI	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Independent director	LIN, TE-JUI	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3

Independent director	CHEN, SU-LAN	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Independent director	CHEN, SU-LAN	October 18, 2023	Corporate Governance Association	Seminar on M & A Practices	3
Independent director	CHEN, WEI-YU	October 11, 2023	National Federation of CPA Associations of the R.O.C.	Strengthening Information Security Literacy and Personal Data Protection	3
Independent director	CHEN, WEI-YU	October 23, 2023	National Federation of CPA Associations of the R.O.C.	Anti-Money Laundering Trends and Operations	3
Chief accountant	HUANG, SHU-CHEN	Janyary 29-30, 2024	Accounting Research and Development Foundation	Continuing Education of Chief Accountant	12
Corporate governance manager	HUANG, SHU-CHEN	December 7, 2023	Taiwan Institute of Directors	Impact of Climate Change on Financial Statements	3
Corporate governance manager	HUANG, SHU-CHEN	October 18, 2023	Corporate Governance Association	Corporate Sustainability and ESG Value Management Trends and Strategies	3
Corporate governance manager	HUANG, SHU-CHEN	April 10, 2024	Taiwan Institute of Directors	Corporate Key Intelligence and the Development of Corporate Governance	3
Accounting manager	WENG, CHAO-FEN	October 16, 2023	Accounting Research and Development Foundation	ESG Information Disclosure Trends and Regulations Related to the Action Plan for Sustainable Development of Listed Companies	3
Accounting manager	WENG, CHAO-FEN	October 16, 2023	Accounting Research and Development Foundation	Building an ESG Sustainability Strategy to Enhance Competitiveness	3
Accounting manager	WENG, CHAO-FEN	October 17, 2023	Accounting Research and Development Foundation	Tax Regulations and Practices of Controlled Foreign Enterprises CFC	3
Accounting manager	WENG, CHAO-FEN	October 17, 2023	Accounting Research and Development Foundation	Legal Liability and Case Studies of Tax Crime	3
Audit manager	YANG, CHIH-YAO	October 27, 2023	The Institute of Internal Auditors, R.O.C.	Key Discussions on the Implementation of Sustainable ESG by Enterprises and the Application of Internal Audit and Internal Control Integration	6
Audit manager	YANG, CHIH-YAO	November 22, 2023	The Institute of Internal Auditors, R.O.C.	How to Adjust the Internal Control System Face with the New ESG Regulations	6

4. Composition, duties and operations of the Remuneration Committee:

1. To assist the Board of Directors in improving the performance remuneration system for directors, supervisors, and managers, and implement corporate governance, the Company established a Remuneration Committee in December 2021, and elected and selected persons with professional qualifications as members of this Remuneration Committee in accordance with the rules of organization for the Remuneration Committee.

Qualification / Name / Title		Professional qualification and experience	Independence status (Note 1)	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Independent Director (Convener)	LIN, TE-JUI	With over five years' work experience required for corporate business, currently serving as the law professor of National Chung Cheng University, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 180,626 shares and 0.29% Other conditions complying with independence principle are shown in Note 1.	1
Independent Director	CHEN, WEI-YU	With over five years' work experience required for corporate business, currently serving as a CPA partner of JYH HER CPAs, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	1
Independent Director	CHEN, SU-LAN	With over five years' work experience required for corporate business, currently serving as the chairman of Business Next Publishing Corporation, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2024: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0

Note 1: Compliance with independence status: All members of the Remuneration Committee comply with the independence status, including but not limited to the followings: Whether the director, his/her spouse, and relatives within the second degree of kinship have served as director, supervisor, or employee of the Company or its affiliated companies; number and ratio of shares held by the director, his/her spouse, and relatives within the second degree of kinship (or in the name of others); whether the director serves as director, supervisor, or employee of any company that has a specific relation with the Company (compliance with the provisions of subparagraphs 5~8, Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of reward obtained from the Company or its affiliated companies in the last two years for the services provided to them, including commerce, legal affairs, finance, and accounting.

2. Responsibilities of the Remuneration Committee:
The functions of the Remuneration Committee are to evaluate and suggest on the remuneration policies and system adopted for the directors and managers of the Company in a professional and objective position so that the Board of Directors may use them as reference for decision-making.

3. Operational status of the Remuneration Committee
(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office of members: From June 10, 2022 to June 9, 2025. The Remuneration Committee held 2 meetings (A) in the most recent year. The attendance of the members is as follows:

Title	Name Gender	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remark
Convene	LIN, TE-JUI	2	0	100%	-
Member	CHEN, WEI-YU	2	0	100%	-
Member	CHEN, SU-LAN	2	0	100%	-

Other matters to be recorded:

1. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and reason for the difference) shall be specified: None.
2. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion shall be specified: None.
3. Reasons for discussion by the Remuneration Committee and resolution results, as well as the Company's response to committee members' opinions:

Date	Content of proposal	Remuneration Committee members' opinion	Response to the opinion
1st Meeting in 2024 March 7, 2024	1. Proposal for distribution of employee remuneration and director remuneration in 2022. 2. Proposal for senior managers' promotion and salary review	Approved	Submitted to the Board of Directors and approved by all attending directors
2nd Meeting in 2024 May 3, 2024	1. Proposal for distribution amount of employee remuneration and director remuneration in 2022	Approved	Submitted to the Board of Directors and approved by all attending directors

4. Corporate Governance and Nomination Committee

(1) Responsibilities of the Corporate Governance and Nomination Committee: Set the standards for the diversity and independence of professional knowledge, technology, experience and gender required by the members of the Board of Directors, and find, review and nominate director candidates accordingly, and organize and review continuing education plans of directors every year.

(2) The Corporate Governance and Nomination Committee of the Company consists of 3 members, including director, HSU, CHENG-CHIANG, independent director, LIN, TE-JUI, and independent director, CHEN, WEI-YU.

(3) Term of office of members: November 3, 2023 to June 9, 2025.

5. Implementation status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx
	Yes	No	Description	
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?	V		The Company has established a full-time group to promote the practice of sustainable development with the objective of ensuring the full implementation of the sustainable development strategy in its daily operation.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
2. Has the Company implemented a risk evaluation of issues related to corporate operations, including environment, society and corporate governance, according to the materiality principle and established relevant risk management policies or strategies?	V		Although no risk management policy has been established yet, the Company still exert efforts in the following aspects: 1. Corporate governance: The stability and efficiency of corporate operations are revealed in accordance with the Corporate Governance Best Practice Principles, and the Company joins hands with all stakeholders to create value together. 2. Society and environment: Knowing that human resources are the foundation of an enterprise, the Company creates a happy workplace, assures a safe work environment, safeguards employees' rights and interests with complete systems, attracts and retains talents, improves its corporate competitiveness, and supports employees to participate in environmental protection activities, uses energy and resources efficiently, lowers environmental impact, makes social contributions, performs social responsibilities, and becomes a friendly citizen for the earth.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
3. Environmental issues (1) Has the Company established an environmental management system suitable for the industry in which it operates?	V		Due to the characteristics of the industry in which the Company operates, it is not required to establish any environmental management system. But the Company has already established a carbon inventory work group to conduct relevant inventory work, and test the work environmental periodically, with the objective to establish a good environment that is suitable for employees' work.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	V		The Company actively promotes each energy consumption reduction measure to reduce resource waste and lower the energy consumption of the enterprise and its products. Also, it expands the use of renewable energy	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx

			resources to optimize the energy utilization efficiency.	Listed Companies.
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		Due to the characteristics of the industry, the Company does not generate any waste, and impose on significant impact on the potential risks and opportunities in climate change.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Has the Company calculated greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and established policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V		Due to the characteristics of the industry in which the Company operates, it is not required to establish any environmental management system. But the Company pays attention to energy conservation all year long, e.g., water saving, turning off lights when leaving, etc., in order to effectively apply the limited resources, and reduce the impact on the environment.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company follows relevant labor regulations including the Labor Standards Act as well as the International Bill of Human Rights, and establishes human rights policies to safeguard employees' legitimate rights and interests. The Company reviews periodically the legally established management policies and relevant management procedures by paying attention to major social issues, checking relevant data, etc.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation as appropriate?	V		The Company has established work rules and personnel management rules according to the Labor Standards Act, and taken reasonable employee benefit measures. For employee remuneration, the Company uses the income before tax obtained in current year exclusive of employee remuneration and director remuneration to make up losses first, and then appropriates 4%-11% of the remaining amount as employee remuneration to properly reflect its operating performance in employee remuneration in accordance with the Articles of Association. The Company has established an Employee Welfare Committee to plan and provide high-quality benefits for colleagues, e.g., employee tourism subsidy, birthday coupons, wedding allowance, childbirth allowance, funeral allowance, etc. Additionally, the Company also provides colleagues with benefits such as free health checkups.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Does the Company provide a safe and healthy work environment, and does it organize health and safety training for its employees on a regular basis?	V		The Company follows the Occupational Safety and Health Act, respects the requirements of relevant interested groups for occupational safety and health, builds a healthy workplace, organizes health checkups for employees periodically, and host different activities on a regular basis through the Employee Welfare Committee to balance employees' physical and mental health.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

(4) Has the Company established effective career development and training plans for its employees?	V		The Company provides diversified information on education and training, including training for new employees, professional advanced training, training for chiefs, etc. Also, the Company encourages employees to participate in external education and training, and provides them with career planning, to give full play to their talents and improve working efficiency.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures?	V		The Company provides products and services according to relevant regulations, renders services in principles of service foremost and continual customer satisfaction, and designates a dedicated department to deal with customers' appeals and complaints, and safeguard their rights and interests.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(6) Has the Company established supplier management policies that require suppliers to comply with relevant laws and regulations related to environmental protection, occupational health and safety or labor rights and supervised its implementation?	V		The Company has already established a code of conduct for suppliers. Before cooperating with a supplier, the Company would evaluate if it is an eligible supplier that complies with requirements and expectations in terms of environment, safety, and health risks, worker management, moral standards, ethical corporate management, and other relevant aspects. In addition, the Company emphasizes supply quality and product safety. If any supplier imposes a negative impact on environmental protection, working conditions, human rights, and society, the Company will propose the termination or rescission of contracts with this supplier.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
5. Has the Company, referring to the international standards or guidelines for the preparation of reports, prepared CSR reports to disclose non- financial information of the Company? Are the reports certified or assured by a third-party accreditation institution?	V		The Company has not prepared a CSR report so far, but it pays attention at any time. In the future, the Company will prepare such report in consideration of its operating position. Also, issues including corporate governance, development of a sustainable environment, and implementation of public welfare have been handled in accordance with relevant standards.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
6. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, describe the implementation and any discrepancy: The Company has not established "Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" yet. But the Company established its "Corporate Social Responsibility Best Practice Principles" based on a corresponding resolution made by the Board of Directors in 2014, with the objective to strengthen the implementation of its corporate social responsibilities. The Company reviews the implementation status and makes corresponding improvements periodically based on this document. No discrepancy has been found so far.				
7. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: The Company continually promotes relevant issues including environmental protection, safety and health of work environment, consumers' rights, and human rights, and shares operating results with colleagues to share common prosperity.				

6. Ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs (1) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (2) Has the Company established a risk assessment mechanism against unethical conduct, and analyze and assess on a regular basis the business activity within its business scope which is at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (3) Does the Company provide any solutions to prevent unethical conduct, stipulate procedures, conduct guidelines, punishment for violation as well as appeals and put into practice, review and revise on a regular basis the aforesaid solutions?	V V V		(1) The Company has established ethical corporate management policies which are actively implemented by the Board of Directors and the management. The Company also follows ethical corporate management. (2) The Company advocates its ethical corporate management policies to the employees upon their entry. (3) The Company has its legal affairs unit to sign contracts uniformly to prevent the risk of law violation due to the contents signed, and designates the audit unit to perform audits on an irregular basis.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
2. Fulfillment of ethical corporate management (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties? (2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of ethical corporate management policies and unethical conduct prevention programs? (3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (4) Has the Company established effective accounting and internal control systems to implement ethical corporate management and have its internal audit department, based on the results of the assessment of the risk of involvement in unethical conduct, formulate audit plans and audit compliance with prevention programs accordingly or entrusted a CPA to conduct the audit? (5) Does the Company regularly hold internal and external training on ethical	V V V V V		(1) The business management department is responsible for reviewing and evaluating business partners, and the legal affairs unit is responsible for reviewing the contracts signed to avoid engaging in transactions with counterparties that have an unethical record. (2) The Company sticks to the principles of honesty and integrity in its operation, and establishes and observes good systems and specifications. (3) The Company has already established channels to provide statements and clarifications to the stakeholders. (4) The Company has already established complete accounting and internal control systems, and assigns internal audit officers to perform auditing work periodically. (5) The Company advocates its ethical corporate management policies upon training of new employees, and puts relevant measures and regulations on its website for colleagues to refer to at any time.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and
	Yes	No	Description	
corporate management?				
3. Operation of the whistleblowing system (1) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party? (2) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and related confidentiality mechanisms? (3) Does the Company protect whistleblowers against improper treatment?	V V V		(1) The Company has already established channels to provide statements and clarifications to the stakeholders. (2) The Company has always executed a confidentiality mechanism for accepting reports, and assigned dedicated personnel to take care of them specifically. (3) The Company has always taken protective measures for whistleblowers acting in good faith against improper treatment due to whistleblowing.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		(1) Relevant regulations of the Company have already been disclosed on the Company's website which is maintained and updated by dedicated personnel.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
5. If the Company has established its own ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any discrepancies: The Company sticks to the principles of honesty and integrity in its operation, and has established "Ethical Corporate Management Best Practice Principles" for colleagues to follow. There is no material deviation so far.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management: In addition to disclosing relevant regulations on the website, the Company also assigns dedicated personnel to periodically review and amend relevant measures to ensure they are appropriate.				

7. If the Company has adopted corporate governance policies or related bylaws, the inquiry method shall be disclosed:
   Relevant bylaws of the Company are detailed on the Company's website (http://www.grandtech.com).
8. Other important information to facilitate a better understanding of the Company's corporate governance: The Company continually engages resources in strengthening the corporate governance and discloses major information in a real-time way, to safeguard the rights of investors and shareholders.
9. Implementation status of the internal control system
   1. For the Declaration of Internal Control System, please refer to page 26.
   2. For those who commit CPAs to review the internal control system, the CPA audit report shall be disclosed: None.
10. If the results of legal penalties to the Company and its internal personnel, or penalties of the Company to the internal personnel for the violation of the provisions of the internal control system in the most recent fiscal year and as of the publication date of the annual report may have a material impact on the shareholders' equity or securities price, the contents of such punishments, principal deficiencies and improvements shall be specified: None.
11. Major resolutions of Shareholders' Meetings and Board Meetings during the most recent fiscal year up to the date of publication of the annual report

Material resolutions of Shareholders' Meetings are summarized as follows:

Acknowledgement/discussion/election matters	Implementation status
Acknowledgement of proposal for closing statements of 2022 Resolution: This proposal was voted and acknowledged as submitted.	The Company handled this proposal in accordance with the Procedures for Announcement and Declaration of Major Information. Please refer to relevant content in MOPS.
Acknowledgement of proposal for profit distribution of 2022 Resolution: This proposal was voted and acknowledged as submitted.	The total amount of NT$5.1 of cash dividends of 2022 was paid on January 24, 2023 and July 14, 2023 respectively.
Discussion of proposal for amendment to some provisions of "Procedures for Acquisition or Disposal of Assets" of the Company Resolution: This proposal was voted and passed as submitted.	It was announced on the Company's website and MOPS on June 14, 2023, and handled according to the amended procedures.
Proposal for amendment to some provisions of "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" Resolution: This proposal was voted and passed as submitted.	It was announced on the Company's website and MOPS on June 14, 2023, and handled according to the amended procedures.
Discussion of proposal for the handling of share dilution work of a subsidiary and waiver of participation in the cash capital increase plan of this subsidiary by the Company and companies controlled by or subordinate to the Company to coordinate with this subsidiary's application for TPEx stock listing plan in the future Resolution: This proposal was voted and passed as submitted.	It was announced on the Company's website and MOPS on June 14, 2023, and handled according to the amended procedures.

Major resolutions of Board Meetings are summarized as follows:

Date	Major resolutions
4th and 5th meetings in 2023 August 10, 2023	1. Proposal for consolidated financial statements of Q2 2023 2. Proposal for profit distribution of Q2 2023
6th meeting in 2023 November 3, 2023	1. Proposal for consolidated financial statements of Q3 2023 2. Proposal for profit distribution of Q3 2023 3. Proposal for liability insurance of directors and important employees 4. Proposal for audit plan of 2023 5. Proposal for appointment of the Company's information security manager 6. Proposal for appointment of Corporate Governance and Nomination Committee Members 7. Proposal for lending funds to subsidiaries
1st meeting in 2024 March 7, 2024	1. Proposal for distribution of employee remuneration and director remuneration of 2023 2. Proposal for financial statements and consolidated financial statements of 2023 3. Proposal for profit distribution of 2023 4. Proposal for effectiveness assessment of internal control system of 2023 and Declaration of Internal Control System 5. Proposal for the handling of share dilution work of a subsidiary and waiver of participation in the cash capital increase plan of this subsidiary by the Company and companies controlled by or subordinate to the Company to coordinate with this subsidiary's application for TPEx stock listing plan in the future 6. Proposal for amendment to the corporate organizational structure 7. Proposal for lending funds to subsidiaries 8. Proposal for change of audit manager of the Company
2nd meeting in 2024 April 25, 2024	1. Proposal for lending funds to subsidiaries 2. Proposal for handling of capital decrease in cash of subsidiaries
3rd meeting in 2024 May 3, 2024	1. Proposal for consolidated financial statements of Q1 2024 2. Proposal for profit distribution of Q1 2024 3. Proposal for waiver of stock of subsidiaries

12. Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report, where said dissenting opinion has been recorded or prepared as a written declaration: None.

13. Resignation or dismissal of the company's key individuals, including the chairman, CEO, chief accountant, heads of finance, internal audit manager, corporate governance manager and R & D manager:

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Internal audit manager	YANG, CHIH-YAO	January 7, 2022	March 7, 2024	Posotion transition

GrandTech C.G. Systems Inc.

Declaration on Internal Control

Date: March 03, 2023

On grounds of findings yielded by our autonomous evaluation, we hereby declare our internal control system during the period beginning January 1, 2022 to December 31, 2022 as follows:

I. We are firmly aware that establishment, enforcement and maintenance of internal control systems are bounden duties of our board of directors and management. We have thus satisfactorily established such systems for the purposes of firmly safeguarding effects and efficiency of our business operation (including profitability, performance and asset security), reliability of financial statements and observance of laws concerned.

II. Internal control system is subject to inherent restrictions. No matter how sound and comprehensivewe design, internal control systems could only secure three aforementioned targets. Amidst the varied environments and situations, the performance of internal control systems varies accordingly.Thanks to the sound self-monitoring systems established inside our Company, we are in a positionto take immediate corrective actions as soon as a shortcoming is identified.

III. On grounds of the “Guidelines for Enforcement of Internal Control Systems by Public Offering Companies” promulgated by the Securities & Futures Commission, Ministry of Finance (Hereinafter referred to as the Guidelines), we have established items for effective judgement of internal control systems to accurately tell whether or not the designed internal control systems are effectively designed and enforced. The judgement items adopted in the “Guidelines” divide the internal control systems into five components: 1. Control environments. 2. Risk evaluation. 3. Control operation. 4. Information and communications and 5. Supervision. Each and every component includes certain items. Please refer to the Enforcement Regulations for more details.

IV. We have already adopted the aforementioned items to judge internal control systems to confirm the effectiveness of the design and enforcement of the internal control systems.

V. On grounds of results of the aforementioned evaluations, we hereby confirm the aforementioned internal control systems (including supervision over the subsidiaries) established on 31 December 2022 can achieve the following goals, including the level of goal achievement related to business operations and efficiency, reliable, timely and transparent financial statements which fulfilled the relevant laws and regulations related to the design and execution of internal control systems.

VI. This Declaration forms an integral part of our Annual Report and Prospectus and is hereby officially made public. We further declare subject to all legal responsibilities under Articles 20, 32, 171, 174 of Securities and Exchange Law that the aforementioned contents made public are absolutely free of misrepresentation, concealment or irregularities otherwise.

VII. This Declaration was officially resolved by GrandTech’s board of directors on March 03, 202307. In that event, a total of Nine present directors extended full agreement to the contents of this Declaration with zero voicing on the contrary.

GrandTech C.G. Systems Inc.

Chairman HSU, CHENG-CHIANG

General Manager NGOI, MIEW- HUAT

(IV)Information on CPA professional fees:

Information on CPA professional fees

Unit: NT$ Thousand

Name of accounting firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee	Total	Remark
Ernst &Young, Taiwan	HSU, HSIN-MIN	2023.01.01 ~ 2023.12.31	2,615	0	2,615	
	YU, CHIEN-JU	2023.01.01 ~ 2023.12.31				

Name of accounting firm	Name of CPA		CPA Audit period	Remark
Ernst &Young, Taiwan	HSU, HSIN-MIN	YU, CHIEN-JU	2023.01.01 ~ 2023.12.31	

Unit: NT$ Thousand

	Fee / Range of amount	Audit fee	Non-audit fee	Total
1	Under NT$2,000,000			
2	NT$2,000,000 (inclusive) ~ 4,000,000	2,615	0	2,615
3	NT$4,000,000 (inclusive) ~ 6,000,000			
4	NT$6,000,000 (inclusive) ~ 8,000,000			
5	NT$8,000,000 (inclusive) ~ 10,000,000			
6	Above NT$10,000,000			

Unit: NT$ Thousand

Name of accounting firm	Name of CPA	Audit fee	Non-audit fee					CPA Audit period	Remark
			System design	Industrial and commercial registration	Human resources	Others (Note 2)	Subtotal		
Ernst &Young, Taiwan	HSU, HSIN-MIN YU, CHIEN-JU	2,615	0	0	0	0	0	2023.01.01 2023.12.31	

A. If the non-audit fee accounts for more than one quarter of the audit fee paid to the CPAs, their accounting firm, and its affiliated companies, the amount and of audit fee and non-audit fee as well as non-audit service content shall be disclosed: None.
B. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
C. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

(V) Information on the replacement of CPAs: None.

(VI) The Company's chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

(VII) Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10%

A. Equity changes of directors, supervisors, managers, and major shareholders:

Title		Name	Equity changes in 2023		Remark
			Increase (decrease) of shares held	Increase (decrease) of shares pledged	
Director		HSU, CHENG-CHIANG	0	0	-
Director		NGOI, MIEW-HUAT	0	0	-
Director		Longwei Co., Ltd.	0	0	-
Director representative		CHUANG, TZU-HUA	0	0	-
Director representative		YANG, JUNG-KUNG	0	0	-
Director		HUANG, LI-AN	0	0	-
Director		LIU, YAO-YUAN	0	0	-
Independent director		LIN, TE-JUI	0	0	-
Independent director		CHE-YU CHEN	0	0	-
Independent director		CHEN, SU-LAN	0	0	-
Vice-president		HUANG, SHU-CHEN	0	0	-
Vice-president		LO, CHANG-HUA	0	0	-

Title		Name	Equity changes of current year		Remark
			Increase (decrease) of shares held	Increase (decrease) of shares pledged	
Director		HSU, CHENG-CHIANG	0	0	
Director		NGOI, MIEW-HUAT	0	0	
Director		Longwei Co., Ltd.	0	0	
Director representative		CHUANG, TZU-HUA	0	0	
Director		LIU, YAO-YUAN	0	0	
Director representative		YANG, JUNG-KUNG	0	0	
Director		HUANG, LI-AN	0	0	
Independent director		LIN, TE-JUI	0	0	
Independent director		CHE-YU CHEN	0	0	
Independent director		CHEN, SU-LAN	0	0	
Vice-president		HUANG, SHU-CHEN	0	0	
Vice-president		LO, CHANG-HUA	0	0	Resigned on February 2, 2024
Assistant vice-president		CHENG-LUNG HSIEH	0	0	Appointed on March 7, 2024
Assistant vice-president		HSING-YING LIN	0	0	Appointed on March 7, 2024

B. Information on the counterparty of an equity transfer being a related party of the Company's directors, supervisors, managers and major shareholders: None.

C. Information on the counterparty of an equity pledge of directors, supervisors, managers, and major shareholders who are an affiliate: None.

(VIII)Information on the relationship between the top ten shareholders who are related parties as defined in the Statement of Financial Accounting Standards No. 6

Relationship among the top ten shareholders

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder	
	Shares	%	Shares	%	Shares	%	Designation (or Name)	Relation
Minerva Capital Inc.	6,070,383	9.78%	0	0%	0	0%	NA	NA
Minerva Capital Inc. Representative: CHENG, CHING-HSIN	0	0%	0	0%	0	0%	NA	NA
Cana Investment Co., Ltd.	3,076,480	4.95%	0	0%	0	0%	NA	NA
Cana Investment Co., Ltd. Representative: HUANG, SHIH-YU	0	0%	0	0%	0	0%	NA	NA
Hsin Chin Investment Co., Ltd.	3,029,370	4.88%	0	0%	0	0%	NA	NA.
Hsin Chin Investment Co., Ltd. Representative: CHENG, CHIA-HSING	10,792	0.02%	2,009,622	3.24%	0	0%	HSU, CHENG-CHIANG	With second-degree relative, HSU, CHENG-CHIANG
CHUANG, TZU-HUA	2,740,464	4.41%	10,500	0.02%	0	0%	NA	NA
Longwei Co., Ltd.	2,739,738	4.41%	0	0%	0	0%	NA	NA
Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	2,740,464	4.41%	10,500	0.02%	0	0%	NA	NA
HSU, CHENG-CHIANG	2,009,622	3.24%	10,792	0.02%	0	0%	Hsin Chin Hsin Hsiang	Second-degree relative with the representative of Hsin Chin and Hsin Hsiang
WU, CHIEN-HSIEN	1,862,000	3%	0	0%	0	0%	NA	NA
Hsin Hsiang Investment Co., Ltd.	1,247,483	2.01%	0	0%	0	0%	NA	NA
Hsin Hsiang Investment Co., Ltd. Representative: HUANG, CHIN-SHU	1,459	0.002%	0	0%	0	0%	HSU, CHENG-CHIANG	With second-degree relative, HSU, CHENG-CHIANG
YEH, MENG-YI	780,000	1.26%	0	0%	0	0%	NA	NA
Syscore Corporation	600,000	0.97%	0	0%	0	0%	NA	NA
Syscore Corporation Representative: CHUNG, CHIH-CHUN	0	0%	0	0%	0	0%	NA	NA

(IX)Consolidated number of shares owned by the Company, directors, supervisors, managerial officers, and business controlled directly or indirectly by the Company:

Unit: Share; %

Invested Company	Investment by the Company		Investment by directors/supervisors/ managers and by companies directly or indirectly controlled by the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
GrandTech (B.V.I) Inc.	4,000,000	100%	0	0	4,000,000	100%
GrandTech (Cayman)Inc.	1,922,000	100%	0	0	1,922,000	100%
DeepStone Technology Co., Ltd.	2,447,440	81%	0	0	4,958,439	81%
Abico Digital Imaging Technology Co., Ltd.	100,000	100%	0	0	100,000	100%
Cogate Co., Ltd.	1,377,000	51%	0	0	1,275,000	51%
GrandTech Cloud Services Inc.	15,148,113	74.33%	1,088,140	5.34%	16,236,253	79.67%
Goldsun Application Technology Co., Ltd.	2,000,000	100%	0	0	2,000,000	100%

IV. Capital Overview

(I) Capital and Shares

A. Sources of Capital

Year/Month	Issue Price (NT$)	Authorized Capital		Share capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital (NT$)	Capital Increased by Assets Other than Cash	Other
2010.07	10	105,000	1,050,000	49,547	495,473	Private placement of 70,000,000	None	Approval document number passed by the Shareholders' Meeting of 2010 on August 16, 2010: F.C.Y.S.Zi No. 09986739100
2011.07	10	105,000	1,050,000	48,260	482,603	Capital decrease of treasury stock of 12,870,000	None	Approval document number passed by the Board of Directors of 2011 on August 15, 2011: F.C.Y.S.Zi No. 10084975010
2013.06	10	105,000	1,050,000	54,260	542,603	Cash capital increase of 60,000,000	None	Approval document number passed by the Board of Directors of 2013 on February 27, 2013: J.G.Z.F.Zi No. 1020017007
2014.02	10	105,000	1,050,000	58,748	587,483	Share exchange of 44,880,000	Share swap 11,220 thousand shares	Approval document number passed by the Board of Directors of 2013 on July 16, 2013: J.G.Z.F.Zi No. 1020040924
2014.12	10	105,000	1,050,000	56,518	565,183	Capital decrease of treasury stock of 22,300,000	None	Approval document number passed by the Board of Directors of 2014 on December 3, 2014: J.S.S.Zi No. 10301245350
2015.02	10	105,000	1,050,000	55,143	551,433	Capital decrease of treasury stock of 13,750,000	None	Approval document number passed by the Board of Directors of 2015 on January 20, 2015: J.S.S.Zi No. 10401046970
2017.08	10	105,000	1,050,000	57,825	578,250	Conversion of surplus to increase capital of 26,817,000	None	Approval document number passed by the Shareholders' Meeting of 2017 on August 25, 2017: J.S.S.Zi No. 10601117680
2018.12	10	105,000	1,050,000	56,316	563,160	Capital decrease of treasury stock of 15,090,000	None	Approval document number passed by the Board of Directors of 2018 on December 4, 2018: J.S.S.Zi No. 10701148990
2019.08	10	105,000	1,050,000	59,037	590,374	Conversion of surplus to increase capital of 27,214,000	None	Approval document number passed by the Shareholders' Meeting of 2018 on August 14, 2019: J.S.S.Zi No. 10801103500
2021.12	10	105,000	1,050,000	57,589	575,894	Capital decrease of treasury stock of 14,480,000	None	Approval document number passed by the Board of Directors of 2021 on December 7, 2021: J.S.S.Zi No. 11001219700
2022.11	10	105,000	1,050,000	62,089	620,894	Cash capital increase of 45,000,000	None	Approval document number passed by the Board of Directors of 2022 on September 23, 2022: J.G.Z.F.Zi No. 1110356641

Type of stock	Authorized capital			Remark
	Issued shares	Unissued shares	Total	
Common stock	62,089,430	42,910,570	105,000,000	TPEx listed stock

Reporting system: None.

B. Shareholder Structure

April 12, 2024

Shareholder structure / Number	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions & natural persons	Total
Number of shareholders	0	0	198	10,264	29	10,491
Number of shares	0	0	20,975,135	39,577,756	1,536,539	62,089,430
Percentage (%)	0	0	33.79	63.74	2.47	100

C. Shareholding distribution status

Common stock Face value per share: NT$ 10 April 12, 2024

Range of shares	Number of shareholders	Current shareholding	Shareholding (%)
1-999	5588	422,491	0.68
1000-5000	3851	7,512,984	12.1
5001-10000	502	3,667,019	5.91
10001-15000	187	2,301,419	3.71
15001-20000	72	1,301,869	2.1
20001-30000	92	2,243,843	3.61
30001-40000	51	1,794,249	2.89
40001-50000	30	1,353,489	2.18
50001-100000	48	3,461,413	5.57
100001-200000	33	4,755,735	7.66
200001-400000	18	4,921,942	7.93
400001-600000	10	4,797,437	7.73
600001-800000	1	780,000	1.26
800001-1000000	0	0	0
Above 1000001	8	22,775,540	36.67
Total:	10,491	62,089,430	100

Preferred stock: The Company hasn't issued preferred stock.

D. List of major shareholders

Names, shareholding, and ratio of shareholders with shareholding ratio above 5% or top-10 shareholders in terms of shareholding ratio.

April 12, 2024

Shares / Name of Major Shareholders	Current shareholding	Shareholding (%)
Minerva Capital Inc.	6,070,383	9.78%
Cana Investment Co., Ltd.	3,076,480	4.95%
Hsin Chin Investment Co., Ltd.	3,029,370	4.88%
CHUANG, TZU-HUA	2,740,464	4.41%
Longwei Co., Ltd.	2,739,738	4.41%
HSU, CHENG-CHIANG	2,009,622	3.24%
WU, CHIEN-HSIEN	1,862,000	3%
Hsin Hsiang Investment Co., Ltd.	1,247,483	2.01%
YEH, MENG-YI	780,000	1.26%
Syscore Corporation	600,000	0.97%

E. Market price, net worth, earnings, dividend and related information over the last two years

Year / Item		2022	2023	As of March 31, 2024
Market price per share	Highest	61.2	76.3	70.7
	Lowest	49.7	53.2	65.6
	Average	53.71	67.27	68.15
Net worth per share	Before distribution	23.13	22.15	20.94
	After distribution	23.13	22.15	20.94

<table>
<tr><th colspan="3">Item / Year</th><th>2022</th><th>2023</th><th>As of March 31, 2024</th></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted Average Shares</td><td>58,305</td><td>62,089</td><td>62,089</td></tr>
<tr><td colspan="2">Earnings per share</td><td>5.49</td><td>3.95</td><td>0.84</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>5.00215726</td><td>4</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Dividends from retained earnings</td><td>0</td><td>0</td><td>-</td></tr>
<tr><td>Dividends from capital surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cumulative unpaid dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on investment</td><td colspan="2">Price/Earnings ratio</td><td>10.22</td><td>17.15</td><td>-</td></tr>
<tr><td colspan="2">Price/Dividend ratio</td><td>10.74</td><td>16.93</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield rate (%)</td><td>9.31</td><td>5.91</td><td>-</td></tr>
</table>

F. Dividend Policy and Implementation

1. Dividend policy in the Articles of Incorporation
   The implementation method of the dividend policy of the Company shall be determined in accordance with relevant factors including the Company's future capital budget planning, satisfaction with shareholders' requirements for cash inflows, and assurance of market competitiveness. The cash dividends shall not be lower than 10% of the total shareholders' dividends, and shall be paid in accordance with Articles 24 of the Articles of Association. With reference to the policy for dividends paid by the Company in the last five years, at least 80% of the earnings annually distributed shall be set aside to distribute shareholders' dividends. If the Company makes profits or has abundant capital in the future, at least 80% of the earnings annually distributed will be distributed as shareholders' dividends every year according to the previous actual dividend distribution policy given the objective of maintaining stable dividends, and the cash dividends shall not be lower than 10% of total dividends.
2. Implementation status:
   During the profit distribution in 2023, the Company distributed cash dividends of NT$248,357,720, and cash of NT$4 was distributed as earnings per share.

G. Impact on the operating performance and earnings per share of the Company resulting from stock dividend distribution proposed at the Shareholders' Meeting: Not applicable since the Company is not required to disclose its financial forecast information as stipulated.

H. Compensation of employees and directors:

1. If there is a remaining amount after the income before tax obtained by the Company in current year exclusive of employee remuneration and director remuneration is used to make up the losses, no more than 3% of this amount shall be set aside as director remuneration, while 4%-11% of this amount shall be set aside as employee remuneration respectively. The objects to whom the preceding employee remuneration is paid, either in stock or cash, include employees of subordinate companies who comply with certain conditions. The certain conditions are established by the Board of Directors. The employee remuneration shall be distributed in stock or cash, with the attendance of more than two thirds of directors of the Board of Directors and the resolution of more than half number of attending directors, and then reported to the Shareholders' Meeting.
2. Where there is a discrepancy between the amount distributed and the amount estimated with the estimated amount of employee remuneration and director remuneration estimated in current period as the estimation basis and the calculation basis of number of shares corresponding to stock dividends, it shall be recognized as profit or loss in the year of distribution.
3. Approval of compensation distribution by the Board of Directors:

(1) Amount of employee remuneration and director remuneration distributed in cash or stock:

a. The Company set aside 0.8% of the aforesaid amount, i.e., NT$2,388,430, and 4% of the aforesaid amount, i.e., NT$11,997,155, as director remuneration and employee remuneration respectively based on a corresponding resolution passed by the Board of Directors on March 7, 2023.

b. The discrepancy between the recognized expense and the annually estimated amount shall be disclosed if any, together with reason thereof and how it is being handled: Not involved.

(2) Amount of employee remuneration distributed in stock, and ratio in the total amount of net profit after tax and total employee remuneration indicated in current individual or separate financial report: Not applicable.

4. Where there is a discrepancy between the actual distribution of employee remuneration and director remuneration in the previous year (including number of shares distributed, amount, and share price), and the recognized employee remuneration and director remuneration, the discrepancy, reason thereof, and how it is being handled shall be described:

(1) The actual distribution of employee remuneration and director remuneration of the Company for the year 2022 is as follows:

a. Cash dividends for employees: NT$14,262,684; b. Director remuneration: NT$2,852,537

(2) Where there is a discrepancy between the aforesaid amount and the recognized employee remuneration and director remuneration, the discrepancy, reason thereof, and how it is being handled shall be described: The employee remuneration and director remuneration of the Company for the year 2022 were consistent with the estimated amount.

I. Share repurchases: None.

(II) Corporate Bonds: None.

(III)Preferred Shares: None.

(IV)Global Depository Receipts: None.

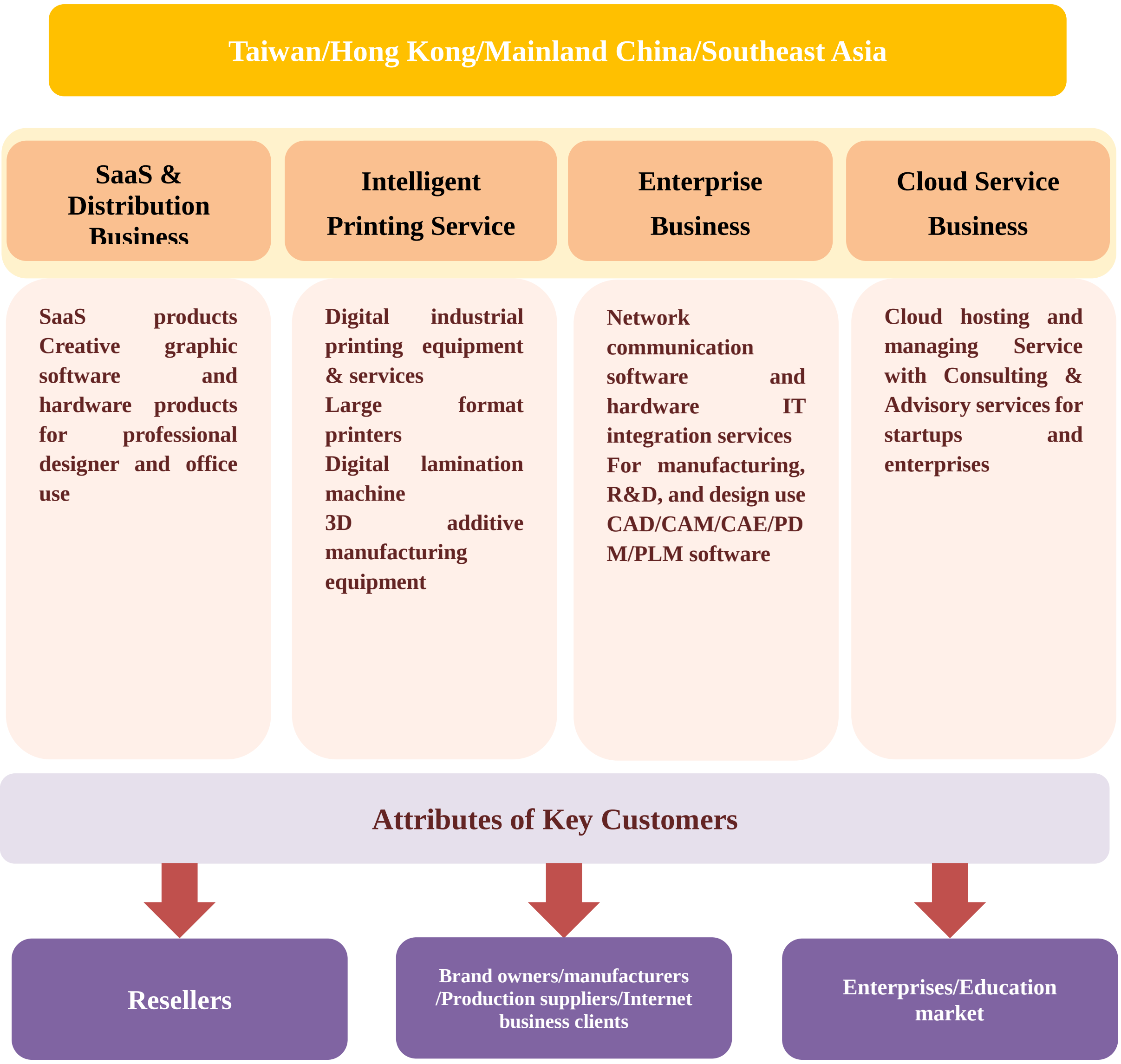
(V)Employee Stock Options: None.

(VI)Issuance of New Shares in Connection with Mergers and Acquisitions: None.

(VII)Financing Plans and Implementation: None

V. Operational Highlights

(I) Business Scope



A. 2023 Group Revenue Mix

Unit: NT$ Million

Business Category	Rev. 2023	Proportion	Rev. 2022	Proportion
Cloud Services for IaaS and SaaS distribution	2,039	39%	1,771	34%
Products and Services for Enterprise	2,758	53%	2,933	55%
Digital Printing Equipment and Services	414	8%	583	11%

B. New Products (Services) Development

New Products	New Services
● The products (Services) for Software as a Service (SaaS) and Infrastructure as a Service (IaaS) ● The related products and services for printing requirement	Continue to optimize the value-added service platform system of Armin for enterprise use, as well as cloud hosting and managing services and cost optimization services for Infrastructure as a Service (IaaS)

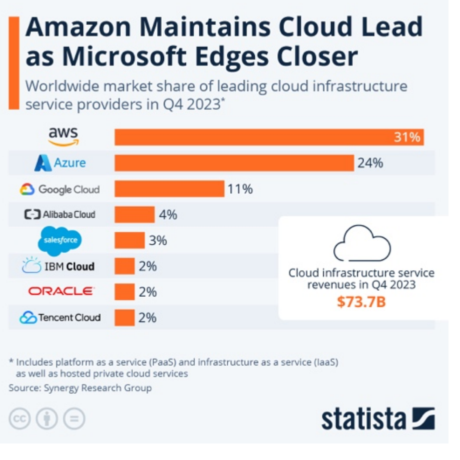
C. Industry overview

1. The Current Condition and Development of the Industry

(1) The Overview of the Cloud Service Industry

According to calculations by Synergy Research Group, the market share of Amazon in the cloud industry is 31% in Q4 2023, a slight decrease from 33% in the last year. At the same time, Amazon's main competitor, Microsoft, is gradually approaching and its market share set a record of 24% in Q4 2023. Coupled with Google's market share of 11%, the "Three Giants" now account for two-thirds of the market share of the market, while other competitors' market share remains in single figures (see Graph 1). The reason for the change is likely to be: the rise of AI technology.

(Graph 1) Q4 2023 The Market Share Rankings of Global Cloud Service Providers

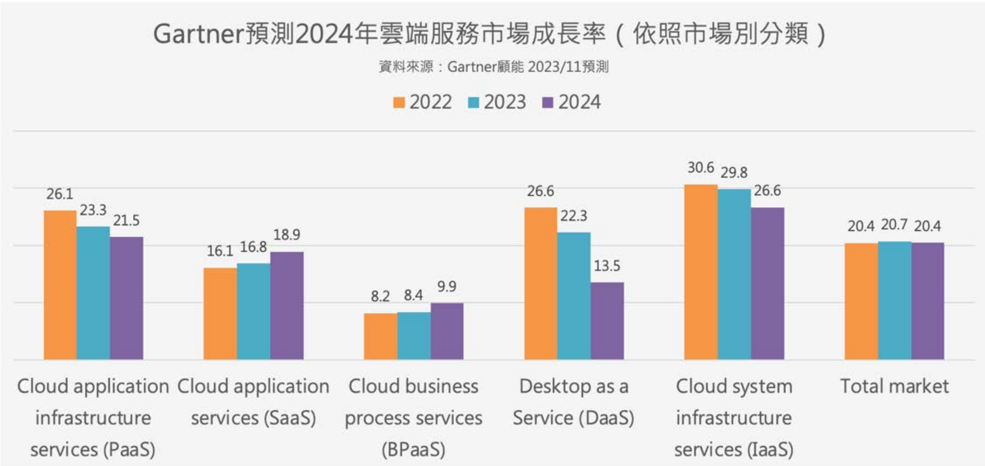


Source: Statista 2024 Feb.

Although the market size is already huge, the growth of the market is also rising rapidly. In Q4 2023, the global cloud service infrastructure expenditure increased by US$12 billion compared with Q4 2022, and the total expenditure in Q4 2023 reached US$73.7 billion, an annual growth rate of more than 20%. Not only the "growth rate", but also the “expenditure scale” is increasing at the same time. For the whole year of 2023, the expenditure of global enterprises on cloud service infrastructure reached US$270 billion. The total expenditure in this category grew by 19% throughout 2023, and the annual growth rate reached 20% in Q4 2023. It is remarkable that the expenditure grew by US $5.6 billion from Q3 to Q4 2023, which is 8.2% by quarter. This market has expanded and its quarterly growth rate is the highest in recent years.

According to the forecast of another research institution, Gartner (see Graph 2), cloud services (the entire market) are expected to experience growth rates of up to 20% in 2024.

(Graph 2) 2024 Growth Rate Forecast of the Cloud Market



Source: Gartner Research Institute 2023 Nov.

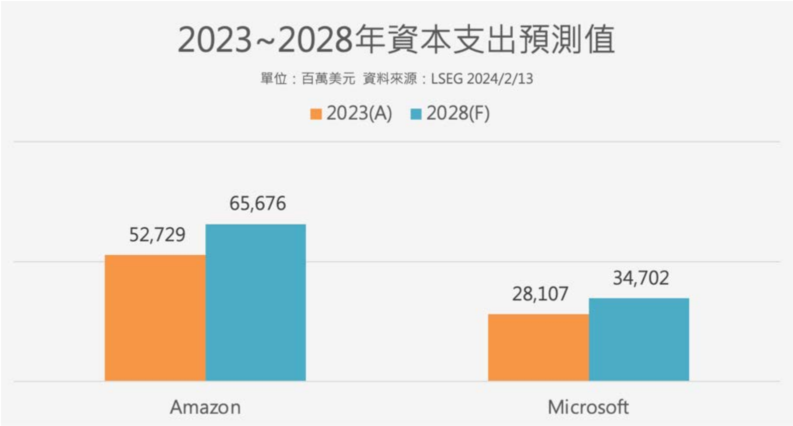
These data prove that the scale of the cloud service market is so large that its growth rate has reached as high as 19-20%. This growth speed may naturally drive changes in the global financial market. As a result of the global investment boom in AI and data centers, a solid foundation has been established according to the statistics, and the biggest beneficiary is Microsoft, which is perceivable from its financial performance. The growth (and the profitability) in its Q4 2023 financial report can further prove that the changes brought by AI are not imaginative. Microsoft benefited the most from the rise of AI technology. The scope of Microsoft Azure was only half of Amazon AWS 5 years ago and is now estimated to be about three-quarters of AWS. Azure’s revenue grew by 30% in the quarter, with an annual growth of 20% in the overall Intelligence Cloud division (including Azure revenue), compared to an annual growth rate of 13% for AWS. The Intelligence Cloud division including Azure generated 46% of

Microsoft's total operating profit, which is a significant increase from approximately 27% in 2016.

Amazon AWS spent several months launching models that compete with GPT-4, and besides offering its own models, it also offered some other models, including Anthropic models supported by Amazon. AWS provides the "widest range of Nvidia chip computing applications", and customers such as Airbnb and Snap are using its own AI processors. AWS also expects that the bionic AI will bring hundreds of millions of US dollars to Amazon in the next few years, equivalent to more than one hundred million New Taiwan dollars of a new revenue scale. At present, the leading market share of AWS still brings advantages to Amazon, including the capacities that can be invested in the future.

From Graph 3, Microsoft's capital expenditure in 2023 was US$28.1 billion, while the one of Amazon was US$52.7 billion. According to LSEG statistics, Wall Street analysts estimated that Microsoft's capital expenditure would increase to US$34.7 billion by 2028, with a CAGR of 4.3%, while Amazon would grow to US$65.7 billion, a CAGR of 4.5%.

(Graph 3) Capital Expenditure Forecast of the World's Two Major Cloud Service Providers



Source: LSEG February 13, 2024

Although not all of these amounts are only invested in the construction of data centers, it is still remarkable how large its scale is. It has been large enough to grow at a rate higher than the global GDP growth for at least 5 years, which will certainly attract the attention of global analysts. This is still the current expectation; however, in the future, if the two companies decide to compete in capital expenditure, the Total Addressable Market will expand, and the entire supply chain will certainly benefit from it, but the profit that each enterprise may gain depends on their own skills.

(2) The Overview of the Digital Printing Industry

The Overview of the Global Digital Printing Packaging Industry

According to a report published by Smithers in 2022, "The Future of Digital Printing to 2032", the key to the global printing market development is the future development of digital printing technology. The digital printing market will continue to grow strongly in the next few years and is expected to reach US$108 billion by 2032, representing a CAGR of 8.5%.

The advancement and widespread application of digital printing technology will bring about several important changes within the industry:

1) Improved production efficiency: Through the integration of automation technology and continual enhancements in production efficiency, digital printing technology is gradually replacing traditional printing methods.
2) Adoption of new materials: The progress and application of digital printing technology will also drive the development and utilization of new materials, expanding the range of applications in the printing field.
3) Focus on green printing: The adoption of digital printing technology is further propelling the development of environmentally friendly and sustainable printing practices.

i. Breakthrough of the Digital technology in existing packaging boundaries

Emerging technologies such as big data, customer relationship management (CRM), artificial intelligence (AI), automation, and virtual/augmented reality (VR/AR) have become increasingly important and influential, driving the need for advancements in packaging and printing technology. To meet these demands, various areas of packaging and printing technology are undergoing improvements. This includes the development of manufacturing automation, inkjet technology, IT and cloud technology, intelligent packaging solutions, and online platform services. Simultaneously, there is a growing emphasis on enhancing customer service and improving production efficiency. Additionally, the expanded utilization of technologies like QR codes, RFID, NFC, and AR, coupled with advancements in active intelligent packaging systems, serialized monitoring codes, thermochromic ink, and multitracking systems, further accelerate the mining and development of big data. Intelligent packaging aims to cater to consumer preferences, supply chain models, short production cycles, rapid marketing launches, personalization, and high-end development. It also addresses important considerations such as brand protection and sustainable development. These factors collectively contribute to the gradual transformation of traditional single-product packaging into multifunctional media.

ii. Creation of a new cross-field consumption ecosystem

Digital printing technology continues to evolve, and investing in it can drive business innovation and enhance customer service. By embracing the concept of Print as a Service and adopting a supply chain approach, businesses can offer comprehensive one-stop printing services that cater to customer needs. Collaborating with strategic partners, they can establish a complete printing service process. Moreover, the business model in the printing market is expanding beyond regional and industry boundaries. Print manufacturers are transforming into brand and product manufacturers, creating a new type of consumption circle. This shift aims to reduce the manufacturing time of products and integrate them with AR/VR technologies and the Internet of Things (IoT).

iii. Product packaging as an Extension of Consumers

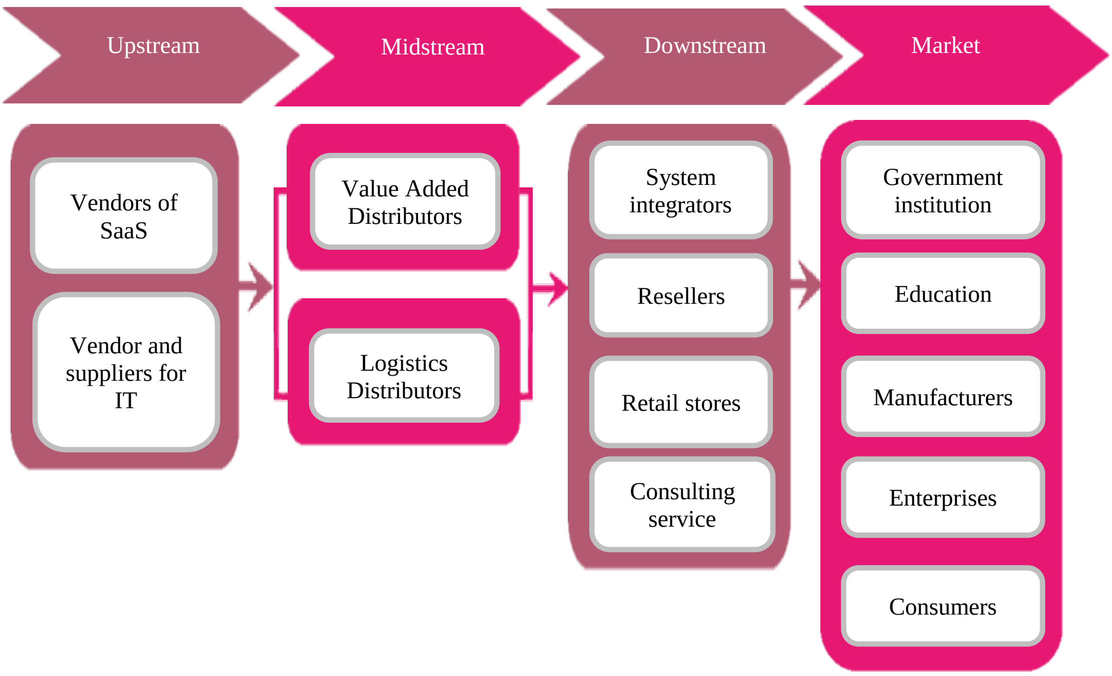
Social media has had a profound impact on consumer behavior. Consumers now play a vital role in co-creating personalized products with brand manufacturers. The emergence of digital printing and Print-on-Demand services allows consumers to actively participate in the customization process. This not only enhances their consumption intentions but also shortens the gap between online platforms and offline production processes. The marketing costs associated with digital printing and customization have significantly decreased compared to traditional media, while the effectiveness has increased by approximately 30%. In the fiercely competitive global packaging market, market differentiation is a crucial factor in distancing oneself from competitors. Product content and the customization and personalization of outer packaging are key elements in winning over customers. For example, in the saturated U.S. cereal flakes market, Mymuesli, a brand manufacturer, positions its product as "the extension of consumers." Using digital printing technology, they have created 30 different customized designs for their packaging to captivate consumers' attention. They recognize packaging as a crucial medium for communicating with consumers. By offering a wide variety of customized packaging designs, Mymuesli not only increases consumer engagement but also strengthens the connection between the brand and its customers.

Source: Using digital innovations to create personalized packaging at scale

Graph 4: The customization service allows consumers to choose and design the outer packaging on their own Source: Mymuesli Official website

In general, the digital printing industry is poised for continuous growth due to the ongoing advancement and application of technology. This growth presents various business opportunities and avenues for development. Specifically, when considering the applications of labels and flexible packaging on products, the key to maintaining competitiveness and market share lies in enhancing technological innovation and achieving product differentiation.

(3) Relationships with Suppliers in the Industry’s Supply Chain

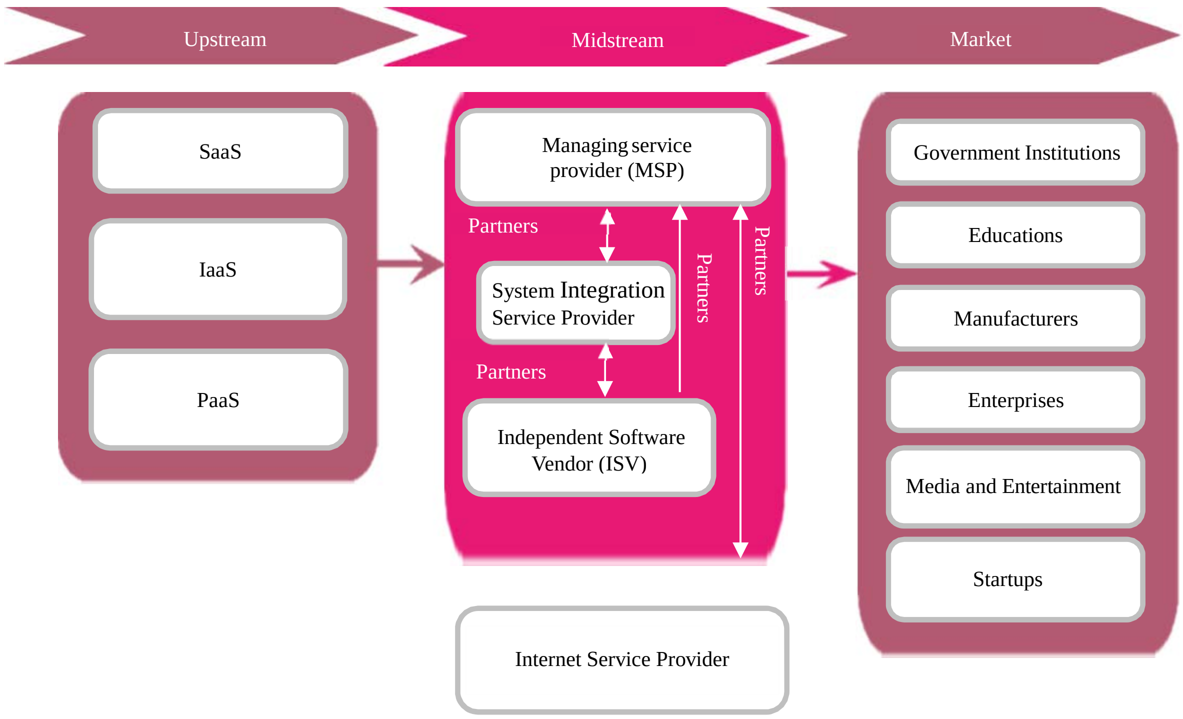


Graph 5: The relationship Graph of sales channels between upstream and downstream of Information and Communications Technology Industry

Regarding the existing sales channels within the Information and Communications Technology (ICT) industry, in the upstream area, well-known international hardware and software manufacturers dominate the market. They typically operate through regional management mechanisms, authorizing local agents (such as general distributors or value-added distributors) to handle channel management at the regional level. Moving downstream, the sales of information-related products are managed by system integrators, distributors, specialty stores, and information consulting agencies. Upstream manufacturers primarily focus on research and development, as well as distributing and selling ICT products to end-users. Within this ecosystem, midstream suppliers, known as value-added distributors, play a key role. Their primary business is to promote the market and establish marketing channels. Value-added distributors differ from logistics distributors.

At the beginning of the Company, we were a value-added distributor, providing value-added marketing services for the upstream SaaS cloud software and related distributed products, so that the professional services of downstream partners could provide more diversified sales and services for market users. Unlike logistics distributors who only focus on product sales, there are not too many related professional services provided.

As the cloud service industry continues to grow, the traditional boundaries of sales channels are gradually breaking down regional restrictions. Enterprises' increasing demand for digital transformation requires them to rely on distributors and agencies to provide consulting and installation services for procuring or establishing various information software and hardware. To meet this demand, channels are being integrated, combining value-added distributors with system distributors. This integration aims to provide comprehensive professional services for end-enterprise users, ensuring their needs are met throughout the digital transformation journey.



Graph 6: The correlation between upstream and downstream channels of cloud service industry

GrandTech C.G. Systems Inc. has embraced the changing times and transformed into a comprehensive business operator. In 2017, the company ventured into the cloud service business, obtaining the qualification of a cloud-managed service provider (MSP) as indicated in the channel correlation graph. Leveraging its core competitiveness in cloud services, the company has expanded its presence in the external market. It has invested in professional technical capabilities and enhanced its value-added marketing services to create business advantages.

Based on the IaaS (Infrastructure as a Service) products of upstream manufacturers, the Company has capitalized on its strengths and increased investments in cloud services. It has developed its value-added operation platform to provide multi-cloud services to clients. Additionally, the company conducts real-time monitoring and analysis of public clouds from different suppliers, setting itself apart from competitors in the market.

(4) Product Trends and Competition

With the growing trend of cloud applications and the booming development of the Internet of Things (IoT), international industry leaders with mature market shares are utilizing cloud-based business service models to directly provide products and services to end-users. However, the promotion of products and services still relies on existing partner businesses to jointly operate in regional markets.

The cloud computing environment is gradually changing the deployment model and procurement methods for enterprise software and hardware. Enterprises no longer need to spend a significant amount of money to purchase software licenses outright. Instead, they can subscribe to or rent services, acquiring software usage rights through online downloads.

The global supply chain restructuring resulting from the China-US trade war and the COVID-19 pandemic in 2020 has led countries worldwide to recognize and re-evaluate Taiwan's position in the global supply chain. The application of information products in 5G, AI, and electric vehicles is on the rise. Furthermore, the time efficiency of digital packaging and intelligent manufacturing is crucial for meeting the demands of mass production. Local value-added distributors play a vital role in providing professional services, including marketing and promotion, technical support, consulting, and customized business solutions. Companies must cater to the needs of various businesses and local enterprises while collaborating with local distributors to cultivate the market and generate profits. Only a forward-thinking and transformative multi-digital service operator like GrandTech C.G. Systems Inc. can shoulder the responsibility of creating a marketing model that aligns with the local market while creating greater business opportunities for the Information Industry.

D. Research and Development

1. Research and development expenses in the most recent year and as of the publication date of the annual report

   Our company, as a leading position, has long been engaged in distributing and marketing renowned professional software and hardware products in the fields of digital, imaging, multimedia, and cybersecurity networks. As the cloud services industry experienced rapid growth, our company transformed in 2016 to become a value-added service provider of IaaS and SaaS cloud services. We also made significant investments in the research and development of professional service platforms tailored to enterprise clients. To ensure our competitive advantage, we established an R&D unit dedicated to the development of a forward-looking and cost-effective transnational multi-cloud service platform system. This platform intelligently calculates data usage for cloud service users. Moving forward, we will continue to invest in R&D for cloud service-related technologies. The estimated R&D expenses are carefully planned and allocated based on the progress of each development project.

2. Successfully developed technologies or products

   One of our notable achievements is the successful development of a transnational multi-cloud service platform for commercial use by enterprises. This platform not only allows enterprise users from around the world to monitor and analyze the usage status of public clouds from various brands, such as AWS and Google Cloud, on a single platform but also provides real-time insights into sales trends and client consumption habits. Regular data analysis enables us to offer value-added services and seize new opportunities for business development.

E. Long-term and Short-term Business Development Plans

1. The Overview of Short-term Plans

(1) We are dedicated to the growth and expansion of our cloud service business, aiming to become the leading platform that empowers the startup ecosystem. Our focus spans various sectors, including mobile applications, gaming, new retailing, e-learning platforms, and other cloud-native startups. As a cloud service provider, we offer customers a comprehensive integrated billing system, ensuring a professional and seamless experience. Our platform assists global enterprises in their digital transformation journey and facilitates cross-industry collaborations. By fostering strong customer relationships, we ensure stable company growth, specifically in terms of annual recurring revenue (ARR).

(2) We have established a strong foothold in the digital printing market and forged strategic partnerships with customers, actively seeking new regional and global clients. By harnessing the synergies of digital printing, MarTech, and anti-counterfeiting technologies, we offer innovative printing solutions that cater to the needs of enterprises. Our focus is on nurturing the digital transformation of traditional printing companies and equipping them with digital printing capabilities to compete effectively in the global market. Through our efforts, we assist corporate clients in unlocking greater market opportunities, resulting in a mutually beneficial win-win situation.

(3) We are strategically positioning ourselves in the 3D printing and additive manufacturing application market to capitalize on the leading opportunities in smart manufacturing.
The advancements in 3D additive manufacturing technology and its applications are synchronized with the global impact of the pandemic, creating an impetus for the comprehensive deployment of smart manufacturing amid the industry's "chain-breaking" crisis. As the market evolves, production processes have become decentralized, leading to a significant increase in demand for production volume and post-sales service flexibility, making the adoption of smart manufacturing a necessity. The key advantages of 3D printing in smart manufacturing lie in its ability to offer high customization and flexible production capabilities. By integrating digital design, cloud computing technology, additive layer manufacturing processes, and high-quality application materials, we not only provide innovative integrated solutions but also assist the manufacturing industry in overcoming challenges and undergoing transformative value-added changes. The potential business opportunities it brings are crucial to our deployment and development strategies.

(4) We are intensifying our business development efforts in the Hong Kong regional market, aiming to increase our market penetration in cloud and agency businesses (SaaS & Distribution) and expand our presence in the local enterprise commercial and education markets. With over 30 years of deeply rooted local presence, our Hong Kong subsidiary has built an excellent reputation and service track record. We will continue expanding the availability of SaaS software and professional agency software and hardware products in the commercial market, further enhancing customer loyalty and driving the growth of recurring revenue.

(5) Our objective is to achieve steady growth in the enterprise user markets in both Taiwan and Hong Kong while enhancing operational efficiency. Under the umbrella of the Upstream Asia Pacific value-added service platform, our subsidiary companies such as Hong Kong Senco Masslink, NetCore, and GSA consistently deliver professional IT integration services to cater to the needs of local commercial and education market users. Our goal is to increase market share and achieve significant growth in these regions.

2. The Overview of Long-term Plans

(1) Cultivating Value-added Business in Asia

GrandTech has transformed into a comprehensive multi-digital service operator, expanding our presence in Taiwan, Hong Kong, China, Singapore, Malaysia, and Indonesia. Our primary focus is on regional development and aligning regional resources to establish a complete value-added marketing platform in the Asia-Pacific region. By leveraging the strengths of our value-added services, we aim to grow in the Asian market and expand our business territory. Through our Asia-Pacific marketing platform and staying abreast of the latest trends, we strive to have a positive impact on various sectors such as cloud services, digital printing, creative content, education, and startups. This approach allows us to harness the expertise and capabilities of local professional enterprises within the Group to drive our business forward.

(2) Emphasizing Cloud Service and Digital Printing Businesses

GrandTech will continue to prioritize the growth of our cloud service and digital printing businesses, always striving for customer success. As a service operator, our core business model revolves around developing a cloud service accounting platform to meet the market's demand for integrated multi-cloud services. Concurrently, we aim to expand our market share in the digital printing market and leverage digital printing solutions to drive enterprise innovation and fuel business growth.

Throughout the years, GrandTech has established itself as a leading operator and marketer, offering a diverse range of products, including drawing, video, and multimedia software and hardware, SaaS, IaaS, and network communication software and hardware. We collaborate with renowned international brands such as Adobe, AWS, GCP, Microsoft Azure, WACOM, Google Workspace, Microsoft M365, Corel, Quark, Celsys, Filemaker, HP, OKI, Juniper, A10, Peplink, Pulse Secure, and Mist, to provide integrated solutions. Additionally, we offer digital printing equipment products and services from industry-leading manufacturers like HP Indigo, Scodix, Esko, and Roland, catering to various business needs. By integrating our products and services, leveraging our existing Asia-Pacific marketing platform, and expanding our value-added marketing network with strong product lines, we aim to introduce market-leading solution products that generate new demand. We also seek to form alliances with international partners to solidify our position as the premier Asia-Pacific cloud value-added service provider.

(II) Market and Industry Outlook

A. Market Analysis

1. Sales Area of Main Products

Unit: NT$ million

	2023		2022	
	Revenue	Percentage of current sales Net %	Revenue	Revenue Net %
Domestic	1,300	25%	1,455	28%
Overseas	3,910	75%	3,832	72%
total	5210	100%	5287	100%

2. Product Positioning

(1) Cloud services

Forover 30 years, GrandTech has firmly established itself as a leading provider of sales and marketing services for professional graphic, gaming, and multimedia software and hardware products, along with their associated creative applications. As the cloud services landscape continues to evolve, we have experienced substantial growth in recurring revenue from SaaS cloud service subscriptions, which encompass offerings from industry giants such as Adobe, Microsoft M365, and Google Workspace. Our company plays a pivotal role in the commercial and education markets of Taiwan, Hong Kong, and Macau.

With the rapid advancements in cloud computing, the innovative IaaS cloud model has gained significant traction within the native cloud industry and start-up businesses. GrandTech has also achieved remarkable progress in this realm. GrandTech Cloud Services (GCS), an important cloud service business unit of GrandTech group, we have developed a cutting-edge business model with a multi-cloud billing system for cloud services customers. It is a value-added platform with the advantage of cost optimization and almost real-time monitoring usage, along with comprehensive data analysis, optimization, and consulting services. GCS business category now covers the region including Taiwan, Hong Kong, and Southeast Asia, and proudly holds the esteemed status of an AWS Advanced Consulting Partner (APN) and a Managed Service Partner (MSP) of Amazon Web Services (AWS). Moreover, GCS is a Solution Provider Program (SPP) partner and obtained ISO 27001 Information Security Management System certification (ISMS) in January 2019. It is also recognized as a trusted business partner of Google Cloud Service.

(2) Digital printing and intelligent packaging integration services

The digitalization of the global printing industry is an ongoing and growing trend. There is a rising demand for digital printing equipment and services. Traditional printing processes are often characterized by large quantities, long lead times, and limited flexibility. In contrast, digital printing offers convenience and time efficiency. Integrating digital printing into current production processes, particularly in the initial and final phases, is crucial for driving growth. Leading international manufacturers such as HP Indigo, Heidelberg, Man Roland, Koenig & Bauer, Xerox, Mitsubishi Press, Komori Press, and Canon have established their presence in the printing industry with their unique strengths and advantages. Each brand offers different digital printing solutions to meet customization needs and so on. Other reputable digital printing solution provider such as Scodix, Topix, and Esko also develop their specialized solutions for various stages of the printing process.

Recognizing the trend and increasing demand, our company has placed a strong focus on intelligent high-speed printing and has adopted HP Indigo as our core product solution for the market’s needs. We have successfully built a solid reputation based on our cutting-edge technology and top-notch services. Our dedicated technical team is committed to providing excellent customer assistance, maintenance, warranty services, and a reliable supply of consumables. We prioritize the training of our technical teams, ensuring they receive professional training and certifications from original equipment manufacturers. This ensures that our team is equipped with the necessary expertise to deliver exceptional support to our valued customers.

In order to facilitate a broader understanding and utilization of HP Indigo digital printing technology, we have developed tailored solutions that are well-suited for printing production and transformation. Our unwavering commitment to accelerating the digitalization process is exemplified by our significant investments in establishing the state-of-the-art GrandTech Indigo Center of Excellence (GT Indigo COE) in Taiwan. This exceptional facility serves as a showcase for HP Indigo equipment and product applications and functions as an authorized training center in collaboration with HP to nurture and cultivate professional technical talent.

We can offer comprehensive services with HP indigo printing applications and solutions that provide distinct advantages in customization, making it suitable for both small-scale and large-scale production requirements. By harnessing the capabilities of HP Smart Stream Mosaic software, for example, customers can achieve randomized, customized and highly effective color and pattern variations. Moreover, our expertise allows us to transfer images onto a diverse range of special materials, enabling the creation of customized products to personalized products tailored to individual preferences.

At the heart of our approach lies the use of environmentally friendly electronic ink, which is a hallmark of HP Indigo. This ink not only ensures the highest level of color coverage but also minimizes ink consumption, thereby enhancing color accuracy while reducing environmental impact. Additionally, we leverage innovative techniques such as fluorescent ink and invisible ink to elevate corporate recognition and provide robust anti-counterfeiting measures, thus safeguarding product authenticity and security.

(3) Professional networking communication software and hardware products as well as integration services

The enterprise business group of GrandTech has been actively engaged in the markets of Taiwan, Hong Kong, and Macao for over 30 years. Our primary focus is on delivering a comprehensive range of creative software and hardware tools, as well as IT Networking Communication products that are essential for the local commercial and education sectors. In pursuit of providing high-quality solutions, we maintain close partnerships with internationally renowned brands including Adobe, Apple, IBM, HP, DELL, Juniper, FireMon, A10, Peplink, and Pulse Secure. These brands are widely recognized and trusted within the telecommunications industry, government institutions, educational establishments, as well as small and medium enterprises.

As the manufacturing industry progresses towards Industry 4.0 and aligns with the European and U.S. markets, there is a growing demand for intelligent manufacturing solutions. In response to this emerging trend, 3D digital application-related products play a crucial role in meeting the evolving needs of the industry. To cater to this demand, our subsidiary, Goldsun Application Technology Co., Ltd., specializes in offering value-added product services. They focus on selling and marketing Siemens Taiwan’s manufacturing R&D design software and CAD/CAM/CAE/PDM/PLM solutions. Through this subsidiary, we aim to contribute to the advancement of intelligent manufacturing and support the overall growth of the industry.

3. The Future supply and demand situation and growth potential of the market

(1) Cloud services and information and communications market integration

According to Dell'Oro's recent survey, Hybrid Cloud solutions are driving the growth of the superscale and enterprise-level data center market. Global data center capital expenditures are projected to reach $400 billion by 2027, an increase of 11%, with half of the investment coming from superscale cloud service providers. On-premises services also present significant business opportunities. The survey highlights ongoing technology innovation in data centers, including advancements in server architecture, computing speed optimization, and equipment stability. Although short-term economic factors have slowed data center investment, the revitalization of data center architecture is expected to drive long-term market growth. Capital expenditure for edge computing is projected to increase, reaching 8% by 2027.

According to Gartner's forecast, although the growth rate of the cloud service industry in 2023 is not as expected due to the slowdown in the global economy, the CAGR in 2024-2026 will be adjusted upward by 21%, and the Asia-Pacific region and Taiwan region will also be adjusted upward by 28% and 34%, respectively. Taiwan's cloud service market will enter a high-speed growth period of more than 30% from 2024 to 2026, mainly because Taiwan's public cloud expenditure in the past fell behind the global average. Loosened regulations and geographic advantages contributed also to the implementation of the 3 major public clouds and the willingness to use the cloud with bio-AI, which will drive enterprises, the government, and financial industries to use cloud-based network resources, its computing capabilities and storage services. Multiple engines will drive Taiwan's cloud services to grow rapidly in 3-5 years: (1) In the past, Taiwan's public cloud expenditure fell significantly behind the global average, and the focus of enterprise IT expenditure gradually shifted from on-premises optimization and single cloud to multi-cloud and hybrid cloud; (2) The loosened regulations in Q3 2023 during the Financial Supervisory Commission opened a new page, so the government, financial and medical industries will tend to adopt more cloud services. The government and the financial industry are large-scale, but the proportion of cloud adoption is averagely low. The loosened regulations will create more opportunities for Taiwan's managed cloud service provider (MSP) and software. (3) Geographical advantages attract the implementation of three major cloud service providers. Following Google's first data center, Amazon AWS and Microsoft Azure have started to pay more attention to Taiwan's geographic advantages in the East Asian network hub and accelerate the establishment of data centers in Taiwan; (4) The popularization of information security software and bionic AI will bring a large demand for computing and software services, which will arouse enterprises' willingness to cloud adoption and purchase of value-added services and software, and will rely more on managed cloud service providers (MSPs).

(2) The application trends of labels and flexible packaging materials in digital printing

In recent years, there has been an increasing demand for small-quantity printing and customized products, leading to significant growth in the label and flexible packaging printing markets. According to MarketsandMarkets, label and flexible packaging are expected to contribute the most to this growth. The rise of e-commerce has further fueled the demand for customized packaging and small-quantity printing. The global label printing market was valued at $35.9 billion in 2020 and is projected to reach $42.6 billion by 2025, with a Compound Annual Growth Rate (CAGR) of 3.5% during this period, as reported by Smithers Pira. The use of flexible packaging materials in digital printing is also on the rise. Flexible packaging offers advantages such as cost-effectiveness, lightweight, and sustainability. According to Allied Market Research, the flexible packaging market is estimated to reach $358.7 billion by 2028, with a CAGR of 6.2% from 2021 to 2028.

The report on the global packaging industry by international research institutions, StartUs Insights and IDC, respectively summarizes the future development of packaging printing. The 10 major packaging-related industry trends include the Internet of packaging, biodegradable packaging, digital printing, packaging automation, active packaging, customized packaging, recyclable packaging, edible packaging, 3D printing, and nanotechnology. Among them, 5 packaging categories that can directly or indirectly use digital printing to provide value-added services, which shows the wide use of digital printing (see Graph).

In terms of packaging influence, the ranking of the top three from high to low is Internet of packaging > biodegradable packaging > digital printing, and the influence of complete digital printing is only 10%. If we add other 5 packaging that is edible with digital printing, its influence has reached 72%, which is more important than any category. The ranking of the impact of smart packaging from high to low is food and beverage > manufacturing > logistics > marketing technology > retail > electronics > pharmaceutical products. These industries that need smart packaging can be interpreted as requiring digital printing packaging. Whether it concerns simple data change, advanced tracking and traceability, or high-end anti-counterfeit labels, all rely on digital printing.

(Graph) Top 10 Packaging Industry Trends and Startup Companies

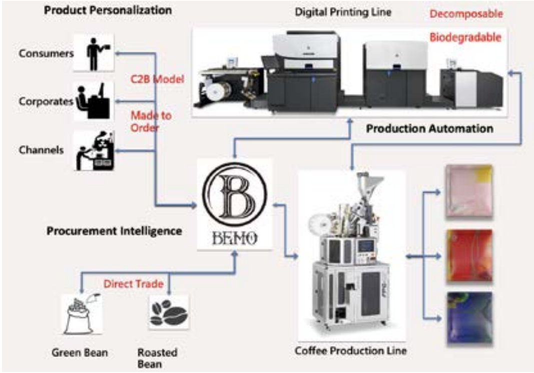
Source: StartUs Insights and IDC

According to the research report of Various research firms, the global market value of the labels and flexible packaging industry is estimated to reach US$270 billion by 2025, of which the market value of digitalization is about US$12 billion, which is nearly double from the US$6.67 billion in 2021. The growth is not only rapid, and the blue ocean is also boundless.

At present, according to the number of installations and the printing volume of customers of digital printing “labels” and “flexible packaging” in Taiwan, the production value in these two digital markets is about NT$1.5 billion and NT$420 million, respectively, compared with the overall market value of the industry, which only accounts for 16% and 1.5%, respectively. In either case, the digital market is full of infinite possibilities, and these are also the two key markets of GrandTech’s continuous operation and innovation.

As companies continue to seek efficient and cost-effective ways to produce high-quality customized packaging, the label and flexible packaging printing market is expected to experience continuous growth.

Graph 6: Developing a new business model that incorporates innovative production processes.



Graph 7: Intelligent packaging incorporates QR Codes for personalized one-to-one marketing.

Digital printing continues to have breakthroughs in the application of labels and flexible packaging, driving innovation with cross-border thinking, integrating the key roles of the industrial chain such as creative distributors, brands, and suppliers, and even further cooperating with startup companies to stimulate the application of innovative technologies and conduct long-term development. With the rise of Printing 4.0, networking, technology, and automation have reshaped the perspectives of clients from different industries, leading to the transformation of digital printing and redefining packaging concepts. These changes have fostered creative ideas and spurred the need for production process improvements, new materials, customization, eco-friendly solutions, and connected packaging. Furthermore, disruptive and innovative changes are driving faster and more service-oriented printing workflows. Digital printing, with its advantages in artificial intelligence (AI), IoT integration, and the platform economy, takes the spotlight. By utilizing AI to collect and analyze big data, valuable insights can be applied to manufacturing processes and marketing strategies. For example, data detection can extend the lifespan of printing machines, machine parameters can be adjusted for efficient production planning, and material usage and logistics efficiency can be optimized. At the same time, digital printing enables extensive customization of printed items, reducing labor costs and meeting customer demands and trends. The era of IoT and digitalization has brought about significant shifts in both the printing process and customer expectations. With innovative personalized and profitable business models (see Graph 6), we are working with consumers to create a lifestyle under the e-commerce structure (see Graph 7).

Currently, printing service providers (PSPs) are adopting this business model to accelerate digital transformation and gain a competitive edge. By offering unique and exclusive solutions, PSPs can differentiate themselves and enhance the competitiveness of product packaging and the manufacturing process. They can also leverage intelligent packaging advertising (i-packvertising), where brand manufacturers integrate product information with QR codes or electronic devices. Consumers can scan the package and access related information using AR/VR technology (see Graph 8). This approach simplifies the outer package while providing abundant digital information. It offers greater flexibility and adaptability to marketing strategies, allowing customers to update product marketing plans without disrupting the packaging manufacturing process.

Graph 8: Innovative packaging integrated with QR Codes adds a personal touch to product consumption.

Source: Bemo Café, GrandTech C.G. Systems Inc., SMY Internet Of Package Co., Ltd., Design Impression Magazine

4. Competitive Niche

(1) Business Focus

- Each business group is managed by dedicated professionals who focus on operations and collaborate closely within their respective industries and ecosystems.
- With 30 years of international brand marketing experience, we have accumulated a wealth of professional know-how and expertise. This enables us to stay ahead of the curve, seize opportunities, and strategize effectively.
- Our experienced executives have industry expertise and a deep understanding of information and communication products and services. They are leaders in leveraging cloud and value-added services, staying ahead of industry trends and opportunities.
- We have received recognition and affirmation from our business partners.

(2) Market Integration and Development Capability

- We can integrate the professional resources of each business group to provide consumers with comprehensive information products and service packages.
- We strengthen distributor relationships, understand consumer needs, provide marketing advice, and align with manufacturers for comprehensive product offerings.

(3) Strong Marketing and Support-Oriented Team

- Our elite team specializes in product and application integration and marketing planning within their respective industries.

- We lead the way in grasping industry development trends, organizing promotional events, and providing users with the latest industry knowledge.
- We continuously improve customer service, ensuring sustainable business operations and unique marketing promotions.

(4) Regional Marketing Platform in Asia

- Scale up the business and raise entry barriers to create a competitive advantage.
- Leverage market development experience to generate business synergy.
- Effectively reduce intangible and tangible operational barriers for vendors.
- Form a valuable ecosystem with industry development.
- Gain access to local business connections and resources.

5. Favorable and Unfavorable Factors of Future Development

(1) Favorable Factors

- Professional value-added marketing platform across the Asia-Pacific region:
  GrandTech has built a comprehensive and mature value-added marketing platform and channel for selling information software and hardware products in the Asian market. With headquarters in Taiwan and branch offices in China, Hong Kong, Singapore, Malaysia, and Indonesia, we provide a wide regional presence. Additionally, our management platform, "Entrepreneur Paradise", is led by entrepreneurs, enabling partners with an entrepreneurial spirit to join and expand their multinational business territory with confidence.

- Professional marketing team and replication of successful experience:
  With over 30 years of experience as an agent selling value-added professional software and hardware products, GrandTech introduces professional management teams in Taiwan, Hong Kong, and Malaysia. These teams, led by experienced executive officers, establish connections with original equipment manufacturers, distributors, and end-users, serving as the best partners in the industry. By replicating our accumulated successful experience in other regions and countries, we create win-win situations with local professional business partners, enhancing competitiveness and increasing profits.

- Cultivation of the enterprise user market and provision of professional and high-quality services to bridge the digitalization gap:
  The development of cloud services has increased the demand for professional consulting services and technical guidance among enterprise clients for SaaS, IaaS, and IT information and communication software and hardware product procurement. To address this, GrandTech has established a professional Managed Service Provider (MSP) team. This team assists enterprises in strategically procuring and applying various products and services. We stay ahead of industry trends and provide insights alongside our consulting services, enabling clients to capitalize on business opportunities. By satisfying end-customers' needs with convenience and helping to

reduce procurement costs and time, we empower our customers to succeed and gain a competitive advantage in the market.

(2) Unfavorable Factors

- Price determined by manufacturers, small profit margin:
  Countermeasures: Offer diversified value-added services to generate advantages.
- Aside from industry competition, the value of services and low profitability are not fully recognized:
  Countermeasures: Actively collaborate with vendors and distribution partners to create a win-win ecosystem, promote integrated product procurement, and scale profitability.
- Economic fluctuations and conservative IT product purchases affect profitability:
  Countermeasures: Strengthen enterprise services, diversify marketing channels, and form alliances to mitigate business risks and foster growth.

6. Key Product Application and Manufacturing Process

(1) Key product line-up

Product line	Products and Services	Main purpose
Professional Creative design SaaS	Creative design tools: 1. Layout design, video editing,illustration drawing, audio and video editing, animation production, web design, 3D image/character production. 2. Asset management, document workflow, and website/mobile applications related to prototype creation and sharing.	1. Design tools for professional creative designers, which can be used in campuses, government institutions, and large/medium/small enterprises. 2. Online applications, such as electronic document management and electronic signatures, that can completely replace hard copy documents to fulfill digitalization; electronic signatures can replace traditional handwritten signatures by signing electronic documents easily and be transmitted through a web browser or mobile device; assisting enterprises, campuses, and government institutions with complete digitalization.
Peripheral hardware products specifically for designers	1. Computer graphic drawing related hardware, such as digital graphic boards. 2. Professional image output software and hardware.	Drawing tools for creative design.
Infrastructure as a Service (IaaS)	Cloud Hosting Service Cloud Managing Service Cloud Architectural Service Multi-cloud billing service platform for monitoring and cost optimization	1.Provide a borderless cloud architecture service and customized cloud solutions with benefit evaluation for enterprise users at the best price. 2. Professional consulting and cloud managed services. 3. Provide B2B accounting systems which can integrate complex

		information of original equipment manufacturers; and provide enterprises with accounting services that are simpler and easier to understand to improve management efficiency.
Information and communication software and hardware products for enterprises	Provide services including the establishment of internal and external networks, infrastructure, and information security and Internet communication related software and hardware products for enterprises.	Provide enterprises with integrated solutions for network environment setup and information security, including professional consultations and setup; and provide holistic technical installation and follow-up services for campuses, government institutions, and enterprise users in various industries.
Intelligent and high-speed digital printing equipment and service	Provide digital printing related equipment, including commercial printing machines, industrial printing machines, and post-processing equipment. Provide digital output software, cloud architecture software and services for e-commerce, and 3D additive manufacturing equipment.	1. Provide digital printing equipment with leading technology that can integrate upstream and downstream processes; and assist and introduce suppliers of label and flexible packaging as well as enterprise users to digital printing production processes. 2. Provide training and integrated courses to cultivate talent with international and digital skills. 3. Ensure equipment adopts environmentally friendly electronic ink technology that can cover 97% of Pantone extended gamut. 4. Ensure equipment can be used in multi-tasking production process and is suitable for various printing tasks and materials. 5. Combine HP Smart Stream Mosaic software technology to allow customization for both small quantity and mass production. 6. The application of 3D printing processes provides the function of reshaping parts quality, increases productivity, and improves economic production efficiency.

(2) Manufacturing process: Our company focuses on the distribution and sale of information and communication related software and hardware products and services. We do not engage in any manufacturing or production processes. Our primary role is to provide comprehensive solutions and services to meet the needs of our customers.

7. Supply of Essential Raw Materials:

We sell products and services from renowned international brand manufacturers. Our selling rights are stable, and we focus on providing long-term professional services by training talents. We have a certified technical service team for local enterprises and offer cloud IaaS services for manufacturers' review. We are certified advanced partners as well as managed service providers (MSP), and the professionalism of our managed services is recognized globally.

D. List of top-10 major suppliers and customers in the past two years

1. Suppliers that account for 10% or more total purchases in any one of the past two years and the amount and proportion of purchases (sales), as well as the reason for change:

Unit: NT$ Thousand

Item	2022				2023				As of 2024 Q1			
	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Company Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer
1	Other	5,286,819	100.00	None	Other	5,210,306	100.00	None	Other	1,304,372	100.00	None
	Net purchase	5,286,819	100.00		Net purchase	5,210,306	100.00		Net purchase	1,304,372	100.00	

The customers of the Group are scattered, and therefore there was no customer with sales revenue accounting for 10% or more of the total sales in 2023 and 2022.

2. Name of customers that account for 10% or more total sales in any one of the past two years and the amount and proportion of sales, as well as the reason for change:

Unit: NT$ Thousand

Item	2022				2023				As of 2024 Q1			
	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the issuer
1	A02	1,450,351	32.38	None	A02	1,195,997	27.22	None	A01	272,312	25.19	None
2	A01	935,595	20.89	None	A01	914,432	20.81	None	A02	228,502	21.13	None
3	Other	2,093,759	46.73	None	Other	2,283,260	51.97	None	Other	580,406	53.68	None
	Net purchasing amount	4,479,705	100.00	-	Net Purchase	4,393,689	100.00	-	Net Purchase	1,081,220	100.00	-

Description of reason for increase or decrease:

The operating revenue of the parent company and subsidiaries of the Group in 2023 decreased compared with that in 2022. In 2023, due to inflation and currency exchange rate in each country, although the overseas branches of the Group resumed normal economic communication locally compared with the pre-pandemic market, the overall operating performance of GrandTech slightly declined. The main suppliers of the Group remained stable in 2023 and 2022.

E. Production volume and value in the past two years: Not applicable since the Company is not in the manufacturing industry.

F. Sales volume and value in the past two years

Year / Sales Volume / Main Products	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Professional cloud software and services	-	740,251		1,298,470	-	525,702		1,245,457
Products and services for corporate users	-	216,934		2,540,943	-	406,928		2,526,449
Digital printing equipment and services	-	342,769		70,939	-	521,261		61,022
Total	-	1,299,954		3,910,352	-	1,453,891		3,832,928

Note: Since the Group operated a variety of products, and the units of measurement of each product differed, the quantity was not presented.

Description of change: The change was mainly resulted from the increase of professional cloud software and services as well as the decline of digital printing equipment and services of the parent company and subsidiaries of the Company in 2023 compared with those in 2022.

(III)Employee information in the past two years

Year		2022	2023	As of April 30, 2024
Number of employees	Managerial Positions	31	30	30
	Sales staff	90	92	81
	Marketing staff	36	36	29
	Others	138	112	112
Total		295	267	252
Average age		42.6	42.9	43.1
Average experience		7.12	6.3	6.5
Education (%)	PhD	1%	0.0%	0.0%
	Graduate School	16%	7.6%	18.7%
	University/ College	69%	79.8%	74.4%
	Senior High School	14%	13.5%	15.7%
	Under Senior High School	0%	0.3%	0.0%

Note: “Others” in the preceding table include finance, accounting, and administration personnel, assistants, etc.

(IV) Environmental protection expenditure

The Company is mainly engaged in the sales of professional information software and hardware, cloud software services, and digital printing equipment and services, and it is also an agent instead of manufacturer. Therefore, the Company is not a company under the control of Restriction of Hazardous Substances (ROHS) of the EU.

(V) Labor Relations

A. Employee welfare measures, education, training, retirement mechanism and implementation, as well as agreements and measures to protect the rights of employees.

1. Employee compensation

The yearend bonus system of the Company guarantees one month's salary to ensure that all colleagues strive for the Company's objectives together. The employee remuneration is stipulated in the Articles of Association, and shall be calculated as at least 4% of the profits of the Company in current year.

2. Employee welfare

The Labor Standards Act is adopted as the blueprint for the establishment of management regulations and work rules of the Company, and all employees shall follow them. Also, the Company cares about employees' life and welfare, and establishes reasonable salaries for them. With respect to employee welfare, the Company purchases all required labor insurance, and sets aside pension on a monthly basis in accordance with labor laws and regulations. Furthermore, the Company has established an Employee Welfare Committee to provide gift money on occasion of birthday, wedding, and funeral, as well as condolence payments for hospitalization. The welfare system is completed to guarantee employees' stable life.

3. Workplace diversity and equality

The Company offers rewards and equal promotion opportunities to both male and female employees in principle of equal pay for equal work, and guarantees more than 20% of female officer positions, to promote the sustainable and inclusive economic growth. In 2023, the average ratio of female employees reached 40%, while that of female officers reached 33% respectively.

4. Reflection of operating performance in employee compensation

The Company participates in market compensation surveys every year, and adjusts employees' salaries based on the market pay level, economic trends, and personal performance, to sustain the overall competitiveness of compensation. In 2023, the annual average salary adjustment range of the Company for officer and non-officer positions reached 2.3% in Taiwan, and that of individual employees reached as high as 10.5%.

5. Measures assuring a safe and healthy work environment for employees, and education policies for employees, and implementation status

Adhering to disaster prevention and control as the core concept, the Company uses appropriate management tools and mature technologies as well as resources available to summarize the occupational safety and health issues existing in the whole office area, and then comes up with effective countermeasures to promote occupational safety culture continually and effectively. In addition, the Company strengths the protection management of workers, and engages resources to enhance occupational disease prevention, for the purpose of creating a zero- disaster environment.

6. Number of employee occupational hazards in current year, number of employees involved in such events, and their ratio in the total number of employees, and relevant improving measures

   In 2022, the frequency of disabling injuries was 0; the frequency of personnel's occupational hazards was 0. The Company attaches importance to corporate safety and lifesaving clauses, and facilitates officers to take care of and pay attention to colleagues' mental and physical statuses, to ensure the safety of colleagues during work.

7. Work safety education, training, and advocacy launched by the Company in the last two years

Year	Person-times in	Man-hours in
2022	36	72
2023	28	56

8. Education and training measures

   The Company provides diversified training and complete in-service training programs, including training for new employees, in-service learning and development courses, professional training, group training, as well as various overseas training courses related to work duties as well as training courses in local institutions. Through the teaching and training of professional talents and communication and interaction between employees, the Company cannot only improve employees' professional quality and capabilities, but also better inspire employees' potential ability and cultivate them to talents.

Category of training	Duration (hour)	Person-times (person)	Sessions	Total cost (NT$)
Internal training	24	386	37	116,587
External training	508	17	10	1,583,820

9. Retirement mechanism

   In accordance with the provisions of the Labor Pension Act, the Company sets aside 2% of the total monthly salaries to the pension reserve account opened at Bank of Account, and withholds 6% of employees' salaries to the designated labor pension account at the Bureau of Labor Insurance respectively.

10. Labor agreements: No labor dispute occurred.

B. Losses arising from labor disputes in the most recent year and as of the publication date of this annual report, and disclosure of the potential estimated amount and countermeasures to date and in the future:

1. Losses arising from labor disputes in the most recent fiscal year and as of the publication date of this annual report: No major labor dispute occurred.

2. Potential estimated amount incurred at present and in the future as well as countermeasures: In addition to following the labor laws and regulations and strengthening welfare measures, the Company also enhances the establishment of interaction, communication, and appeal channels with the objective to create warm and harmonious corporate culture. The losses caused due to labor disputes in the future are extremely unlikely in the future.

(VI) Material Contracts

Nature of contract	Party concerned	Starting and ending dates of contract	Main content	Restrictive clause
Partner agreement	Celsys, Inc.	March 13, 2023- March 12, 2024	Agency of sales of products	None

(VII)Records of litigation cases: None.

(VIII)Cybersecurity management:

A. Describe the cybersecurity risk management framework, cybersecurity policies, concrete management programs, and investments in resources for cybersecurity management:

1. Information security organization: The information security work of the Company is currently planned and executed by the Information Service Division.
2. Cybersecurity policy: For the network structure of the Company, firewall is adopted for host protection, and domain separation setting is also employed to set up different services and networks to lower the risk of infection. For example, the server and user end are segmented using different segments. In addition, antivirus software at the central control end has also been installed for all hosts and user ends, and anti-virus codes are updated automatically. Furthermore, standby and backup settings are allocated for cloud hosts, and complete history records are reserved. The passwords of the domain accounts used by all colleagues must be updated once every three months, and setting specifications with high security performance shall be adopted to create all-around security information protection capacity, and cultivate colleagues' good information security awareness. In the future, the information security governance system will be continuously improved, and the defense capabilities shall be strengthened.
3. Specific management solutions: In order to protect the internal IT asset data of the Company from power abnormality or other possible natural disasters, the Company implements daily backup of the data in the database, and completes nonlocal storage at the same time. The Company also adopts weekly backup and completes nonlocal storage for program codes and important files. In addition, for virtual hosts, the backup of mapping files and nonlocal storage are also completed. With respect to database backup, the Company performs backup data recovery tests every quarter to ensure the correctness of the data backup. Also, relevant standby and backup settings are provided for the cloud hosts, and complete operation history records are preserved. The passwords of the domain accounts used by all colleagues must be updated once every three months, and setting specifications with high security performance shall be adopted to create all-around security information protection capacity, and cultivate colleagues' good information security awareness. In the future, the information security governance system will be continuously improved, and the defense capabilities shall be strengthened.
4. Resources engaged in cybersecurity management: For the network structure of the Company, firewall is adopted for host protection, and domain separation setting is also employed to set up different services and networks to lower the risk of infection. The Company chooses the IDC managed server provided by Chief Telecom, and has set up a 24h maintenance and operation center for monitoring. Also, the air-conditioning system has the temperature and humidity monitoring function, and other systems including 99.999% power standby system

and fire early warning and inhibition system are available, to ensure that the server equipment is stored in a high-quality environment that complies with ISO27001.

B. List any losses suffered by the Company in the most recent fiscal year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impact therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of why shall be provided: None.

VI. Financial Overview

(I) Five-Year Financial Summary and External Auditor's Opinion

A. Five-Year Financial Summary

1. Condensed Balance Sheets - International Financial Report Standards (Consolidated)

Unit: NT$ Thousand

Item \ Year		Financial summary for the last five years					Financial information as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		2,017,523	2,201,593	2,146,728	2,553,625	2,546,933	2,648,309
Property, plant and equipment		201,911	145,646	147,112	150,164	150,441	151,124
Intangible assets		64,857	81,513	156,654	35,434	34,611	34,968
Other assets		254,733	230,469	319,442	469,253	512,307	530,636
Total assets		2,539,024	2,659,221	2,769,936	3,208,476	3,244,292	3,365,037
Current liabilities	Before distribution	1,274,385	1,359,663	1,407,176	1,409,303	1,541,724	1,725,810
	After distribution	1,374,911	1,544,113	1,568,478	1,719,884	(Note)	(Note)
Non-current liabilities		48,239	29,157	47,581	24,192	22,388	30,889
Total liabilities	Before distribution	1,322,624	1,388,820	1,454,757	1,433,495	1,564,112	1,756,699
	After distribution	1,423,150	1,573,270	1,616,059	1,744,076	(Note)	(Note)
Equity attributable to shareholders of the parent company		1,019,100	1,023,479	1,042,868	1,436,263	1,375,320	1,300,209
Share capital		590,374	590,374	575,894	620,894	620,894	620,894
Capital surplus		240,005	193,311	145,448	242,213	242,213	242,213
Retained earnings	Before distribution	347,747	433,110	465,832	616,591	560,547	432,719
	After distribution	247,221	248,660	304,530	306,010	(Note)	(Note)
Other equity interest		(70,088)	(104,378)	(144,306)	(43,435)	(48,334)	4,383
Treasury stock		(88,938)	(88,938)	0	0	0	0
Non-controlling interests		197,300	246,922	272,311	338,718	304,860	308,129

Total equity	Before distribution	1,216,400	1,270,401	1,315,179	1,774,981	1,680,180	1,608,338
	After distribution	1,115,874	1,085,951	1,153,877	1,464,400	(Note)	(Note)

Source: Financial statements of 2019~2023 audited by CPAs, and those of Q1 2024 reviewed by CPAs.

Note: The Company is expected to hold a regular Shareholders' Meeting on June 13, 2024, and the figures after distributions are not disclosed in the preceding table.

Condensed Balance Sheets - International Financial Report Standards (Parent Company Only)

Unit: NT$ Thousand

Item \ Year		Financial summary for the last five years				
		2019	2020	2021	2022	2023
Current assets		557,944	500,585	326,947	366,088	216,693
Property, plant and equipment		110,685	108,317	105,600	105,437	106,603
Intangible assets		880	540	3,859	480	337
Other assets		1,151,800	1,237,375	1,459,371	1,757,222	2,002,683
Total assets		1,821,309	1,846,817	1,895,777	2,229,227	2,326,316
Current liabilities	Before distribution	800,202	812,223	849,978	789,529	947,561
	After distribution	900,728	996,672	1,011,280	1,100,110	(Note)
Non-current liabilities		2,007	11,115	2,931	3,435	3,435
Total liabilities	Before distribution	802,209	823,338	852,909	792,964	950,996
	After distribution	902,735	1,007,788	1,014,211	1,103,545	(Note)
Share capital		590,374	590,374	575,894	620,894	620,894
Capital surplus		240,005	193,311	145,448	242,213	242,213
Retained Surplus	Before distribution	347,747	433,110	465,832	616,591	560,547
	After distribution	247,221	248,660	304,530	306,010	(Note)
Other equity interest		(70,088)	(104,378)	(144,306)	(43,435)	(48,334)
Treasury stock		(88,938)	(88,938)	0	0	0
Total equity	Before distribution	1,019,100	1,023,479	1,042,868	1,436,263	1,375,320
	After distribution	918,574	839,029	881,566	1,125,682	(Note)

Source: Financial reports of 2019~2023 audited by CPAs.

Note: The Company is expected to hold a regular Shareholders' Meeting on June 13, 2024, and the figures after distributions are not disclosed in the preceding table.

2. Condensed Comprehensive Income Statements - International Financial Report Standards (Consolidated)

Unit: NT$ Thousand

Item \ Year	Financial summary for the last five years					Financial information as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating income	5,257,393	5,048,591	4,935,845	5,286,819	5,210,306	1, 304,372
Gross profit	769,826	746,248	854,965	878,826	827,392	197,542
Operating profit (loss)	307,585	306,733	412,508	427,561	361,302	84,413
Non-operating income and expenses	9,509	49,505	14,353	40,782	57,877	5,119
Net income before tax	317,094	356,238	426,861	468,343	419,179	89,532
Net income from continuing operations	257,455	289,889	351,923	389,412	313,360	67,662
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	257,455	289,889	351,923	389,412	313,360	67,662
Other comprehensive income (net value after tax)	(29,330)	(46,356)	(55,708)	114,962	(6,338)	64,879
Total comprehensive income	228,125	243,533	296,215	504,374	307,022	132,541
Net income attributable to shareholders of the parent company	211,502	243,011	279,937	320,201	245,089	52,231
Net income attributable to non-controlling interests	45,953	46,878	71,986	69,211	68,271	15,431
Total comprehensive income attributable to owners of the parent company	178,841	208,748	239,111	421,571	240,190	104,948
Total comprehensive income attributable to non-controlling interests	49,284	34,785	57,104	82,803	66,832	27,593
Earnings per share	3.70	4.25	4.87	5.49	3.95	0.84

Source: Financial statements of 2019~2023 audited by CPAs, and those of Q1 2024 reviewed by CPAs.

Comprehensive Income Statements - International Financial Report Standards (Parent Company Only)

Unit: NT$ Thousand

Year / Item	Financial summary for the last five years				
	2019	2020	2021	2022	2023
Operating income	1,147,913	1,141,753	587,800	620,433	412,362
Gross profit	222,836	227,738	178,201	187,012	124,988
Operating profit (loss)	110,235	130,375	84,000	96,575	47,252
Non-operating income and expenses	126,270	139,193	212,253	242,877	238,280
Net income before tax	236,505	269,568	296,253	339,452	285,532
Net income from continuing operations	211,502	243,011	279,937	320,201	245,089
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	211,502	243,011	279,937	320,201	245,089
Other comprehensive income (net value after tax)	(32,661)	(34,263)	(40,826)	101,370	(4,899)
Total comprehensive income	178,841	208,748	239,111	421,571	240,190
Earnings per share	3.70	4.25	4.87	5.49	3.95

Source: Financial statements of 2019~2023 audited by CPAs.

B. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

1. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

Year	Name of CPAs	Opinion
2019	HSU, SHENG-CHUNG, WU, HAN-CHI	Qualified opinion
2020	WU, HAN-CHI, HSU, SHENG-CHUNG	Qualified opinion
2021	JUAN LU, MAN-YU, WU, HAN-CHI	Qualified opinion
2022	JUAN LU, MAN-YU, FENG, MIN-CHUAN	Qualified opinion
2023	HSU, HSIN-MIN, YU, CHIEN-JU	Qualified opinion

2. If the CPAs were replaced in the past five fiscal years, the descriptions of the reasons for replacement by the Company, and the former and succeeding CPAs shall be presented:
   PwC Taiwan has been responsible for the Company's financial audit and tax compliance audit for 15 fiscal years from the fourth quarter of 2007 to the fourth quarter of 2022. In order to implement corporate governance and improve the quality of financial reports, the Company sought for CPAs with the most professional services who could provide timely, complete, rigorous and professional advice and suggestions for operations in consideration of our future operational development and overall management needs. After careful evaluation of independence, professionalism and competence of CPAs, the Company voluntarily ceased the agreement with PwC Taiwan. Since the first quarter of 2023, various audits have been entrusted to Ernst &Young, Taiwan for handling. The replacement of CPAs is reasonable without abnormality.

(II) Financial analysis for the last five years

Consolidated Financial Analyses - Adopted International Financial Report Standards

Analysis item (Year)		Financial analysis for the last five years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	52.09	52.23	52.52	44.68	48.21	52.20
	Ratio of long-term capital to property, plant and equipment	626.33	892.27	926.34	1,198.14	1,131.72	1,084.69
Solvency %	Current ratio	158.31	161.92	152.56	181.20	165.20	153.45
	Quick ratio	139.53	146.22	139.09	163.27	154.92	145.50
	Times interest earned ratio	59.61	21.39	37.78	25.17	33.99	25.09
Operation performance	Accounts receivable turnover rate (times)	6.85	6.16	6.71	8.27	8.16	8.10
	Average days for cash receipts	53	59	54	44	45	45
	Inventory turnover rate (times)	16.12	16.93	18.22	17.96	19.84	29.99
	Payables turnover rate (times)	13.33	11.20	10.90	10.72	9.33	9.71
	Average days for sale of goods	23	22	20	20	18	12
	Turnover rate for property, plant and equipment (times)	28.90	29.05	33.72	35.57	34.67	34.60
	Total asset turnover rate (times)	2.18	1.94	1.82	1.77	1.61	1.58
Profitability	Return on assets (%)	10.85	11.37	13.31	13.64	10.03	8.55
	Return on equity (%)	20.83	23.31	27.22	25.39	18.14	16.46
	Ratio of income before tax to paid-in capital (%)	53.71	60.34	74.12	75.83	67.51	57.68
	Net profit margin (%)	4.90	5.74	7.13	7.42	6.01	5.19
	Earnings per share (NT$)	3.70	4.25	4.87	5.49	3.95	0.84
Cash flow	Cash flow ratio (%)	38.92	25.54	52.99	15.81	21.83	6.61
	Cash flow adequacy ratio (%)	130.83	151.96	179.07	167.01	118.79	93.44
	Cash reinvestment ratio (%)	26.95	14.15	42.63	3.28	4.95	6.81
Leverage	Operating leverage	5.98	5.78	4.40	4.52	4.52	5.47
	Financial leverage	1.02	1.06	1.03	1.05	1.05	1.05

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The increase of times interest earned ratio was mainly resulted from the decrease of interest expense of 2023 compared with the previous period.
2. The decrease of return on assets was mainly resulted from the decrease of net income and interest expense in the current period compared with 2022.
3. The decrease of return on equity was mainly resulted from the decrease of net income in the current period.
4. The decrease of earnings per share was mainly resulted from the decrease of net sales and net income in the current period.
5. The increase of cash flow ratio (%) was mainly resulted from the increase of net cash flow from operating activities in 2023 compared with 2022.
6. The decrease of cash flow adequacy ratio (%) was mainly resulted from the increase of capital expenditure and cash dividends in the five years compared with 2022.
7. 7. The increase of cash reinvestment ratio (%) was mainly resulted from the increase of net cash flow from operating activities compared with 2022.

Parent company only Financial Analyses - Adopted International Financial Report Standards

Analysis item \ Year		Financial analysis for the last five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	44.05	44.58	44.99	35.57	40.88
	Ratio of long-term capital to property, plant and equipment	922.53	955.15	990.34	1,365.46	1,293.35
Solvency %	Current ratio	69.73	61.63	38.47	46.17	22.87
	Quick ratio	56.42	52.89	32.75	31.26	16.74
	Times interest earned ratio	51.68	52.98	53.91	40.49	26.97
Operation performance	Accounts receivable turnover rate (times)	3.61	3.46	2.14	3.21	2.84
	Average days for cash receipts	101	105	170	112	129
	Inventory turnover rate (times)	7.96	9.55	6.29	5.89	3.86
	Payables turnover rate (times)	9.89	9.78	9.37	8.27	5.30
	Average days for sale of goods	46	38	58	62	95
	Turnover rate for property, plant and equipment (times)	10.30	10.43	5.50	5.88	3.89
	Total asset turnover rate (times)	0.66	0.62	0.31	0.30	0.18
Profitability	Return on assets (%)	12.32	13.48	15.20	15.86	11.15
	Return on equity (%)	20.29	23.79	27.09	25.83	17.43
	Ratio of income before tax to paid-in capital (%)	40.06	45.66	51.44	54.67	45.99
	Net profit margin (%)	18.42	21.28	47.62	51.61	59.44
	Earnings per share (NT$)	3.70	4.25	4.87	5.49	3.95
Cash flow	Cash flow ratio (%)	26.45	9.05	21.36	17.23	8.33
	Cash flow adequacy ratio (%)	41.28	38.98	48.70	63.70	58.06
	Cash reinvestment ratio (%)	6.33	(7.80)	(0.26)	(1.70)	(16.58)
Leverage	Operating leverage	3.93	3.41	2.91	2.72	3.48
	Financial leverage	1.04	1.04	1.07	1.10	1.30

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The decrease of current ratio was mainly resulted from the increase of short-term borrowings in the liabilities in current period compared with 2022.
2. The decrease of quick ratio was mainly resulted from the increase of short-term borrowings in the liabilities in current period compared with 2022.
3. The decrease of times interest earned ratio was mainly resulted from the decrease of net income in the current period compared with 2022.
4. The decrease of inventory turnover rate was mainly resulted from the decrease of cost of sales in the current period compared with 2022.
5. The decrease of payables turnover was mainly resulted from the decrease of cost of sales in the current period compared with 2022.
6. The decrease of average days for sale of goods was mainly resulted from the decrease of cost of sales in the current period compared with 2022.
7. The decrease of turnover rate for property, plant and equipment was mainly resulted from the decrease of net sales in the current period compared with 2022.
8. The decrease of total asset turnover rate was mainly resulted from the decrease of revenue of sales in the current period compared with 2022.
9. The decrease of return on assets was mainly resulted from the decrease of net income or loss in the current period compared with 2022.
10. The decrease of return on equity for shareholders was mainly resulted from the decrease of net income or loss in the current period compared with 2022.
11. The decrease of earnings per share was mainly resulted from the decrease of net sales in the current period compared with 2022.
12. The decrease of cash flow ratio was mainly resulted from the decrease of net cash flow from operating activities in the current period compared with 2022.
13. The decrease of cash reinvestment ratio was mainly resulted from the decrease of net cash flow from operating activities in the current period compared with 2022.
14. The increase of operating leverage was mainly resulted from the decrease of operating income or loss in the current period compared with 2022.

Note 1: The following calculation formulas shall be presented at the end of this table in the annual report:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio= Income before income tax and interest expenses/Interest expenses.
3. Operation performance

(1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).
(2) Average days for cash receipts = 365/Accounts receivable turnover rate.
(3) Inventory turnover rate = Cost of goods sold/Average inventory.
(4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).
(5) Average days for sale of goods = 365/Inventory turnover rate.
(6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.
(7) Total assets turnover rate = Net sales/Average total assets.

4. Profitability
(1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
(2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.
(3) Net profit margin = Profit or loss after tax/Net sales.
(4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued. (Note 4)

5. Cash flows
(1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital). (Note5)

6. Leverage
(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/ Operating income (Note6)
(2) Financial leverage = Operating income/ (Operating income - Interest expenses).

Note 2: Special attention shall be paid to the following matters upon measurement using the preceding calculation formula of earnings per share:

1. The weighted average number of common stocks issued is adopted as basis of number of shares already issued at the end of year.
2. The weighted average number of shares shall be calculated during the circulation period of capital increase in cash or treasury stock trading.
3. As for conversion of earnings or capital reserve to increase capital, during the calculation of earnings per share of previous years and half a year, retroactive adjustment shall be conducted per capital increase ratio. There is no need to consider the issue period of such capital increase.
4. If preferred stock is non-convertible accumulated preferred stock, dividends in current year (issued or not) shall be deducted from net income after tax, or net loss after tax shall be increased. If the preferred stock

does not have an accumulated nature, preferred stock dividends shall be deducted from net income after tax in case of net income after tax; in case of loss, no adjustment is needed.

Note 3: Special attention shall be paid to the following matters upon measurement in cash flow analysis:

1. Net cash flows from operating activities refer to net cash inflows from operating activities in the cash flow statement.
2. Capital expenditures refer to cash outflows from annual capital investments.
3. The increased amount of inventories is included only when the ending balance exceeds the beginning balance. If the inventories are decreased at the end of year, they will be calculated as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross amount of property, plant and equipment refers to total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 4: The issuer shall distinguish each operating cost and operating expense as fixed and variable per nature. If estimation or subjective judgment is involved, reasonableness shall be noticed and consistency shall be maintained.

Note 5: If the corporate stock has no face value, or the face value per share is not NT$10, the preceding calculation of ratio in paid-in capital shall be changed to the calculation of the ratio of equity attributable to the owners of parent company in balance sheet.

(III) Audit committee’s review report for the most recent fiscal year’s financial statement

GrandTech C.G. Systems Inc.
Audit Report by Audit Committee

The business report, financial statement, and earnings distribution proposal of the year 2023, which were prepared by the Company’s Board of Directors, have been certified by HSU, HSIN-MIN and YU, CHIEN-JU, CPAs of Ernst&Young Taiwan. The aforementioned reports, the business report, financial statements, and the earnings distribution proposal have been reviewed by the Committee and were found to be true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2024 General Shareholders Meeting

GrandTech C.G. Systems Inc.

Convener of the audit committee: CHEN, WEI-YU

March 7, 2024

(IV)CPA's review report for the most recentfiscal year's financial statement

Please refer to page 104.

(V) Parent company only financial report audited and certified by CPA's in the most recent fiscal year

Please refer to page 192.

(VI) Financial impact on the company where the company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the publication date of the annual report: none.

VII. Review and Analysis of the Company’s Financial Position, Performance, and Risk Management

(I) Financial Position

A. Comparative analysis

Unit: NT$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	2,546,933	2,512,577	34,356	1.37%
Property, plant and equipment	150,441	150,164	277	0.18%
Intangible assets	34,611	35,434	(823)	(2.32%)
Other non-current assets	512,307	510,301	2,006	0.39%
Total assets	3,244,292	3,208,476	35,816	1.12%
Current liabilities	1,541,724	1,409,303	132,421	9.40%
Non-current liabilities	22,388	24,192	(1,804)	(7.46%)
Total liabilities	1,564,112	1,433,495	130,617	9.11%
Equity attributable to the owners of parent company	1,375,320	1,436,263	(60,943)	(4.24%)
Share capital of common stock	620,894	620,894	0	0%
Capital surplus	242,213	242,213	0	0%
Retained earnings	560,547	616,591	(56,044)	(9.09%)
Other equity interest	(48,334)	(43,435)	(4,899)	(11.28%)
Treasury stock	0	0	0	0%
Non-controlling interests	304,860	338,718	(33,858)	(10.00%)
Total equity	1,680,180	1,774,981	(94,801)	(5.34%)

If the difference compared to the previous period exceeds 20% and the difference in amount exceeds NT$10 million, the main reason and impact are analyzed below:

(1) Reasons for changes and influence: None.

(2) Responsive plan: The aforesaid changes did not have a material influence on the Company.

(II) Financial Performance

A. Comparative analysis of operating results

Unit: NT$ Thousand

Item \ Year	2023	2022	Amount	%
Operating income	5,210,306	5,286,819	(76,513)	(1.45%%
Gross profit	827,392	878,826	(51,434)	(5.85%)
Net operating income	361,302	427,561	(66,259)	(15.50%)
Non-operating income and expenses	57,877	40,782	17,095	(Note 1) 41.92%
Net income before tax	419,179	468,343	(49,164)	(10.50%)
Current net profit of units of going concern	313,360	389,412	(76,052)	(19.53%)
Loss from discontinued operations	0	0	0	0
Net profit (loss) in current period	313,360	389,412	(76,052)	(19.53%)
Other comprehensive income in current period (net amount after tax)	(6,338)	114,962	(121,300)	(Note 2) (105.51%)
Total comprehensive income in current period	307,022	504,374	(197,352)	(Note 3) (39.13%)
Net income attributable to owners of the parent company	245,089	320,201	(75,112)	(Note 4) (23.46%)
Net income attributable to non-controlling interests	68,271	69,211	(940)	(1.36%)
Total comprehensive income attributable to owners of the parent company	240,190	421,571	(181,381)	(Note 5) (43.03%)
Total comprehensive income attributable to non-controlling interests	66,832	82,803	(15,971)	(19.29%)
Earnings per share	3.95	5.49	(-1.54)	(Note 6) (28.05%)

1. Main reasons for major changes in operating income, net operating income, and net income before tax in the last two years:
   (1) (Note1) Non-operating income and expenses: Mainly resulted from the increase of interest income and other interests in current year
   (2) (Note 2) Other comprehensive income in current period: Mainly resulted from the decrease

of exchange difference converted from the financial statements of the foreign operating institutions in the current year.

(3) (Note3) Total comprehensive income in current period: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.

(4) (Note 4) Total comprehensive income attributable to owners of the parent company: Mainly resulted from the decrease of net sales in the current year compared with last year.

(5) (Note 5) Total comprehensive income attributable to non-controlling interests: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.

2. Analysis of change in gross profit: Not applicable (the change in gross profit rate not exceeding 20%).
3. GrandTech has always ceaselessly strengthened its core competitiveness, focused on advantaged growth strategies, developed the integrated growth of three major business groups, i.e., cloud value-added operation and technical service, digital printing business, and reinvestment business, continually improved the growth ratio of ARR (Annual Recurring Revenue), worked on the transformation to grow to an all-around comprehensive digital service operator, developed services and products in each business group to serve corporate users, and ensure the effective realization of customer success through the use of services and products provided by GrandTech, with the objective to improve customer lifetime value.

(III) Cash flow

Consolidated financial statements of the Company and subsidiaries:

Unit: NT$ Thousand

Opening cash balance (1)	Net cash flow from operating activities for the year (2)	Net cash flow from other activities for the year (3)	Cash surplus (shortfall) (1) + (2) - (3)	Remedial measures for cash inadequacy	
				Investment plan	Financing plan
1,395,488	336,621	321,477	1,410,632	—	—

A. Analysis of change in cash flows in current year
The cash inflows from operating activities were approximately NT$336,621: Mainly resulted from net profit after tax.
The cash inflows from investing activities were approximately NT$56,092,000: Mainly resulted from the purchasing of financial assets.
The cash outflows from financing activities were approximately NT$ -254,868,000: Mainly resulted from the distribution of cash dividends and exchange influence.

B. Plan for improvement of liquidity insufficiency and liquidity analysis: No insufficiency of cash liquidity was involved.

C. Analysis of cash liquidity in the next year: Not applicable since the Company was not required to disclose its financial forecast information as stipulated.

(IV)the effect of major capital expenditures on financials and the business during the most recent fiscal year

A. Use of major capital expenditures and sources of funds: Not applicable since the Company didn’t have any major capital expenditure in 2023.

B. Effect on finance and business: Not applicable.

(V) Investment policy, the main reasons for profit or loss as well as the improvement plan over the past year, and an investment plan for next year:

The reinvestment interests of the Company recognized in 2023were NT$237,976,000. The main reason was that all the reinvestments were long-term strategic investments which could effectively integrate resource from each place to reduce cost, and increase value-added benefits and enterprise competitiveness. The Group will still continuously and prudently evaluate investments to improve the overall profits of the Group in consideration of financial risks and return on investment.

(VI) Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

A. Impact of interest rate and exchange rate fluctuation and inflation on the Company’s profitability for the most recent fiscal year and as of the publication date of the annual report, and future countermeasures:

1. Impact of interest rate and exchange rate fluctuation and inflation on the Company’s profitability, and future countermeasures:

(1) Risk of exchange rate: The exchange gains of the Group reached NT$ 5,418,000 in 2023. Since the Group is engaged in transnational operations, it is subject to the risk of exchange rate resulting from multiple different currencies. Sticking to a principle of conservation and steadiness, the Group pays close attention to relevant information involving fluctuation of exchange rate, masters the trends of exchange rate in a real-time way, and adjusts foreign currency assets and liabilities as appropriate according to global overall economy, exchange rate price, and future capital demand, with the objective to litigate the impact of the fluctuation of exchange rate in the operating income and profits of the Group.

(2) Risk of interest rate: The interval of lending rate of the Company in 2023 was 1.4% ~

1.83%. In the future, the Company will still observe the change in interest rate in the financial market at any time, adjusts the use of capital as appropriate, and continually maintain a favorable relationship with banks to acquire relatively preferential interest rate. Therefore, the change in interest rate would not have a material impact on the profit or loss of the Group.

(3) Inflation: The inflation has not imposed a material impact on the profit or loss of the Group so far. In addition to paying close attention to the fluctuation of market prices, the Group also maintains favorable interactions with customers and suppliers to properly adjust the product selling prices and inventories. Supposedly, the impact of inflation on the Group can be lowered.

B. Policies for engaging in high-risk and high-leverage investments, lending capital to others, endorsement guarantee, and derivatives trading, main reasons for profits or loss, and future responsive measures:

1. The Group has not engaged in high-risk and high-leverage investments based on the principle of conservation and steadiness. The derivatives currently adopted by the Group are mainly RMB financing products. Also, the Group has established Procedures for Acquisition or Disposal of Assets for standardized management.
2. The Group has engaged in lending capital to others and endorsement guarantee based on its operating demand. Also, it has established Procedures for Lending Capital to Others and Endorsement Guarantee for standardized management.

C. Future R&D plans, and estimated expenditures:

To strengthen service advantage, relevant R&D unit has been established in the reinvested subsidiary, i.e., GrandTech Cloud Services Inc. which is a cloud operation and value-added service supplier, to develop customer value-added service platform system, provide optimized management and analysis and other additional online services, etc. In the future, the Group will continually invest in the R&D and application of cloud related technologies. The R&D expenses invested are expected to be gradually prepared item by item in consideration of development progress, to ensure competitive advantages.

D. Effect of important policies adopted on the Company's financial operations and changes in the legal environment at home and abroad, and measures to be taken in response:

The Group's financial operations and business have not been influenced by the changes in important policies and laws at home and abroad in the most recent fiscal year and as of the publication date of the annual report. However, the Group will continually observe the changes in the operating environment, and consult relevant professionals to facilitate the adoption of responsive measures as appropriate.

E. Effect of technological changes (including information security risks) and industrial changes on the Company's financial performance and solutions:

The Group adjusts its operating strategies at any time, and introduces relevant excellent talents as appropriate to improve its competitiveness for the power of lowering the effect of technical changes and industrial changes on the Group's financial performance and business.

F. Effect on the Company's crisis management of changes to the Company's corporate image, and measures to be taken in response:

The Group sticks to the principle of steadiness and integrity as its business tenet, values corporate image and risk control, gives back its operating results to shareholders, and duly performs its corporate social responsibilities.

G. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

H. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

I. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken. The Group didn't face the risk of consolidation of sales or purchasing operations in the most recent fiscal year. (Detailed in Operational Highlights/list of top-10 customers and suppliers in the last two years.)

J. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company is transferred or otherwise changes hands, and mitigation measures being or to be taken: None.

K. Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

L. Litigation or non-litigation events:

1. If the results of litigation, non-litigation, or administrative litigation events of the Company that have already been determined or currently under consideration in the last two years and as of the publication date of the annual report might have a material influence on the shareholders' equity or securities price, the disputes facts, target amount, starting date of litigation, main parties involved in the litigation, and current handling status shall be disclosed: Not involved.
2. Litigation, non-litigation, or administrative litigation events of the directors, supervisors, president, substantial principal, major shareholders with shareholding ratio exceeding 10%, and subordinate companies that have already been determined or currently under consideration in the last two years and as of the publication date of the annual report that might have a material influence on the shareholders' equity or securities price: Not involved.
3. Occurrence of situations stipulated in Article 157 of the Securities and Exchange Act to the directors, supervisors, managers, and major shareholders with shareholding ratio exceeding 10% in the last two years and as of the publication date of the annual report: Not involved.

N. Other important risks, and mitigation measures being or to be taken

1. Risk management policies
   The Company improves the management of corporate risks in accordance with the requirements of the latest internal audit criteria, to realize the goal of risk control, and enhance the shareholders' value.
2. Risk management organization

Name of organization	Responsibilities
Board of Directors and Risk Management Committee	Establish risk management policies, ensure the effectiveness of the risk management mechanism, and conduct resource allocation.
Senior management (President, vice- presidents, and associate managers)	Execute the risk management decisions made by the Board of Directors, coordinate cross-department risk management communication, and plan operation decision-making.
Auditing Office	Verify whether each central unit practically executes the risk control according to the Company's internal control and audit plans periodically, and prepare audit reports based on the actual audit results.

Important risk evaluation matters	Risk control unit	Risk deliberation and control	Board of Directors and Auditing Office
Changes in interest rate and exchange rate	Corporate Strategic & New Business Management Dept.	President	Board of Directors: Final decision-making unit
High-risk and high-leverage investments, lending capital to others, endorsement guarantee, and derivatives trading			
Changes in important policies and laws at home and abroad	Corporate Strategic & New Business Management Dept.		
Technological changes and industrial changes	Chairman's Office		
Change in corporate image	Chairman's Office		
Mergers and acquisitions	Corporate Strategic & New Business Management Dept.	President	
Consolidation of purchasing operations	Corporate Strategic & New		

or sales	Business Management Dept.		Auditing Office: Risk tracking
Equity transfer of directors, supervisors, or major shareholders	Corporate Strategic & New Business Management Dept.	President	
Change in managerial power	Corporate Strategic & New Business Management Dept.		
Litigation or non-litigation events	Corporate Strategic & New Business Management Dept.	President	

(VII)Other Major Events:

The evaluation basis and foundation for the drawing of asset and liability evaluation subjects of the Company are as follows:

A. Allowance for doubtful debts

This rule is to classify the conditions of customer credit rating of the Company based on its scale, financial capability, payment records, and status of collateral security, and set aside accounts and notes receivable as allowance for bad debt losses according to customer credit rating and the overdue aging.

The drawing basis is as follows:

1. Related parties’ accounts receivable: Allowance for doubtful debts is not drawn.
2. Non-related parties’ accounts receivable: Overdue accounts receivable: The allowance for bad debt losses of the Company’s accounts receivable is evaluated and drawn in the following table according to the customer credit rating and payment conditions awarded, and based on the amount and duration of overdue accounts.

Overdue days		Not overdue	1~30 days	31~60 days	61~90 days	91~180 days	Over 181 days
Average bad debt ratio		0.30%	3.00%	15.00%	28.00%	60.00%	93.00%
Bad debt ratio	Class A customer	0.00%	1.00%	5.00%	15.00%	40.00%	80.00%
	Class B customer	0.25%	2.00%	10.00%	20.00%	50.00%	90.00%
	Class C customer	0.35%	3.00%	15.00%	25.00%	60.00%	95.00%
	Class D customer	0.40%	4.00%	20.00%	30.00%	70.00%	100.00%
	Class E customer	0.50%	5.00%	25.00%	50.00%	80.00%	100.00%

Notes receivable: For notes receivable, 0.3% of the balance of notes receivable shall be drawn as allowance for bad debt losses.

Accounts receivable cashed with letter of credit: For accounts receivable with letter of credit and documentary credit, 0.1% of the unredeemed balance shall be drawn as allowance for bad debt losses before redemption.

3. The Company shall periodically evaluate customers’ credit ratings, and draw allowance for doubtful debts based on the rising or decline of customers’ credit ratings.

B. Inventories

Inventories include software, hardware, and finished books. In addition to the appropriation of different ratios of amount of allowance for inventories according to the inventory aging (number of days), the inventories shall be valuated at cost or net realizable value, whichever is lower. Individual items are adopted as the basis during the comparison of cost with net realizable value. Net realizable value refers to the balance obtained by deducting selling expenses from estimated selling price under normal circumstances.

Method of weighted mean is adopted for the calculation of inventory cost.

Inventory aging	Over 181 days	Over 271 days	Over 361 days	Over 541 days	Over 721 days	Over 1081 days
Software	10%	-	50%	100%	-	-
Hardware	20%	50%	100%	-	-	-
Books	-	-	20%	-	50%	100%

C. Property, plant and equipment

1. Acquired cost is adopted as basis for account entry of property, plant and equipment, and relevant interest incurred in the acquisition period is capitalized.
2. Subsequent cost is included in the carrying amount of asset or recognized as a separate asset only when the future economic benefits related to this item are likely to flow into the Group, and the cost of this item can be reliably measured. The replaced carrying amount shall be derecognized. All other repair expenses are recognized as current profit or loss when incurred.
3. Cost method is adopted for subsequent measurement of property, plant and equipment. Except land that is not appreciated, depreciation of other assets shall be accrued using straight-line method according to the estimated durable years. The durable years of each asset are as follows:

Housing and building	15~50 years
Leasing equipment	2~5 years
Other equipment	2~5 years

Information of Operating Departments

A. General information

Since the Group operates business and makes decisions from the perspective of sales per region, the management still follows this model to identify departments that need reporting.

The Group has two departments to report: Taiwan, and Hong Kong/Macao, with the former referring to Taipei and Kaohsiung and the latter referring to Hong Kong. The main business items in each region include wholesale of office machinery equipment, retail sale, and wholesale and retail sale of computer software, etc.

B. Information on department profit or loss and assets

Information provided to main operation decision-makers regarding departments to report:

2023 Unit: NT$ Thousand

	Taiwan	Hong Kong and Macau	Other regions	Consolidated write-off	Total
Revenue from customers outside the enterprise	1,299,721	3,525,984	384,601	0	5,210,306
Revenue from parent company and consolidated subsidiaries	91,850	373,527	63,800	(529,177)	0
Total revenue	1,391,571	3,899,511	448,401	(529,177)	5,210,306
Departmental loss (profit)	397,967	223,547	206,467	(408,802)	419,179

Department loss or profit includes:					
Depreciation and amortization	14,215	28,765	2,234	(2,898)	42,316
Interest income	(6,202)	(5,136)	(37,608)	1,646	(47,300)
Interest expense	11,427	1,167	73	(143)	12,524
Income tax expense	62,785	34,908	8,126		105,819
Department total assets	3, 187,807	1,002,854	1,915,867	(2,862,236)	3,244,292

2022 Unit: NT$ Thousand

	Taiwan	Hong Kong and Macau	Other regions	Consolidated write-off	Total
Revenue from customers outside the enterprise	1,454,665	3,550.743	281,411	0	5,286,819
Revenue from parent company and consolidated subsidiaries	113,528	310,438	20,129	(444,095)	0
Total revenue	1,568,193	3,861,181	301,540	(444,095)	5,286,819
Departmental (loss)profit	445,870	255,403	203,896	(436,826)	468,343
Department loss or profit includes:					
Depreciation and amortization	14,319	26,675	3,745	(1,481)	43,258
Interest income	(4,628)	(1,349)	(15,041)	518	(20,500)
Interest expense	9,191	2,183	23	(22)	11,375
Income tax expense	38,287	37,041	3,603		78,931
Department total assets	3,030,085	1,154,597	1,721,405	(2,697,611)	3,208,476

C. Information per product and per labor service

The revenue from non-corporate customers mainly comes from professional information software and hardware sales and services, cloud software services, digital printing equipment and services, and other relevant business.

The composition of details of revenue balance is as follows:

Unit: NT$ Thousand

Main product items	Sales amount in 2022	Business ratio	Sales amount in 2021	Business ratio
Professional cloud software and services	2,038,721	39%	1,771,159	34%
Corporate user products and services	2,757,877	53%	2,933,377	55%

Digital printing equipment and services	413, 708	8%	582, 283	11%
Total	5, 210, 306	100%	5, 286, 819	100%

D. Information per region

Unit: NT$ Thousand

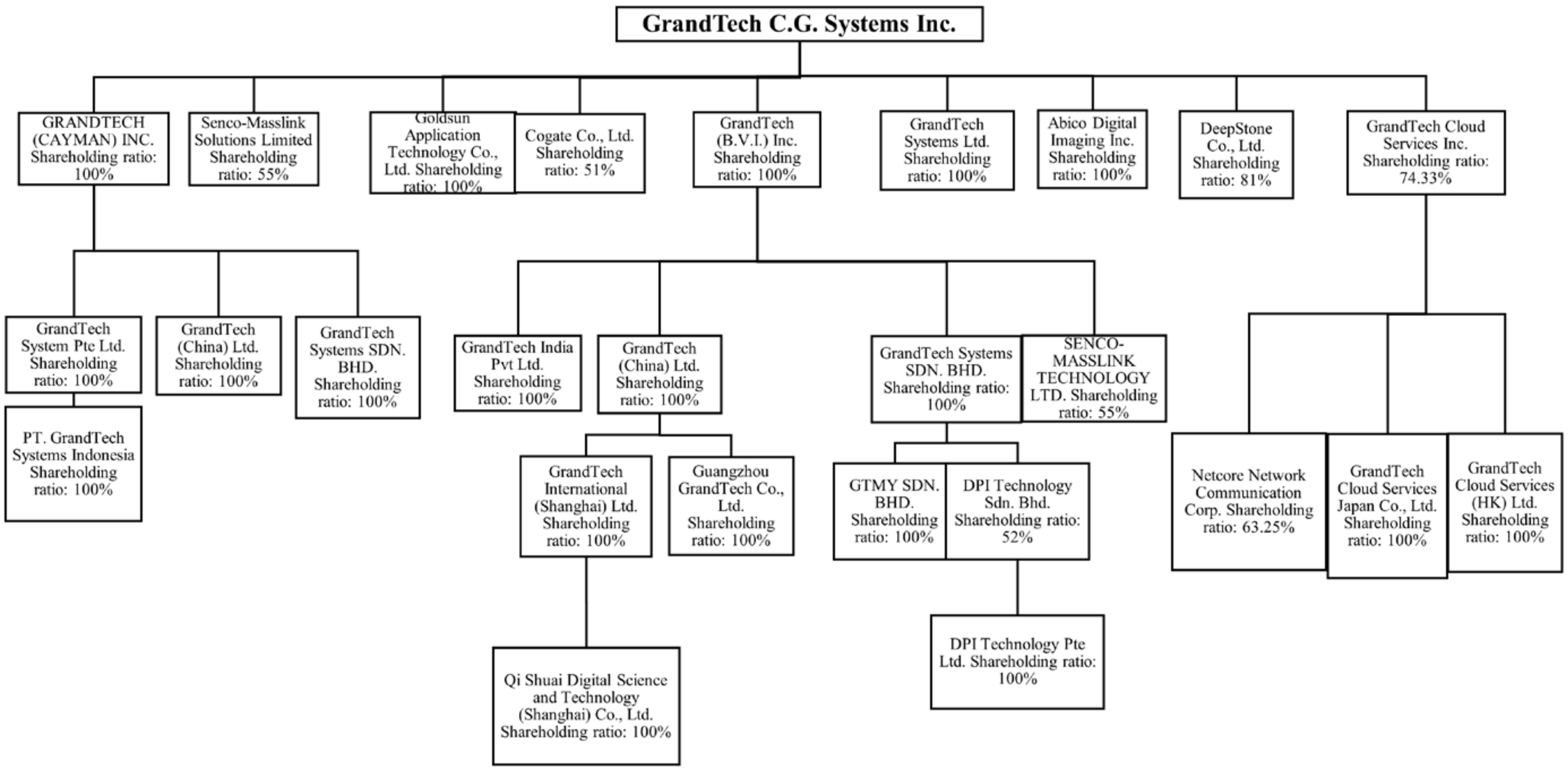
Item	2023		2022	
	Revenue amount	Percentage in net sales for the current period	Revenue amount	Percentage in net sales for the current period
Taiwan	1, 299, 721	24. 95%	1, 454, 665	27. 52%
Hong Kong	3, 525, 984	67. 67%	3, 550, 743	67. 16%
Other	384, 601	7. 38%	281, 411	5. 32%
Total	5, 210, 306	100. 00%	5, 286, 819	100. 00%

VIII. Special Disclosure

(I) Information on Affiliated Companies

A. Consolidated business report

1. Affiliate company structure: As of March 31, 2024, the investment structure chart of the Company is as follows:



2. Basic information on affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in capital	Primary Business and Production Projects
GrandTech (B.V.I.) Inc.	July 24, 1999	P.O. Box 957 Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands.	US$4,000,000	Holding Company
GrandTech (Cayman) Inc.	August 17, 2000	Scotia Center, 4 th Floor, P. O. Box 2804, George Town, Grand Cayman, Cayman Islands	US$1,922,000	Holding Company
DeepStone Technology Co., Ltd.	October 9, 2009	3F, No. 39, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	NT$30,215,300	Publishing, wholesale and retail sale of magazines, and books.
Abico Digital Imaging	February 23,	2F, No. 39, Ln. 76, Ruiguang Rd., Neihu Dist.,	NT$1,000,000	Wholesale and retail
Netcore Network Communication Technology Corp.	January 15, 2009	4F, No. 49, Lane 76, Ruiguang Road, Neihu District, Taipei City	NT$40,000,000	Agency of trading and maintenance of telecommunication facilities and information software
Goldsun Application Technology Co., Ltd. Technology Co., Ltd.	October 2, 2015	2F, No. 33, Lane 76, Ruiguang Road, Neihu District, Taipei City	NT$20,000,000	Agency of computer software and peripherals
Xinqi Cloud Technology Co., Ltd.	October 3, 2017	2F, No. 33, Lane 76, Ruiguang Road, Neihu District, Taipei City	NT$234,040,000	Cloud-related services
GrandTech Systems Ltd	August 8, 1987	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HK$12,880,000	Agency of mapping image related computer software and peripherals
GrandTech (China) Ltd	June 14, 1999	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HK$57,116,000	Agency of mapping image related computer software and peripherals
SENCO-MASSLINK TECHNOLOGY LTD.	May 12, 1994	22 F, Prosperity Millennia Plaza, 663 King's Road, North Point. HK	HK$7,200,001	Agency of mapping image related computer software and peripherals
GrandTech Systems Pte Ltd	February 27, 1993	10 Ubi Crescent, #02-02 Ubi Techpark Lobby A, Singapore 408564.	SGD$2,677,615	Agency of mapping image related computer software and peripherals
GrandTech Systems Sdn. Bhd.	January 11, 2001	Suite E-09-17, Plaza Mont'Kiara No. 2 Jalan 1/70 C, Mont'Kiara 50480 Kuala Lumpur	RM$19,259,810	Agency of mapping image related computer software and peripherals
GTMY Sdn Bhd	January 23, 2015	Suite E-09-17, Plaza Mont'Kiara No. 2 Jalan 1/70 C, Mont'Kiara 50480 Kuala Lumpur	RM$800.000	Agency of mapping image related computer software and peripherals
PT GrandTech Systems Indonesia	May 3, 2007	GedungRanuzaLantai 2 Jl. Timor No. 10-Menteng-Jakarta 10350	US$760,000	Agency of mapping image related computer software and peripherals
GrandTech India Private Ltd	November 26, 2007	1-c 26 (ld No 62) Green Haven Third Main Road Gandhi Naqar Adyar Tamil Nadu 600020 India	RS$12,000,000	Agency of mapping image related computer software and peripherals
DPI Technology Sdn Bhd	November 8, 1995	No. 19 Jalan 2/118 C Desa Tun Razak Kuala Lumpur Wilayah Persekutuan	RM$600,000	Trading and services of computer peripherals
DPI Technology Pte Ltd	October 28, 2011	180, Apya Lebar Road #10-01 Yi Guang Building Singapore	SGD$300,000	Trading and services of computer peripherals
Guangzhou GrandTech Co., Ltd.	December 30, 1999	Room 2401, No. 140-148 Eastern Road	RMB$2,000,000	Data processing and supply services
GrandTech International Trading (Shanghai) Co., Ltd.	September 12, 2001	Room 201-19, No. 160 Western Road Jiangchang, Shizu District, Shanghai	US$5,200,000	Warehousing, wholesale and international trade
Cogate (Stock) Company	July 26, 1995	14F, No. 687, Mingcheng 3rd Road, Gushan District, Kaohsiung City	NT$27,000,000	Trading and services of computer peripherals
Chi Chiu Digital Technology (Shanghai) Ltd.	October 23, 2009	Room 12G, No. 831, Xinzhuang Road, Jingan District, Shanghai	RMB$4,587,770	Warehousing, wholesale and international trade
GrandTech Cloud Services (HK) Ltd.	March 17, 2014	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HK$9,000,000	Cloud-related services
Senco-Masslink Solutions Limited	February 24, 2017	2/F, Sing Pao Building, 101 King's Road, North Point, Hong Kong	HK$100	Agency of computer software and peripherals

3. Where there is a controlled and subordinate relationship, the information of the shareholders shall be provided: None.

4. Industries where the affiliated companies operate business as well as labor division of each affiliated company given their connection in business operated: The affiliated companies of the Company are mainly engaged in mapping, imaging, and multimedia software and hardware agency as well as cloud related services; they conduct sales in their respective regions.

5. Information on directors, supervisors, and President of affiliates

Name of Affiliate	Title	Name or representative	Shareholding	
			Number of Shares	Percentage of Ownership
GrandTech (B.V.I.) Inc.	Director	HSU, CHENG-CHIANG	0	0
GrandTech (CAYMAN) Inc.	Director	HSU, CHENG-CHIANG	0	0
GrandTech Systems Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
GrandTech (China) Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	CHEN, TING-TING	0	0
Senco-Masslink Technology Ltd.	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	YANG, TE-MING	0	0
	Director	CHEN, LI-CHANG	0	0
GrandTech Systems Pte Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	Kam Yoke Eng	0	0
GrandTech Systems Sdn.Bhd.	Director	HSU, CHENG-CHIANG	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	Ling Wai Leng	0	0
PT GrandTech Systems Indonesia	Director	HSU, CHENG-CHIANG	0	0
	Director	Melanie	0	0
	Supervisor	NGOI, MIEW-HUAT	0	0
GrandTech India Private Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
GrandTech International(Shanghai) Ltd.	Director	HUANG, SHU-CHEN	0	0
	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Supervisor	LIN, HSING-CHI	0	0
Guangzhou GrandTech Co., Ltd.	Legal representative	LING, KANG	0	0
DeepStone Digital Technology Co., Ltd.	Chairman	HUANG, SHU-CHEN	0	0

	Director	HSU, CHENG-CHIANG	0	0
	Director	LIN, HSING-CHI	0	0
	Supervisor	NGOI, MIEW-HUAT	0	0
Cogate Co., Ltd.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	LO, CHANG-HUA	0	0
	Director	CHU, HSIAO-TING	1,120,330	41.49%
	Director	CHEN, CHIH-YUN	0	0
	Supervisor	HUANG, SHU-CHEN	0	0
Chi Chiu Digital Technology (Shanghai) Ltd.	Legal representative	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Supervisor	LIN, HSING-CHI	0	0
Abico Digital Imaging Inc.	Chairman	HUANG, SHU-CHEN	0	0
	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
Netcore Network Communication Technology Corp.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	LI, CHENG-HSIUNG	30,000	0.75%
	Director	HUANG, CHENG-HSIN	0	0
	Supervisor	CHIANG, JO-CHEN	0	0
GrandTech Cloud Services Inc.	Chairman	HSU, CHENG-CHIANG	996,370	4.13%
	Director	LI, CHENG-HSIUNG	319,660	1.37%
	Director	NGOI, MIEW-HUAT	180,169	0.77%
	Director	LIN, HSING-CHI	68,643	0.29%
	Director	CHIANG, JO-CHEN	111,376	0.48%
	Supervisor	HUANG, SHU-CHEN	30,709	0.13%
	Supervisor	HUANG, LI-JUNG	9,111	0.04%
Goldsun Application Technology Co., Ltd.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	LO, CHANG-HUA	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Supervisor	HUANG, SHU-CHEN	0	0
GrandTech Cloud Services (HK) Ltd.	Director	LI, CHENG-HSIUNG	0	0
	Director	CHIANG, JO-CHEN	0	0
	Director	Vince Wong	0	0
GTMY Sdn Bhd	Director	NGOI, MIEW-HUAT	0	0
	Director	Ling Wai Leng	0	0
DPI Technology Sdn Bhd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	1	0
	Director	HUANG, SHU-CHEN	0	0
	Director	Ling Wai Leng	0	0
	Director	Chew Cheng Keong	96,000	16.0%

	Director	Chew Chin Hui	96,000	16.0%
	Director	Chew Chin Yang	96,000	16.0%
DPI Technology Pte Ltd	Director	Ngoi Miew Huat Guan Huat	0	0
	Director	Kam Yoke Eng.	0	0
	Director	Chew Chin Yang	0	0
Senco-Masslink Solutions Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW-HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	YANG, TE-MING	0	0
	Director	CHEN, LI-CHANG	0	0

B. Consolidated financial statements of affiliates: Please refer to page 192.

C. Business report of affiliates: N/A.

(II) Private placement of securities in the most recent fiscal year and as of the publication date of the annual report: None

(III) Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent fiscal year and as of the publication date of the annual report: None.

(IV) Other necessary statements: None.

(V) Events that have a material influence on the shareholders' equity or securities price as determined in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act in the most recent fiscal year and as of the publication date of the annual report: None.

Independent Auditors' Report Translated from Chinese

To GrandTech C.G. Systems Inc.:

Opinion

We have audited the accompanying parent company only balance sheets of GrandTech C.G. Systems Inc. (the "Company") as of December 31, 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and cash flows for the year ended December 31, 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other 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 the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Correctness of timing of sales revenue recognition

The Company recognized net operating revenue in the amount of NT$412,362 thousand, of which revenue from information software and hardware products totaled NT$125,276 thousand, accounting for 30.38% of the operating revenue. As the revenue from information software and hardware products is diversified, including sales of goods, computer management and printing machine services, information service revenue, etc., with diverse types and different transaction terms, we believe that the correctness of the timing when performance obligations are met is considered material to the parent company only financial statements. Therefore, the timing of recognition of revenue from information software and hardware products was determined to be a key audit matter.

Our audit procedures include (but are not limited to):

1. Understanding the revenue recognition method related to the revenue from information software and hardware products, and assessing and testing the internal control related to the relevant revenue recognition of information software and hardware products.

2. Conducting analytical procedures on product-specific gross margin to evaluate the reasonableness of revenue recognition amounts.

3. Conducting tests of details on sales revenue transactions, including randomly selecting and verifying relevant vouchers from the record of sales revenue to ensure that performance obligations have been truly met.

4. Performing sales revenue cut-off tests for the period before and after the date of financial statements, randomly selecting operating revenue transactions, and reviewing the relevant vouchers to confirm that revenue is recognized in the correct period.

We also considered the appropriateness in disclosures of operating revenues in Note 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain investees accounted for using the equity method in the parent company only financial statements of the Company. Therefore, our opinions expressed herein regarding the amounts recorded in the financial statements of certain companies are based solely on the reports of the other auditors. The investments in aforementioned companies accounted for using equity method as of December 31, 2023 amounted to NT$562,001 thousand, accounting for 24.16% of total parent company only assets; the share of other comprehensive income of the aforementioned companies accounted for using equity method for the year ended December 31, 2023 amounted to NT$82,977 thousand, accounting for 34.55% of the total parent company only comprehensive income.

Other Matter – Audits for Previous Periods of Other Auditors

The parent company only financial statements of the Company for the year ended December 31, 2022 were not audited by us, but were audited by other auditors, and an audit report with unqualified opinions including Other Matter Paragraphs was issued on March 3, 2023.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

As part of an audit in accordance with the 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 the Company.

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 Company. 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only 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 Company. to express an opinion on the parent company only 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 audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/S/ Hsu, Hsin-Min

/S/ Yu, Chien-Ju

Ernst & Young, Taiwan
March 22, 2024

<u>*Notice to Readers*</u>
The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC.

PARENT COMPANY ONLY BALANCE SHEET

As of December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

		As of December 31,			
		2023		2022	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$79,627	3	$111,864	5
Notes receivable, net	4 and 6	15,030	1	14,814	1
Trade receivables, net	4 and 6	51,886	2	98,326	4
Finance lease receivable, net	4 and 6	11,412	1	21,103	1
Inventories, net	4 and 6	54,368	2	77,020	3
Other current assets		4,370	-	1,913	-
Total current assets		216,693	9	325,040	14
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4 and 6	100,755	5	100,755	5
Financial assets measured at fair value through other comprehensive income, non-current	4 and 6	8,479	-	8,479	-
Investments accounted for using equity method	4, 6 and 7	1,844,479	79	1,630,778	73
Property, plant and equipment	4, 6 and 8	106,603	5	105,437	5
Right-of-use assets	4 and 6	6,627	-	1,207	-
Intangible assets	4 and 7	337	-	480	-
Deferred tax assets	4 and 6	4,065	-	7,061	-
Other non-current assets	5 and 6	8,676	1	8,942	1
Long-term finance lease receivable, net	4 and 6	29,602	1	41,048	2
Total non-current assets		2,109,623	91	1,904,187	86
Total assets		$2,326,316	100	$2,229,227	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC.

PARENT COMPANY ONLY BALANCE SHEET (Continued)

As of December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2023 Amount	2023 %	2022 Amount	2022 %
Current liabilities					
Short-term borrowings	6	$750,000	32	$540,000	24
Contract liabilities, current	6	14,444	1	18,813	1
Trade payables		32,086	1	76,402	3
Other payables	6 and 7	101,938	4	123,530	6
Current tax liabilities	4 and 6	26,987	1	12,124	1
Leases liabilities, current	4 and 6	4,882	-	1,225	-
Other current liabilities		17,224	1	17,435	1
Total current liabilities		947,561	40	789,529	36
Non-current liabilities					
Deferred tax liabilities	4	1,342	-	1,457	-
Leases liabilities, non-current	4 and 6	1,778	-	-	-
Other non-current liabilities		315	-	1,978	-
Total non-current liabilities		3,435	-	3,435	-
Total liabilities		950,996	40	792,964	36
Equity					
Share capital					
Ordinary share	4 and 6	620,894	27	620,894	28
Capital surplus	4 and 6	242,213	10	242,213	11
Retained earnings	4 and 6				
Legal reserve		274,424	12	243,846	11
Special reserve		43,437	2	144,305	6
Unappropriated retained earnings		242,686	11	228,440	10
Other equity		(48,334)	(2)	(43,435)	(2)
Total equity		1,375,320	60	1,436,263	64
Total liabilities and equity		$2,326,316	100	$2,229,227	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Accounts	Notes	For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
Operating revenue	4, 6 and 7	$412,362	100	$620,433	100
Operating costs	6 and 7	(288,594)	(70)	(432,535)	(70)
Gross profit		123,768	30	187,898	30
Unrealized profit from sales		(478)	-	(1,698)	-
Realized profit from sales		1,698	-	812	-
Gross profit, net		124,988	30	187,012	30
Operating expenses					
Selling expenses	6	(42,888)	(10)	(44,416)	(7)
Administrative expenses	6	(36,687)	(9)	(44,821)	(7)
Expected credit gains (losses)	4 and 6	1,839	-	(1,200)	-
Total operating expenses		(77,736)	(19)	(90,437)	(14)
Operating income		47,252	11	96,575	16
Non-operating income and expenses					
Interest income	6	2,675	1	3,299	-
Other income	6 and 7	8,757	2	9,683	2
Other gains and losses	6	(134)	-	3,023	-
Financial costs	6	(10,994)	(3)	(8,595)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method		237,976	58	235,467	38
Total non-operating income and expenses		238,280	58	242,877	39
Profit before tax		285,532	69	339,452	55
Income tax expense	4 and 6	(40,443)	(10)	(19,251)	(3)
Net income		245,089	59	320,201	52
Other comprehensive income	6				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		-	-	625	-
Unrealized gains (losses) from investment in equity instruments at fair value through other comprehensive income		-	-	(521)	-
Income tax related to the items not to be reclassified to profit or loss		-	-	(126)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of a foreign operation		(4,899)	(1)	101,392	16
Other comprehensive income, net of tax		(4,899)	(1)	101,370	16
Total comprehensive income		$240,190	58	$421,571	68
Basic earnings per share	6				
Basic earnings per share		$3.95		$5.49	
Diluted earnings per share	6				
Diluted earnings per share		$3.93		$5.46	

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent							
				Retained earnings			Other equity		
Accounts	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences resulting from translating the financial statements of a foreign operation	Unrealized (losses) gains from financial assets at fair value through other comprehensive income	Total equity
Balance as of January 1, 2022		$575,894	$145,448	$214,462	$137,764	$113,606	$(145,306)	$1,000	$1,042,868
Appropriation and distribution of earnings for the year ended December 31, 2022:	6								
Legal reserve		-	-	29,384	-	(29,384)	-	-	-
Special reserve		-	-	-	6,541	(6,541)	-	-	-
Cash dividend of ordinary share		-	-	-	-	(169,941)	-	-	(169,941)
Cash dividends distributed from capital surplus	6	-	(97,850)	-	-	-	-	-	(97,850)
Net profit for the year ended December 31, 2022		-	-	-	-	320,201	-	-	320,201
Other comprehensive income for the year ended December 31, 2022		-	-	-	-	499	101,392	(521)	101,370
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	320,700	101,392	(521)	421,571
Cash capital increase	6	45,000	175,500	-	-	-	-	-	220,500
Proceeds from exercise of employee stock options	6	-	155	-	-	-	-	-	155
Changes in ownership interests in subsidiaries	6	-	18,960	-	-	-	-	-	18,960
Balance as of December 31, 2022		$620,894	$242,213	$243,846	$144,305	$228,440	$(43,914)	$479	$1,436,263
Balance as of January 1, 2023		$620,894	$242,213	$243,846	$144,305	$228,440	$(43,914)	$479	$1,436,263
Appropriation and distribution of earnings for the year ended December 31, 2022:	6								
Legal reserve		-	-	17,550	-	(17,550)	-	-	-
Reversal of special reserve		-	-	-	(100,868)	100,868	-	-	-
Cash dividend of ordinary share		-	-	-	-	(232,835)	-	-	(232,835)
Appropriation and distribution of earnings for the year ended December 31, 2023:	6								
Legal reserve		-	-	13,028	-	(13,028)	-	-	-
Cash dividend of ordinary share		-	-	-	-	(68,298)	-	-	(68,298)
Net profit for the year ended December 31, 2023		-	-	-	-	245,089	-	-	245,089
Other comprehensive income for the year ended December 31, 2023		-	-	-	-	-	(4,899)	-	(4,899)
Total comprehensive income for the year ended December 31, 2023		-	-	-	-	245,089	(4,899)	-	240,190
Balance as of December 31, 2023		$620,894	$242,213	$274,424	$43,437	$242,686	$(48,813)	$479	$1,375,320

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Accounts	For the years ended December 31,		Accounts	For the years ended December 31,	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$285,532	$339,452	Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	-	2,000
Adjustments:			Proceeds from disposal of financial assets at fair value through profit or loss	-	1,209
Adjustments to reconcile profit or loss:			Cash outflow generated acquisition of ownership interests in subsidiaries	-	(40,000)
Depreciation	7,892	7,498	Refund of investments accounted for using equity method due to capital reduction	-	90,264
Amortization	190	609	Acquisition of property, plant and equipment	(4,736)	(685)
Expected credit (gains) losses	(1,839)	1,200	Acquisition of intangible assets	(47)	(250)
Gains on disposal of financial assets measured at fair value	-	(205)	Proceeds from disposals of intangible assets	-	3,255
Interest expenses	10,994	8,595	Decrease in other non-current assets	266	6
Interest income	(2,675)	(3,299)	Net cash (used in) provided by investing activities	(4,517)	55,799
Cash dividends from investments accounted for using equity method	19,376	3,588			
Dividend revenue	(5,339)	(7,019)	Cash flows from financing activities:		
Gains on disposals of intangible assets	-	(235)	Increase (decrease) in short-term borrowings	210,000	(120,000)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(237,976)	(235,467)	Decrease in deposits received	-	(349)
Share-based payments	-	155	Cash payment for the principal portion of the lease liabilities	(4,392)	(3,667)
Changes in operating assets and liabilities:			(Decrease) increase in other non-current liabilities	(1,663)	1,663
Notes receivable	(196)	10,544	Cash dividends	(310,581)	(161,302)
Trade receivables	48,239	(23,915)	Cash capital increase	-	220,500
Finance lease receivable, net	21,157	31,174	Cash dividends distributed from capital surplus	-	(97,850)
Inventories	22,652	(32,443)	Net cash used in financing activities	(106,636)	(161,005)
Other current assets	(2,457)	1,071			
Contract liabilities	(4,369)	(2,145)			
Trade payables	(44,316)	48,038			
Other payables	(12,754)	(1,265)			
Other current liabilities	(211)	481			
Cash generated from operations	103,900	146,412	(Decrease) increase in current cash and cash equivalents	(32,237)	30,951
Interest received	2,675	3,299			
Dividends received	5,339	7,019			
Interest paid	(10,299)	(8,289)			
Income tax paid	(22,699)	(12,284)	Cash and cash equivalents at the beginning of the period	111,864	80,913
Net cash provided by operating activities	78,916	136,157	Cash and cash equivalents at the end of the period	$79,627	$111,864

The accompanying notes are an integral part of the parent company only financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

GrandTech C.G. Systems Inc. (the "Company") was incorporated in Taiwan. The Company mainly engages in wholesale of books, publishing, wholesale of computer software, other services (sales agent for computer programming), other consulting services (analysis and planning consulting services of computer management information and automatic system) and data processing services. The Company's shares were listed and traded on the Taipei Exchange on January 23, 2002.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the Company's board of directors (hereinafter the "Board of Directors") on March 7, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The aforementioned standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC ("TIFRS").

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$.

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Company holds the asset primarily for the purpose of trading
C. The Company expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investment (including time deposits that have maturity within 3 months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Recognition and Measurement of Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification of liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present condition and location that is available for sale and production; Merchandise is valued at the actual cost of goods purchased and accounted for weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company's investment in its associates is accounted for using the equity method. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5 to 50 years
Other equipment	1 to 8 years

An item of property, plant and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business entity is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies information applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sales of goods</u>

The Company sells and represents the original software and hardwares, and its sales revenue is recognized when control of a product is transferred to the customer, that is, when the product is delivered to the customer and the Company has no outstanding performance obligations that may influence the customer to accept the product.

The Company's sales revenue is recognized at the net revenue by contract prices deducting estimated sales discounts and allowances. The Company uses expected value method based on historical experience at the time of sales to estimate sales returns. The number of returned products has been stable over the years; therefore, the Company assessed that it is highly probable that there will be no significant reversal in the accumulated revenue recognized.

Trade receivables are recognized when the goods are delivered to customers, as from this point, the Company has an unconditional right to the contract price, it only needs to collect consideration from customers over time.

<u>Computer management and printing machine services</u>

The Company offers services, including computer management information, and rotational speed and maintenance of printing machines. Service revenue is recognized at the time when the Company renders services to customers in the financial reporting period.

Some customer contracts include multiple merchandise or services deliverable, such as inostallation of hardware and software. In most cases, the nature of installation is simple, it does not involve integrated services, and can be performed by other companies and manufacturers; therefore, installation is identified as a stand-alone performance obligation. The transaction price is allocated to each performance obligation in the contract based on the relative stand-alone selling price. If the sales of hardware are stated in the contract, revenue from the sales of hardware is recognized when the hardware is delivered to the customer, the legal ownership of the hardware is transferred to the customer, and the customer accepts the hardware.

Revenue from information services

The Company provides corporate integration services and recognizes related revenue during the financial reporting period when the information services are provided.

For certain contracts, contract asset is recognized when the performance obligations are met but the unconditional right to collect consideration is not yet available. In addition, the contract asset still needs to be evaluated for loss allowances in accordance with IFRS 9 "Financial Instruments". In addition, for some other contracts, part of the consideration is collected from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business entity and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business entity, and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Trade receivables - estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective business’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and revolving funds	$37	$47
Bank checks and demand deposits	79,590	111,817
Total	$79,627	$111,864

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

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Unlisted companies stocks	$100,755	$100,755
Current	$-	$-
Non-current	100,755	100,755
Total	$100,755	$100,755

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income:		
Unlisted companies stocks	$8,479	$8,479
Current	$-	$-
Non-current	8,479	8,479
Total	$8,479	$8,479

Financial assets at fair value through other comprehensive income were not pledged.

The Company recovered the investment amount of NT$2,000 thousand due to the refund arising from capital reduction in equity investment in 2022.

Please refer to Note 12 for more information on the price risk and fair value of financial assets measured at fair value through other comprehensive income.

(4) Notes receivables

	As of December 31,	
	2023	2022
Notes receivables arising from operating activities	$15,075	$14,879
Less: loss allowance	(45)	(65)
Total	$15,030	$14,814

Notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (16) for more details on loss allowance and Note 12 for details on credit risk.

(5) Trade receivables

	As of December 31,	
	2023	2022
Trade receivables	$52,054	$100,282
Trade receivables from related parties	-	9
Less: loss allowance	(168)	(1,965)
Total	$51,886	$98,326

Trade receivables were not pledged.

Accounts receivable are generally on 30 to 90 day terms. The total carrying amount as of December 31, 2023 and 2022 were NT$52,054 thousand and NT$100,291 thousand, respectively. Please refer to Note 6 (16) for more details on loss allowance of trade receivables for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of December 31, 2023		
	Cost	Allowance for inventory valuation losses	Carrying Amount
Inventories of software and hardware	$56,081	$(1,713)	$54,368

	As of December 31, 2022		
	Cost	Allowance for inventory valuation losses	Carrying Amount
Inventories of software and hardware	$92,968	$(15,948)	$77,020

Inventory cost recognized as loss:

	For the years ended December 31,	
	2023	2022
Cost of inventory sold	$294,962	$426,102
(Reversal gains) losses on market price decline and obsolete and slow-moving inventories (Note)	(6,368)	6,433
Total	$288,594	$432,535

Note: For the year ended December 31, 2023, the Company eliminated some of its inventories that had been recorded as inventory valuation losses, resulting in reversal gains on inventories.

No inventories were pledged.

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

	As of December 31,			
	2023		2022	
Investees	Amount	Shareholding	Amount	Shareholding
Investment in subsidiaries:				
GrandTech (B.V.I.) Inc. (Note 1)	$1,088,526	100.00%	$951,604	100.00%
GrandTech (Cayman) Inc.	373,850	100.00%	325,268	100.00%
DeepStone Digital Technology Co., Ltd. (Note 2)	21,948	81.00%	27,481	81.00%
Abico Digital Imaging Inc.	(315)	100.00%	(315)	100.00%
Cogate Co., Ltd.	25,250	51.00%	22,080	51.00%
GoldSun Application Technology Co., Ltd.	22,504	100.00%	24,820	100.00%
GrandTech Cloud Services Inc. (Note 3)	312,401	75.14%	279,525	75.14%
Subtotal	1,844,164		1,630,463	
Credit balance of investments accounted for using equity method recognized as other non-current liabilities	315		315	
Total	$1,844,479		$1,630,778	

Note 1: On September 14, 2022, GrandTech (B.V.I.) Inc. passed a resolution in the board meeting to proceed with cash capital reduction, refunding US$3,000 thousand (approximately NT$90,264 thousand) in total, the proportion of capital reduction approximated 42.86%, and the Company's percentage of ownership remained the same.

Note 2: In July 2023, DeepStone Digital Technology Co., Ltd. proceeded with capital reduction to offset the deficit, the proportion of capital reduction approximated 50.64%, and the Company's percentage of ownership remained the same.

Note 3: GrandTech Cloud Services Inc. proceeded with cash capital increase in June 2022, and reserved 10% of new shares for subscription by employees in accordance with the Company Act. The Company subscribed NT$40,000 thousand to this capital increase. The Company's percentage of ownership dropped from 77.71% to 75.14% as it did not subscribe to its original shareholding ratio.

In June 2023, GrandTech Cloud Services Inc. proceeded with capital increase through capitalization of retained earnings. The Company received 2,525 thousand shares, and its ercentage of ownership remained the same.

(8) Property, plant and equipment

Owner occupied and leased property, plant and equipment

	Land	Buildings	Other equipment	Total
Cost:				
As of January 1, 2023	$90,581	$36,878	$25,203	$152,662
Additions	-	1,781	2,955	4,736
Disposals	-	-	(2,746)	(2,746)
As of December 31, 2023	$90,581	$38,659	$25,412	$154,652
As of January 1, 2022	$90,581	$33,498	$25,508	$149,587
Additions	-	410	275	685
Transfers	-	2,970	-	2,970
Disposals	-	-	(580)	(580)
As of December 31, 2022	$90,581	$36,878	$25,203	$152,662
Depreciation and impairment:				
As of January 1, 2023	$-	$24,184	$23,041	$47,225
Depreciations	-	1,649	1,921	3,570
Disposals	-	-	(2,746)	(2,746)
As of December 31, 2023	$-	$25,833	$22,216	$48,049
As of January 1, 2022	$-	$22,684	$21,303	$43,987
Depreciations	-	1,500	2,318	3,818
Disposals	-	-	(580)	(580)
As of December 31, 2022	$-	$24,184	$23,041	$47,225
Net carrying amounts as of:				
December 31, 2023	$90,581	$12,826	$3,196	$106,603
December 31, 2022	$90,581	$12,694	$2,162	$105,437

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$3,365	$3,631
Prepaid pension cost	5,311	5,311
Total	$8,676	$8,942

(10) Short-term borrowings

	As of December 31,	
	2023	2022
Secured bank loans	$170,000	$140,000
Unsecured bank loans	580,000	400,000
Total	$750,000	$540,000
Interest Rates (%)		
Secured bank loans	1.65%~1.83%	0.87%~1.83%
Unsecured bank loans	1.4%~1.7%	0.85%~1.70%

The Company's unused short-term lines of credits amounted to NT$570,000 thousand and NT$780,000 thousand, as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as security for short-term borrowings.

(11) Other payables

	As of December 31,	
	2023	2022
Dividends payable	$68,298	$77,746
Accrued salaries and bonuses	7,284	17,078
Payables for employee compensation, and remuneration to directors and supervisors	14,397	17,116
Others	11,959	11,590
Total	$101,938	$123,530

(12) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 amounted to NT$2,495 thousand and NT$2,058 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.

As of December 31, 2023, the defined benefit obligation relevant to the Company was settled.

The weighted average duration of the defined benefits obligation is 11 years as of December 31, 2022.

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	$-	$(1,357)	$(1,380)
Plan assets at fair value	5,311	6,668	6,031
Net defined benefit (assets) liabilities	$5,311	$5,311	$4,651

Reconciliation of net defined benefit (assets) liabilities:

	Defined benefits obligation	Plan assets Fair Value	Net defined benefit (liabilities) assets
As of January 1, 2022	$(1,380)	$6,031	$4,651
Interest (expenses) income	(10)	45	35
Subtotal	(1,390)	6,076	4,686
Remeasurements of defined benefit liabilities/assets:			
Return on plan assets (excluding the amounts of interest income or expenses)	-	592	592
Actuarial gains and losses arising from changes in financial assumptions	91	-	91
Experience adjustments	(58)	-	(58)
Subtotal	33	592	625
Benefits paid	-	-	-
Contributions by employer	-	-	-
As of December 31, 2022	(1,357)	6,668	5,311
Benefits paid	1,357	(1,357)	-
Contributions by employer	-	-	-
As of December 31, 2023	$-	$5,311	$5,311

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of December 31, 2022
Discount rate	1.40%
Expected rate of salary increases	2.00%

Sensitivity analysis for significant assumptions is shown below:

	For the year ended December 31, 2022	
	Defined benefits obligation increase	Defined benefits obligation decrease
Discount rate increases by 0.25%	$-	$74
Discount rate decreases by 0.25%	77	-
Rate of future salary increases by 0.25%	75	-
Rate of future salary decreases by 0.25%	-	73

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company's authorize capital were both NT$1,050,000 thousand, issued shares both amounted to NT$620,894 thousand, each at a par value of NT$10, and both divided into 62,089 thousand shares. Each share has one voting right and a right to receive dividends.

The Company passed a resolution in the board meeting held on August 4, 2022 to proceed with cash capital increase and set November 4, 2022 as the reference date of capital increase. The purpose of the cash capital increase was for increasing operating funds. The actual number of shares issued was 4,500 thousand, at the actual subscription price of NT$49 per share. This capital increase has raised NT$220,500 thousand, and the registration of change was completed.

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$221,565	$221,565
Increase (decrease) through changes in ownership interests in subsidiaries	20,648	20,648
Total	$242,213	$242,213

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

A resolution was passed by the Board of Directors on March 3, 2022 to distribute cash from the capital reserves related to the income derived from the issuance of new shares at a premium in the amount of NT$97,850 thousand, at a par value of NT$1.6991 per share.

C. Retained earnings and dividend policies

Pursuant to the Company’s Articles of Incorporation, profit in the annual final accounts shall be used to cover the deficits in the previous fiscal year after all taxes and dues are paid, and legal reserve at 10% of net income after tax. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company’s total paid-in capital. When necessary, the special reserve may be appropriated or reversed in accordance with laws or regulations of the securities regulators. The remainder, if any, along with the undistributed earnings at the beginning of the same period, shall be resolved by the Board of Directors to be reserved or distributed as dividends paid to shareholders depending on the capital and economic development for the current year, and proposed to shareholders’ meeting for approval. The Company authorizes the Board of Directors to distribute cash dividends after passing a special resolution and report it to the shareholders’ meeting in accordance with laws and regulations.

In addition, the Company may distribute earnings or offset losses after the end of each quarter in accordance with the Articles of Incorporation. Earnings distributed in cash shall be implemented after a resolution passed by the Board of Directors; when earnings are distributed by issuing new shares, it shall be implemented by a resolution passed in the shareholders’ meeting in accordance with regulations.

The implementation method of the Company’s dividend policies requires considering the Company’s future capital budget planning, meeting shareholders’ needs for cash inflow, ensuring the Company’s competitiveness in the market, and other related factors. Cash dividends shall not be lower than 10% of the total dividends paid to shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributes distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Appropriation of earnings for the year ended December 31, 2023 and the cash dividend per share as resolved by the Board of Directors are as follows:

	For the three-months period ended		
	June 30, 2023	December 31, 2023	Total
Resolution date of the Board of Directors	August 10, 2023	March 7, 2024	
Legal reserve	$13,028	$11,481	$24,509
Special reserve	$-	$4,898	$4,898
Cash dividends	$68,298	$180,059	$248,357
Cash dividend per share	$1.10	$2.90	$4.00

Appropriation of earnings for the year ended December 31, 2022 and the cash dividend per share as resolved by the Board of Directors are as follows:

	For the three-months period ended		
	June 30, 2022	December 31, 2022	Total
Resolution date of the Board of Directors	August 4, 2022	March 3, 2023	
Legal reserve	$14,520	$17,550	$32,070
Reversal of special reserve	$-	$(100,868)	$(100,868)
Cash dividends	$77,746	$232,835	$310,581
Cash dividend per share	$1.35	$3.75	$5.10

Please refer to Note 6 (18) for details on employees' compensation and remuneration to directors and supervisors.

(14) Share-based payment plans

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

The Company's share-based payment arrangement is as follows:

A. The Company's share-based payment arrangement for the year ended December 31, 2022 is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase and retained employee subscription	November 4, 2022	36 thousand shares	-	Immediately vested

B. Details of the above-mentioned share-based payment arrangement are as follows:

	For the year ended December 31, 2022	
	Number of stock option	Weighted average exercise price of stock options (NT$)
Outstanding at beginning of period	-	$-
Granted	36	49.0
Exercised	(36)	49.0
Outstanding at end of period	-	-
Exercisable at end of period	-	-

C. The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock option for the share-based payment transaction on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Share price	Exercise price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase and retained employee subscription	November 4, 2022	53.3	49	10.48%	0.01 years	-	0.78%	NT$4.3038

D. Details of the above-mentioned share-based payment arrangement are as follows:

For the years ended December 31, 2023 and 2022, the Company's expenses arising from the equity-settled share-based payment transaction amounted to NT$0 thousand and NT$155 thousand, respectively.

(15) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Revenue from information software and hardware products	$125,276	$336,827
Service revenue	287,086	283,606
Total	$412,362	$620,433

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022, which could be classified into the following main regions:

A. Disaggregation of revenue

For the year ended December 31, 2023

	Taiwan region	Hong Kong and Macao regions	Other regions	Total
Timing of revenue recognition:				
At a point in time	$351,385	$3,833	$1,503	$356,721
Over time	55,641	-	-	55,641
Total	$407,026	$3,833	$1,503	$412,362

For the year ended December 31, 2022

	Taiwan region	Hong Kong and Macao regions	Other regions	Total
Timing of revenue recognition:				
At a point in time	$569,983	$3,675	$1,439	$575,097
Over time	45,336	-	-	45,336
Total	$615,319	$3,675	$1,439	$620,433

B. Contract balances

Contract liabilities, current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$14,444	$18,813	$20,958

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	$7,207	$8,248
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,838	6,103

The period between the transfers of contract liabilities to revenue is usually within one year, thus, there was no performance obligation that has not been met and no asset was recognized from costs to fulfill a contract with the customer.

(16) Expected credit losses (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit (gains) losses		
Notes receivables	$(20)	$(11)
Trade receivables	(1,797)	1,242
Finance lease receivable and long-term finance lease receivable	(22)	(31)
Total	$(1,839)	$1,200

Please refer to Note 12 for more details on credit risk.

The credit risks for the Company's financial assets measured at amortized cost as of December 31, 2023 and 2022 are assessed as low (the same as the assessment result as of January 1, 2022). Therefore, the loss allowance is both measured at an amount equal to 12-month expected credit losses (loss rate is 0%).

The Company measures the loss allowance of its trade receivables (including note receivables, trade receivables, finance lease receivable and long-term finance lease receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 is as follows:

	Not yet due	Overdue 0-90 days	Overdue 91-180 days	Overdue 181 Days	Total
As of December 31, 2023					
Expected loss rates	0.03%~0.16%	24.63%	53.75%	100.00%	
Total carrying amount	107,308	869	-	-	108,177
Loss allowance	33	214	-	-	247

	Not yet due	Overdue 0-90 days	Overdue 91-180 days	Overdue 181 Days	Total
As of December 31, 2022					
Expected loss rates	0.03%~0.14%	14.20%	56.08%	100.00%	
Total carrying amount	164,028	13,094	255	-	177,377
Loss allowance	83	1,858	145	-	2,086

The movement in the provision for impairment of note receivables, trade receivables finance lease receivable and long-term finance lease receivable for the years ended December 31, 2023 and 2022 is as follows:

	Notes receivables	Trade receivables	Finance lease receivable and long-term finance lease receivable
As of January 1, 2023	$65	$1,965	$56
Addition/(reversal) for the current period	(20)	(1,797)	(22)
As of December 31, 2023	$45	$168	$34

	Notes receivables	Trade receivables	Finance lease receivable and long-term finance lease receivable
As of January 1, 2022	$76	$723	$87
Addition/(reversal) for the current period	(11)	1,242	(31)
As of December 31, 2022	$65	$1,965	$56

(17) Leases

A. The Company as a lessee

The underlying assets leased by the Company included buildings and company cars, and the term of lease contracts usually ranged from 1 to 5 years. The Company's lease contracts were individually negotiated and contain various terms and conditions.

The lease term did not exceed 12 months, and leases of low-value underlying assets were multi-function printers and warehouses.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Buildings	$3,741	$326
Miscellaneous equipment (company cars)	2,886	881
Total	$6,627	$1,207

For the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounted to NT$9,742 thousand and NT$0 thousand, respectively.

(ii) Leases liabilities

	As of December 31,	
	2023	2022
Current	$4,882	$1,225
Non-current	1,778	-
Total	$6,660	$1,225

Please refer to Note 6 (19)(D) Financial Cost for the interest on lease liabilities recognized for the years ended December 31, 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charged for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings	$2,682	$2,170
Miscellaneous equipment (company cars)	1,640	1,510
Total	$4,322	$3,680

(c) Rental expenditure relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	$584	$805

(d) Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to NT$4,976 thousand and NT$4,472 thousand, respectively.

B. The Company as a lessor

The Company signed lease contracts for digital printing assets and multi-function printers, the lease term ranged from 1 to 9 years, and the lease contracts were individually negotiated and contained various terms and conditions. Leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Company leased the digital printing assets under finance leases. The profit or loss related to the lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Lease income for finance leases	$1,370	$2,077

Analysis of the maturity date of the undiscounted lease payments leased by the Company under finance leases is as follows:

	As of December 31,	
	2023	2022
2023	$-	$22,528
2024	12,338	12,338
2025	12,490	12,490
2026	11,168	11,168
2027	4,556	4,556
After 2028	2,278	2,278
Total undiscounted lease payments	$42,830	$65,358
Undiscounted lease payments	$42,830	$65,358
Unearned finance income	(1,782)	(3,151)
Gross carrying amount	41,048	62,207
Loss allowance - Finance lease receivable and long-term finance lease receivable	(34)	(56)
Net investment in the lease	$41,014	$62,151
Current	$11,412	$21,103
Non-current	$29,602	$41,048

Operating leases

Please refer to Note 6 (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Not later than one year	$2,378	$1,786
Later than one year but not later than two years	-	-
Total	$2,378	$1,786

(18) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended March 31, 2023 and 2022:

By function / By nature	For the years ended December 31,					
	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	$-	$40,497	$40,497	$-	$48,910	$48,910
Labor and health insurance	-	4,298	4,298	-	4,406	4,406
Pension	-	2,495	2,495	-	2,023	2,023
Remuneration to directors	-	2,399	2,399	-	2,853	2,853
Other employee benefits expense	-	1,734	1,734	-	2,990	2,990
Depreciation	-	7,892	7,892	-	7,498	7,498
Amortization	-	190	190	-	609	609

The average number of employees of the Company was 40 and 54 for the years ended December 31, 2023 and 2022, respectively, both including 7 non-employee directors.

Information on average employee benefits and salaries and wages is as follows:

	For the years ended December 31,	
	2023	2022
Average employee benefits expense	$1,486	$1,409
Average salaries and wages	$1,227	$1,209

The average salaries and wages for the year ended December 31, 2023 increased by 1.49% compared to the adjustment changes for the year ended December 31, 2022.

The remuneration to supervisors for the years ended December 31, 2023 and 2022 both amounted to NT$0 thousand. As the Company has an audit committee, no remuneration to supervisors needs to be paid.

The Company's remuneration to directors is paid in accordance with the "Remuneration Payment Methods for Directors and Functional Committee Members." No higher than 3% of the profit for the current is distributable as the remuneration to directors in accordance with the Company's Articles of Incorporation, and the remuneration to directors shall be distributed according to the distribution ratio stipulated in these measures. The Company's independent directors do not receive remuneration to directors; the remuneration to CEOs, general managers and deputy general managers includes salary, bonus and employee compensation, and is determined based on the positions held, responsibilities and the degree of contribution to the Company with reference to industry standards; the procedure for determining remuneration is also determined in accordance with the Company's Articles of Incorporation and decision-making authority.

The company established a remuneration committee to assist the Board of Directors in formulating the remuneration to directors and managers and the Company's remuneration policies. In accordance with the Articles of Incorporation, and the operation of the remuneration committee and the Board of Directors, the Company will review the remuneration to directors and managers based on their participation in the Company's operations and the value of their contributions, and reduce the possibility and relevance of future risks to the minimum in order to strike a balance between the Company's sustainable operations and risk control. The Company's compensation and benefits are equivalent to the upper level of the market average in the same industry, and are determined based on employees' experience, qualifications and value of the position they are applying for. The Company's compensation and benefits are higher than the basic salary under the Labor Standards Act and do not differ by gender, age, nationality or race. Every year, the Company considers individual performance contributions as the basis for evaluation of salary increases, variable bonuses, remuneration and other rewards. The Company has planned a complete grade and rank system, which is applicable to both male and female employees without distinction; furthermore, the Company conducts performance evaluation twice a year. The purpose of the evaluation is not only to review work results, but also to coach employees to improve their academic abilities. The rewards and remuneration to supervisors at associate level and above are more directly linked to the organization's operating performance, and senior supervisor welfare management measures was formulated to enhance the security and centripetal force of supervisors. In addition to rewarding employees for their hard work, various rewards and remuneration methods also acknowledge their commitment to their positions and their collaborative efforts with the Company to achieve operational goals.

According to the Articles of Incorporation, no lower than 4%~11% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 according to the percentage stipulated in the Articles of Incorporation. As such, the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 amounted to NT$11,997 thousand and NT$2,399 thousand, respectively, which were recognized as employee benefits expenses. Based on the profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 according to the percentage stipulated in the Articles of Incorporation. As such, the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amounted to NT$14,263 thousand and NT$2,853 thousand, respectively, which were recognized as employee benefits expenses.

A resolution was passed in the board meeting held on March 7, 2024 to distribute NT$11,997 thousand and NT$2,399 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023.

A resolution was passed in the board meeting held on March 3, 2023 to distribute NT$14,263 thousand and NT$2,853 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Investment income on finance leases	$1,370	$2,077
Interest on bank deposits	1,296	1,222
Other interest income	9	-
Total	$2,675	$3,299

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	$5,339	$7,019
Rental income	2,378	1,786
Other revenue	1,040	878
Total	$8,757	$9,683

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange (losses) gains, net	$(134)	$2,583
Gains on disposals of intangible assets	-	235
Gains on disposal of investments	-	205
Total	$(134)	$3,023

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	$10,909	$8,558
Interest on lease liabilities	85	37
Total	$10,994	$8,595

(20) Components of other comprehensive income

Other comprehensive income for the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(4,899)	$-	$(4,899)	$-	$(4,899)

Other comprehensive income for the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$625	$-	$625	$(126)	$499
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(521)	-	(521)	-	(521)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	101,392	-	101,392	-	101,392
Total	$101,496	$-	$101,496	$(126)	$101,370

(21) Income tax

The major components of income tax expense (income) for the years ended December 31, 2023 and 2022 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax payable	$37,601	$20,985
Higher estimates of income tax in previous fiscal years	(39)	(591)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	2,881	(1,143)
Income tax expense	$40,443	$19,251

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit obligation	$-	$(126)
Income tax relating to components of other comprehensive income	$-	$(126)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Profit (loss) before tax from continuing operations	$285,532	$339,452
Tax at the domestic rates applicable to profits in the country concerned	$57,106	$67,890
Tax effect of revenues exempt from taxation	(53,685)	(49,081)
Tax effect of deferred tax assets/liabilities	(2,881)	1,143
Profit-seeking enterprise income tax on undistributed earnings	3,946	-
Adjustments in respect of current income tax of prior periods	(39)	(591)
Other income tax adjustments in accordance with the tax laws and regulations	35,996	(110)
Total income tax expense recognized in profit or loss	$40,443	$19,251

Deferred tax assets (liabilities) relating to the following:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Excess losses on doubtful debts	$1,365	$-	$-	$1,365
Inventory valuation losses	3,190	(2,847)	-	343
Allowance for unused leaves	467	-	-	467
Unrealized gross margin	177	(419)	-	(242)
Excess pension	585	-	-	585
Impairment loss	1,277	-	-	1,277
Unrealized foreign exchange gains	(357)	385	-	28
Employee benefits	(1,100)	-	-	(1,100)
Deferred tax income (expense)		$(2,881)	$-	
Net deferred tax assets (liabilities)	$5,604			$2,723
Information expressed in balance sheet as follows:				
Deferred tax assets	$7,061			$4,065
Deferred tax liabilities	$1,457			$1,342

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Excess losses on doubtful debts	$1,365	$-	$-	$1,365
Inventory valuation losses	1,903	1,287	-	3,190
Allowance for unused leaves	467	-	-	467
Unrealized gross margin	32	145	-	177
Excess pension	585	-	-	585
Impairment loss	1,277	-	-	1,277
Unrealized foreign exchange gains	(68)	(289)	-	(357)
Employee benefits	(974)	-	(126)	(1,100)
Deferred tax income (expense)		$1,143	$(126)	
Net deferred tax assets (liabilities)	$4,587			$5,604
Information expressed in balance sheet as follows:				
Deferred tax assets	$5,629			$7,061
Deferred tax liabilities	$1,042			$1,457

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is approved to 2021.

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$245,089	$320,201
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	62,089	58,305
Basic earnings per share (NT$)	$3.95	$5.49

	For the years ended December 31,	
	2023	2022
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$245,089	$320,201
Effect of dilution:		
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	62,089	58,305
Employee compensation－stock (in thousands)	216	306
Weighted average number of ordinary shares outstanding after dilution (in thousands)	62,305	58,611
Diluted earnings per share (NT$)	$3.93	$5.46

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Name and nature of relationship of the related parties

Name of the related parties	Name of the related parties
GoldSun Application Technology Co., Ltd.	Subsidiary
Cogate Co., Ltd.	Subsidiary
GrandTech Cloud Services Inc.	Subsidiary
DeepStone Digital Technology Co., Ltd.	Subsidiary
Abico Digital Imaging Inc.	Subsidiary
GrandTech (B.V.I) Inc.	Subsidiary
GrandTech (Cayman) Inc.	Subsidiary
Netcore Network Communication Corp.	Sub-subsidiary
Topteam Information Co., Ltd. (Note)	Sub-subsidiary
GrandTech Systems Limited	Sub-subsidiary
GrandTech (China) Limited	Sub-subsidiary
GrandTech International (Shanghai) Ltd.	Sub-subsidiary
Ji Lu Shu Ma Technology (Shanghai) Ltd.	Sub-subsidiary
GrandTech Systems Pte Limited	Sub-subsidiary
PT. GrandTech Systems Indonesia	Sub-subsidiary
GTMY Sdn. Bhd.	Sub-subsidiary
Senco-Masslink Technology Limited	Sub-subsidiary
GrandTech Systems Sdn. Bhd.	Sub-subsidiary
DPI Technology Sdn. Bhd.	Sub-subsidiary
GrandTech India Pvt Ltd	Sub-subsidiary
GrandTech Cloud Services Japan Co., Ltd.	Sub-subsidiary

Note: The company was dissolved due to a merger on November 3, 2022.

Significant transactions with the related parties

(1) Sales of merchandise and rendering of services

	For the years ended December 31,	
	2023	2022
Subsidiaries	$8,861	$8,601
Sub-subsidiaries	5,336	5,145
Total	$14,197	$13,746

The transaction price and collection terms of merchandise sales are not significantly different from those with non-related parties. The rendering of services is negotiated with related parties on a cost-plus basis, with sales profits ranging from approximately 3% to 10%.

(2) Purchases

	For the years ended December 31,	
	2023	2022
Subsidiaries	$158	$29
Sub-subsidiaries	383	2,380
Total	$541	$2,409

Merchandise and services are purchased from other related parties according to standard commercial terms and conditions.

(3) Other income

	For the years ended December 31,	
	2023	2022
Subsidiaries	$1,993	$1,646
Sub-subsidiaries	305	60
Total	$2,298	$1,706

(4) Other payables

	As of December 31,	
	2023	2022
Subsidiaries	$21	$99

(5) Property transactions

A. Disposal of intangible assets

	For the years ended December 31,			
	2023		2022	
	Disposal price	(Loss) gain on disposal	Disposal price	(Loss) gain on disposal
Subsidiaries	$-	$-	$3,255	$235

B. Acquisition of financial assets

	Accounts	Number of shares traded (in Thousands)	Counterparty	For the year ended December 31, 2022 Transaction price
Subsidiaries				
Cash capital increase	Investments accounted for using equity method	4,000	GrandTech Cloud	$40,000

Key management personnel compensation

	For the years ended December 31, 2023	2022
Short-term employee benefits	$14,768	$16,918
Post-employment benefits	230	233
Total	$14,998	$17,151

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Items	Carrying Amount As of December 31, 2023	2022	Secured liabilities
Property, plant and equipment			
Land	$90,581	$90,581	Short-term borrowings
Buildings	12,826	12,694	Short-term borrowings
Total	$103,407	$103,275	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2023, the Company's guaranteed bills issued for the bank loans amounted to NT$1,320,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial asset at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$100,755	$100,755
Financial assets measured at fair value through other comprehensive income	8,479	8,479
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand and revolving funds)	79,590	111,817
Notes receivables	15,030	14,814
Trade receivables	51,886	98,326
Finance lease receivable and long-term finance lease receivable	41,014	62,151
Refundable deposits	3,365	3,631
Total	$300,119	$399,973

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost		
Short-term borrowings	$750,000	$540,000
Payables	32,086	76,402
Other payables	101,938	123,530
Leases liabilities (including non-current)	6,660	1,225
Total	$890,684	$741,157

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and HKD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT$58 thousand and NT$386 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily relates to the Company's bank loans at variable interest rates, which exposes the Company to interest rate risk of cash flows.

The Company simulates multiple scenarios and analyzes interest rate risks, including considering refinancing, renewal of existing contracts, other available financing and hedging, etc., to calculate the effect of changes in specific interest rates on profit or loss. The same interest rate movement is applied to all currencies for each simulation scenario. These simulation scenarios are only applied to material liabilities of interest calculation.

When the interest on borrowings of New Taiwan Dollars increases or decreases by 1%, and all other factors remain unchanged, the profit after tax for the years ended December 31, 2023 and 2022 would decrease/increase by NT$6,700 thousand and NT$4,320 thousand, respectively. This is mainly caused by the changes in interest expenses due to loans at variable interest rates.

Equity price risk

The Company's equity instruments exposed to price risk are financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the price risk of equity instrument investments by diversifying its investment portfolio in an approach based on the limit set by the Company.

The Company mainly invests in the equity instruments issued by the domestic companies. The prices of these equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment objectives. When the price of the equity instrument increases or decreases by 10%, and all other factors remain unchanged, the gains or losses on the profit after tax for the years ended December 31, 2023 and 2022 arising from the equity instruments measured at fair value through profit or loss would increase/decrease by NT$10,076 thousand and NT$10,076 thousand, respectively; gains or losses on other comprehensive income arising from classification as equity investments measured at fair value through other comprehensive income would increase/decrease by NT$848 thousand and NT$848 thousand, repectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for Accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. The loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Borrowings	$751,043	$-	$-	$-	$751,043
Payables	32,086	-	-	-	32,086
Other payables	101,938	-	-	-	101,938
Leases liabilities	4,947	1,784	-	-	6,731

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Borrowings	$540,625	$-	$-	$-	$540,625
Payables	76,402	-	-	-	76,402
Other payables	123,530	-	-	-	123,530
Leases liabilities	1,228	-	-	-	1,228

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of the liabilities for the year ended December 31, 2023 is as follows:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2023	$540,000	$1,225	$541,225
Cash flows	210,000	(4,392)	205,608
Non-cash changes	-	9,827	9,827
As of December 31, 2023	$750,000	$6,660	$756,660

Reconciliation of the liabilities for the year ended December 31, 2022 is as follows:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2022	$660,000	$4,892	$664,892
Cash flows	(120,000)	(3,667)	(123,667)
Non-cash changes	-	-	-
As of December 31, 2022	$540,000	$1,225	$541,225

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial asset at fair value through profit or loss	$-	$-	$100,755	$100,755
Financial assets measured at fair value through other comprehensive income Equity securities	$-	$-	$8,479	$8,479

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial asset at fair value through profit or loss	$-	$-	$100,755	$100,755
Financial assets measured at fair value through other comprehensive income Equity securities	$-	$-	$8,479	$8,479

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of changes in Level 3 of the recurring fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Stocks	Stocks	Subtotal
As of January 1, 2023	$100,755	$8,479	$109,234
Total profit (loss) for the year ended December 31, 2023:			
Amount recognized in profit or loss (presented in "other profit or loss")	-	-	-
Acquisition/Issue for the year ended December 31, 2023	-	-	-
As of December 31, 2023	$100,755	$8,479	$109,234

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Stocks	Stocks	Subtotal
As of January 1, 2022	$100,755	$11,000	$111,755
Total profit (loss) for the year ended December 31, 2022:			
Amount recognized in profit or loss (presented in "other profit or loss")	-	(521)	(521)
Acquisition/Issue for the year ended December 31, 2022	-	-	-
Disposal/Settlement for the year ended December 31, 2022	-	(2,000)	(2,000)
As of December 31, 2022	$100,755	$8,479	$109,234

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023:

	Fair Value	Valuation techniques	Significant unobservable inputs	Relationship between inputs and fair value
Non-derivative financial instruments:				
Unlisted companies stocks	$109,234	Comparable to the Company Act of Exchange-Listed and OTC-Listed Companies	Price earnings ratios multiplier	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value

As of December 31, 2022:

	Fair Value	Valuation techniques	Significant unobservable inputs	Relationship between inputs and fair value
Non-derivative financial instruments:				
Unlisted companies stocks	$109,234	Comparable to the Company Act of Exchange-Listed and OTC-Listed Companies	Price earnings ratios multiplier	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value

The Company selects the valuation model and valuation parameters after careful assessment. However, using different valuation models or valuation parameters may lead to different valuation results. For financial assets classified as Level 3, when there are changes in valuation parameters, the effect of the current profit or loss, or other comprehensive income is as follows:

			As of December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Discount for lack of marketability	±1%	$1,008	$(1,008)	$85	$(85)

			As of December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Discount for lack of marketability	±1%	$1,008	$(1,008)	$85	$(85)

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$758	30.735	$23,284
Financial liabilities			
Monetary items:			
USD	569	30.735	17,494

	As of December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$3,653	30.71	$112,184
Financial liabilities			
Monetary items:			
USD	2,079	30.71	63,846

Due to the wide variety of functional currencies of the Company, it is not possible to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (losses) gains amounted to NT$(134) thousand and NT$2,583 thousand for the years ended December 31, 2023 and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information on significant transactions

A. Financing provided to others: Please refer to Attachment 1.
B. Endorsement/Guarantee provided to others: None.
C. Marketable securities held at the end of the period (excluding the portion held due to investment in a subsidiary or an associate): Please refer to Attachment 2.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: Please refer to Attachment 3.
E. Acquisition of real estate exceeding the lower of NT$300 million or 20 percent of paid-in capital: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.
G. Purchases or sales of goods from or to related parties exceeding the lower of NT$100 million or 20 percent of paid-in capital: None.
H. Trade receivables from related parties exceeding the lower of NT$100 million or 20 percent of paid-in capital: None.
I. Financial instruments and derivative transactions: Please refer to Attachment 3.
J. Significant inter-company transactions between consolidated entities: Please refer to Attachment 4.

(2) Information on investees

Names, locations and related information of investee companies (excluding investees in Mainland China): Please refer to Attachment 5.

(3) Information on investments in mainland China

A. Please refer to Attachment 6 for the basic information.

B. Significant direct or indirect transactions with the investee, its prices, terms of payment and unrealized gain or loss: None.

(a) Amount and percentage of purchases, and ending balance and percentage of related payables: None.
(b) Amount and percentage of sales, and ending balance and percentage of related receivables: None.
(c) Property transactions and the amount of profit or loss generated therefrom: None.
(d) Ending balance and purpose of endorsements/guarantees or collaterals: None.
(e) The maximum balance, ending balance, interest rate and total current interest of financing: None.
(f) Other transactions that have a significant influence on current profit or loss, or financial position, such as rendering or receipt of services: None.

(4) Information on major shareholders

Names, number of shares held and percentage of ownership for the Company’s shareholders that hold more than 5%: Please refer to Attachment 7.

Attachment 1: Financings provided to others

Unit: Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Counterparty	Account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchase from) counterparty (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counterparty (Note 7)	Limit of total financing amount (Note 7)
													Name	Value		
1	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	Other receivables from related parties	Yes	$70,079	$36,882	$9,221	4%	Short-term financing	$-	Working capital for operations	$-	None	$-	$83,152	$166,303
1	GrandTech Cloud Services Inc.	GrandTech Cloud Services Japan Co., Ltd.	Other receivables from related parties	Yes	$1,304	$1,304	$-	1.20%	Short-term financing	$-	Working capital for operations	$-	None	$-	$83,152	$166,303

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Items recorded include trade receivables from associates, receivables from related parties, shareholder transactions, prepayments, advances, and similar items. If these items are of a nature involving financing provided to others, fill in the field.

Note 3: Fill in the maximum balance of funds provided to others for the year ended December 31, 2023.

Note 4: The columns of the nature of financing shall be filled in an investee company that has a business relationship with the parent, or that has a need for short-term financing.

Note 5: Fill in the amount of sales to (purchase from) a counterparty for financing categorized as business transactions. The amount of business transactions refers to the amount of business transactions between the company lending funds and the entity to which the company may loan funds in the most recent year.

Note 6: Where short-term financing is needed, the reasons for and use of such loans shall be enumerated, e.g., repayment for borrowings, acquisition of equipment, working capital for operations, etc.

Note 7: The column shall be filled in limit of financing amount and limit of total financing amount set for the individual counterparty based on the company's procedures for financings provided to others, and the calculation method of the limit of total financing amount lending to the individual counterparty shall be explained in the Note column.

(1) When financing to the counterparty with which there are business transactions, the limit of total financing amount shall not exceed 40% of the lender's net worth. For individual counterparty, the limit shall be lower than the accumulated transaction amount between the two parties in the most recent fiscal year.

The term "transaction amount" refers to the higher of the purchase or sale amount between the two parties.

(2) When financing to the counterparty who has a need for short-term financing, the limit of financing provided shall not exceed 40% of the lender's net worth. For individual counterparty, the limit shall be lower of 20% of the lender's net worth.

Note 8: In accordance with Paragraph 1, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and loans of funds between the public company and its parent company or subsidiaries, or between its subsidiaries shall be submitted for a resolution by the board of directors, even if the disbursement has not yet occurred, the board-approved amount shall be disclosed as a reported balance to disclose the assumed risk. Subsequently, upon repayment of the funds, the adjusted remaining balance shall be disclosed to reflect risk adjustments. In the case where a public company operates under Paragraph 2, Article 14 of the regulation, authorizing the chairman of the board to disburse funds incrementally within a certain limit and over a one-year period, the announced reported balance shall be based on the board-approved amount. After the fund is repaid, considering the possibility of further disbursements, the reported balance shall continue to reflect the board-approved fund lending limit.

Attachment 2: Marketable securities held at the end of the period

Unit: Thousands of New Taiwan Dollars and foreign currencies

Name of the company held	Securities Type and Name (Note 1)	Relationship (Note 2)	Financial statement account	As of December 31, 2023				Note (Note 4)
				Number of shares	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value	
GrandTech C.G. Systems Inc.	Abico Asia Capital Corporation - Unlisted stocks	-	Financial assets measured at fair value through other comprehensive income, non-current	800,000	$8,479	0.52%	$8,479	
GrandTech C.G. Systems Inc.	HONLYNN CO., LTD.	-	Financial assets at fair value through profit or loss, non-current	4,342,000	89,613	17.94%	89,613	
GrandTech C.G. Systems Inc.	Ovomedia Creative Inc.	-	Financial assets at fair value through profit or loss, non-current	900,000	11,142	8.19%	11,142	
GrandTech C.G. Systems Inc.	TRANS-IOT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, non-current	424,000	-	6.79%	-	
GrandTech (B.V.I.) Inc.	ABICO OPTICAL(HK)	-	Financial assets at fair value through profit or loss, non-current	143	-	14.36%	-	
GrandTech Systems Pte Limited	GT ECO SOLUTIONS PTE.LTD.	-	Financial assets designation as measured at fair value through profit or loss, non-current	2,345	-	19.00%	-	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	40,204	-	40,204	
GrandTech (Cayman) Inc.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	10,423	-	10,423	
GrandTech (China) Ltd.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	8,908	-	8,908	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	33,815	-	33,815	
GrandTech (Cayman) Inc.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	8,454	-	8,454	
GrandTech (China) Ltd.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	6,099	-	6,099	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - IVP Annex I LLC	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	7,684	-	7,684	

Note 1: "Financial instruments" as referred to in this table includes stocks, bonds, beneficiary certificate, and securities derived from the aforementioned items, within the scope of IFRS 9 Financial Instruments.

Note 2: Not required if the issuer of securities is not a related party.

Note 3: For items measured at fair value, please fill in the adjusted carrying amount after fair value assessment and deduction of accumulated impairments in "Carrying amount" column. For items not measured at fair value, please fill in the carrying amount after deducting accumulated impairments from the original cost or amortized cost in "Carrying amount" column.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Attachment 3: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital

Unit: Thousands of New Taiwan Dollars

Purchaser/Seller	Type and name of the securities (Note 1)	Financial statement account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Purchased (Note 3)		Sold (Note 3)				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain (loss) on disposal	Number of shares	Amount
GrandTech International (Shanghai) Ltd.	Fubon Bank (China) Co., Ltd. Principal-guaranteed financial products	Financial assets at fair value through profit or loss, current	Fubon Bank (China) Co., Ltd.	None	-	$-	-	$538,168	-	$541,569	$538,168	$3,401	-	$-

Note 1: "Financial instruments" as referred to in this table includes stocks, bonds, beneficiary certificate, and securities derived from the aforementioned items.

Note 2: Investors recognized the marketable securities as investments accounted for using equity method are required to fill in these two columns, and others may leave these blank.

Note 3: The accumulated purchase and sale amounts should be calculated separately based on the market prices to determine whether they reach NT$300 million or 20 percent of the paid-in capital or more.

Note 4: Paid-in capital refers to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or par value other than NT$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Attachment 4: Significant inter-company transactions between consolidated entities

Unit: Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction details			
				Accounts	Amount	Transaction terms	Percentage of consolidated net revenues or total assets (Note 3)
0	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Sales revenue	$205,385	Subject to general terms	3.94%
1	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Trade receivables	31,021	Subject to general terms	0.96%
2	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Other receivables	9,221	Subject to general terms	0.28%
3	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Sales revenue	73,497	Subject to general terms	1.41%
4	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Trade receivables	44,317	Note 5	1.37%

Note 1: The information of significant transactions and amounts between the Company and subsidiaries are coded as follows:

(1) The parent company is numbered "0".

(2) The subsidiaries are numbered by company from Arabic number 1 in order.

Note 2: There are the following three types of relationships with traders, please indicate the type. (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

(1) Parent company to subsidiaries.

(2) Subsidiaries to parent company.

(3) Subsidiaries to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: “Significant inter-company transactions”as referred to in this table may be disclosed based on the company’s principle of materiality. Therefore, it is hereby disclosed if the amount of the account reaches NT$100 million or 20% of the paid-in capital or more.

Note 5: Trade receivables and the corresponding trade payables are collected and paid on a net basis, allowing for renegotiation of the collection schedule upon maturity.

Attachment 5: Names, locations and related information of investee companies (excluding investees in Mainland China)

Unit: Thousands of New Taiwan Dollars

Investor	Investee (Notes 1, 2)	Location	Main businesses and products	Initial investment amount		As of December 31, 2023			Net income (losses) of the investee	Investment income (loss) recognized	Note
				As of December 31, 2023	As of December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount			
GrandTech C.G. Systems Inc.	GrandTech (B.V.I.) Inc.	BVI	Holding company	$122,613	$122,613	4,000,000	100.00%	$1,088,526	$140,323	$140,323	Subsidiary
GrandTech C.G. Systems Inc.	GrandTech (Cayman) Inc.	Cayman Islands	Holding company	67,251	67,251	1,922,000	100.00%	373,850	49,984	49,984	Subsidiary
GrandTech C.G. Systems Inc.	Abico Digital Imaging Inc.	Taiwan	Trading of computers, optical products, etc.	764	764	100,000	100.00%	(315)	-	-	Subsidiary
GrandTech C.G. Systems Inc.	DeepStone Digital Technology Co., Ltd.	Taiwan	Book publishing	11,241	36,351	2,447,440	81.00%	21,948	(6,830)	(5,533)	Subsidiary
GrandTech C.G. Systems Inc.	Cogate Co., Ltd.	Taiwan	Trading of various microcomputers, office computers, industrial computers and computer software	18,438	18,438	1,377,000	51.00%	25,250	9,308	4,747	Subsidiary
GrandTech C.G. Systems Inc.	GoldSun Application Technology Co., Ltd.	Taiwan	Sales agent for trading of computer software and electronic products	27,250	27,250	2,000,000	100.00%	22,504	(2,316)	(2,316)	Subsidiary
GrandTech C.G. Systems Inc.	GrandTech Cloud Services Inc.	Taiwan	Cloud services	154,000	154,000	15,148,113	75.14%	312,401	76,357	50,771	Subsidiary
GrandTech C.G. Systems Inc.	Senco-Masslink Solutions Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	-	-	-	55.00%	-	-	-	Subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	43,727	43,727	988,000	76.71%	142,960	100,569	77,146	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech(China)Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	135,810	135,810	34,320,000	60.09%	106,107	3,602	2,164	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech India Private Limited	India	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	9,321	9,321	1,200,000	100.00%	2,125	76	76	Sub-subsidiary
GrandTech (B.V.I.) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	54,450	54,450	491,011	33.00%	94,220	78,798	26,003	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Sdn. Bhd.	Malaysia	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	135,999	135,999	16,948,630	88.00%	162,746	7,805	6,868	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	13,276	13,276	300,000	23.29%	43,404	100,569	23,422	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech(China)Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	116,241	116,241	22,796,000	39.91%	70,473	3,602	1,438	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Pte Limited	Singapore	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	76,948	76,948	43,499,455	100.00%	19,672	(3,586)	(3,586)	Sub-subsidiary
GrandTech (Cayman) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	36,300	36,300	327,340	22.00%	62,813	78,798	17,336	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Sdn. Bhd.	Malaysia	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	18,464	18,464	2,311,180	12.00%	22,193	7,805	937	Sub-subsidiary
GrandTech Systems Pte Limited	PT.GrandTech Systems Indonesia	Indonesia	Warehousing, wholesale and international trade	23,139	23,139	7,600	100.00%	4,192	(1,021)	(1,021)	Sub-subsidiary
GrandTech Systems Sdn.Bhd.	DPI Technology Sdn. Bhd.	Malaysia	Trading of various computers and relevant electronic products	44,931	44,931	312,000	52.00%	49,212	8,249	4,289	Sub-subsidiary
GrandTech Systems Sdn.Bhd.	GTMY SDN. BHD.	Malaysia	Sales agent for graphics and imaging-related computer software and peripheral equipment	6,222	6,222	800,000	100.00%	3,677	(78)	(78)	Sub-subsidiary
DPI Technology Sdn. Bhd.	DPI Technology Pte Ltd.	Singapore	Trading of various computers and relevant electronic products	3,193	3,193	300,000	100.00%	24,109	2,638	2,638	Sub-subsidiary
GrandTech Cloud Services Inc.	Grandtech Cloud Service (HK) Limited	Hong Kong	Cloud services	35,818	35,818	9,000,000	100.00%	38,116	5,958	5,958	Sub-subsidiary
GrandTech Cloud Services Inc.	Netcore Network Communication CORP.	Taiwan	Internet-related computer software	31,500 (Note 3)	31,500 (Note 3)	2,530,000	63.25%	47,283	23,918	15,129	Sub-subsidiary
GrandTech Cloud Services Inc.	GrandTech Cloud Services Japan Co., Ltd.	Japan	Cloud services	2,247	-	1,000	100.00%	12	(2,209)	(2,209)	Sub-subsidiary

Note 1: For public company that has foreign holding subsidiaries and are required to primarily prepare consolidated financial statements in accordance with local regulations, disclosure of information related to foreign investee companies may be limited to relevant details pertaining to those subsidiaries.

Note 2: For circumstances not listed in Note 1, filled in by the following rules:

(1) The columns of "Investee", "Address", "Main businesses and products", "Initial investment" and "Investment as of December 31, 2023" shall be filled in the Company's investment to the subsidiaries' re-investment in corresponding order, and indicate the relationship in the Notes.

(2) The column of "Net income (loss) of investee company" shall be filled in amount of net profit (loss) of the investee for the current period.

(3) In column of "Investment income (loss) recognized", it is only required to fill in the Investment income (loss) of each subsidiary recognized by the Company (public company) for direct investment in each subsidiaries and each investee accounted for under equity method, and the rest is not required. When filling in the "Net income (loss) of investee company", please confirm that the current income (loss) of each subsidiary has included the investment income (loss) that should be recognized by its reinvestment in accordance with laws and regulations.

Note 3: The Company transferred the shares of Netcore Network Communication CORP. to the subsidiary, GrandTech Cloud Services Inc., in the amount of NT$31,500 thousand on November 9, 2018.

Attachment 6:

1. Investee company name, main business and products, total amount of paid-in capital, method of investment, accumulated inflow and outflow of investments from Taiwan, investment income (loss), carrying amount of investments and cumulated inward remittance of earnings in Mainland China:

Unit: Thousands of New Taiwan Dollars and foreign currencies

Investees	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan at the beginning of the period	Investment flows		Accumulated outflow of investment from Taiwan at the end of the period	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) (Note 2)	Carrying value at the end of the period	Accumulated inward remittance of earnings at the end of the period	Note
					Outflow	Inflow							
GrandTech Subsidiary in Guangzhou	Data processing and supply services	$9,386	2	$7,595	$-	$-	$7,595	$-	100.00%	$-	$268	$-	Note 2(2)C and Note 4
GrandTech International (Shanghai) Ltd.	Warehousing, wholesale and international trade	163,072	2	163,072	-	-	163,072	2,053	100.00%	2,053	149,956	-	Note 2(2)C and Note 4
Ji Lu Shu Ma Technology (Shanghai) Ltd.	Warehousing, wholesale and international trade	21,952	2	21,952	-	-	21,952	(719)	100.00%	(719)	6,318	-	Note 2(2)C and Note 5

2. Upper limit on investment in Mainland China:

Company name	Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 6)
GrandTech Subsidiary in Guangzhou	$7,595	$10,919	$1,008,108
GrandTech International (Shanghai) Ltd.	163,072	163,072	
Ji Lu Shu Ma Technology (Shanghai) Ltd.	21,952	21,952	

Note 1: Investment in China includes the following methods of investment:

(1) Investment in China companies by remittance through a third region.

(2) Indirect investment in Mainland China through companies registered in a third region.

(3) Other methods of investing in China.

Note 2: In the Investment income (loss) recognized column:

(1) If it is in the preparation stage and has not generated investment gains or losses yet, it shall be clearly indicated.

(2) Investment gain and loss recognition bases are classified into the following three types, and shall be indicated:

A. Financial statements reviewed by an international accounting firm in collaboration with a Taiwanese CPA firm.

B. Financial statements reviewed by the CPA of the parent company in Taiwan.

C. Others.

Note 3: The figures in this table shall be presented in New Taiwan Dollars.

Note 4: It is an indirect investment by GrandTech (China) Limited through the joint investment of GrandTech (B.V.I.) Inc. and GrandTech (Cayman) Inc.

Note 5: It is an indirect investment through GrandTech International (Shanghai) Ltd.

Note 6: According to the regulations stipulated by the Department of Investment Review, MOEA, the Company's upper limit on investment in Mainland China is calculated based on 60% of net worth or consolidated net worth, whichever is higher.

Attachment 7: Information on major shareholders

Unit: shares

Share / Major shareholder	Number of shares held	Percentage of ownership (%)
Minerva Capital Inc.	6,067,383	9.77%

Note:

(1) The information on major shareholders in this table is collected by Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter through calculating the shareholding of the company's ordinary shares and preferred shares with more than 5% held by the shareholders that have been registered in uncertificated form (including treasury shares). For the share capital recorded in the company's financial statements and the company's actual book-entry number of shares, there may be differences due to different preparation and calculation bases.

(2) If the aforementioned information is that a shareholder delivers his shares to a trust, it will be disclosed in individual accounts of the trustee who opened a segregated trust account. As for shareholders reporting insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares that have been delivered to a trust and have the right to decide on the use of the trust property, etc. For the insider equity reporting information, please refer to the Market Observation Post System.

STATEMENTS OF MAJOR ACCOUNTING ITEMS

GrandTech C.G. Systems Inc.

1. Statement of cash and cash equivalents

As of December 31, 2023

Unit: Thousands of New Taiwan Dollars and foreign currencies

Item	Description	Amount	Note
Cash on hand and petty cash		$37	
Cash in banks			
Checking, demand and time deposits		56,306	
Checking, demand and time deposits for foreign currencies		23,284	
Total		$79,627	
	USD 757,567.33		
	Exchange rate: 30.735		

GrandTech C.G. Systems Inc.

2. Statement of trade receivables

As of December 31, 2023

Unit: Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Trade receivables (non-related parties)			
Company A	Receivables from sales of products	$16,096	
Company B	Receivables from sales of products	4,448	
Company C	Receivables from sales of products	3,613	
Company D	Receivables from sales of products	3,045	
Company E	Receivables from sales of products	2,857	
Company F	Receivables from sales of products	2,735	
Company G	Receivables from sales of products	2,664	
Others (Note)	Receivables from sales of products	16,596	
Total		52,054	
Less: loss allowance		(168)	
Subtotal		(168)	
Total		$51,886	

Note: The amount of individual item in others does not exceed 5% of the account balance.

GrandTech C.G. Systems Inc.

3. Statement of net inventories

As of December 31, 2023

Unit: Thousands of New Taiwan Dollars

Items	Description	Amount		Note
		Cost	Net realizable value	
Computer software and hardware		$56,081	$58,463	
Less: Allowance for losses for market price decline and obsolete and slow-moving inventories		(1,713)	$58,463	
Total		$54,368		

GrandTech C.G. Systems Inc.

4. Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

Unit: Thousands of New Taiwan Dollars

Name of invested company	Beginning Balance		Increase		Decrease		Investment income recognized	Others	Ending Balance			Market value or net equity value (Note 1)		Guarantee/Pledge	Note
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of ownership (%)	Amount	Unit price (NT$)	Total amount		
GrandTech (B.V.I.) Inc.	4,000,000	$951,604	-	$-	-	$-	$140,323	$(3,401)	4,000,000	100.00%	$1,088,526		$1,088,526	None	
GrandTech (Cayman) Inc.	1,922,000	325,268	-	-	-	-	49,984	(1,402)	1,922,000	100.00%	373,850		373,850	None	
DeepStone Digital Technology Co., Ltd.	4,958,439	27,481	-	-	2,510,999	-	(5,533)	-	2,447,440	81.00%	21,948		21,948	None	
Abico Digital Imaging Inc.	100,000	(315)	-	-	-	-	-	-	100,000	100.00%	(315)		(315)	None	
Cogate Co., Ltd.	1,377,000	22,080	-	-	-	(1,577)	4,747	-	1,377,000	51.00%	25,250		25,250	None	
GrandTech Cloud Services Inc.	12,623,428	279,525	2,524,685	-	-	(17,799)	50,771	(96)	15,148,113	75.14%	312,401		312,401	None	
GoldSun Application Technology Co., Ltd.	2,000,000	24,820	-	-	-	-	(2,316)	-	2,000,000	100.00%	22,504		22,504	None	
Subtotal		1,630,463		-		(19,376)	237,976	(4,899)			1,844,164		1,844,164		
Credit balance of investments accounted for using equity method recognized as other non-current liabilities		315		-		-	-	-			315		-	None	
Total		$1,630,778		$-		$(19,376)	$237,976	$(4,899)			$1,844,479		$1,844,164		

Note 1: The Components are as follows:

(1) Adjustment for differences in net equity value.

(2) Share of other comprehensive income of subsidiaries accounted for using equity method.

GrandTech C.G. Systems Inc.

5. Statement of short-term borrowings

As of December 31, 2023

Unit: Thousands of New Taiwan Dollars

Creditors	Contract term	Interest rate	Initial borrowing amount	Line of credit	Carrying amount			Pledged or guaranteed	Note
					Maturity within 1 year	Maturity after 1 year	Total		
Hua Nan Commercial Bank	2023/8/10-2024/8/10	1.65-1.83	$270,000	$400,000	$270,000	$-	$270,000	Promissory note of NT$400 million and property under pledge	
Bank of Taiwan	2023/5/17-2024/5/17	1.6-1.7	100,000	100,000	100,000	-	100,000	Promissory note of NT$100 million	
DBS Bank	2023/6/8-2024/6/8	1.4-1.68	100,000	100,000	100,000	-	100,000	Promissory note of NT$100 million	
Yuanta Commercial Bank	2023/4/28-2024/4/28	1.42-1.68	100,000	100,000	100,000	-	100,000	Promissory note of NT$100 million	
Citibank	2023/5/15-2024/5/15	1.53-1.7	180,000	180,000	180,000	-	180,000	Promissory note of USD 6 million	
E.SUN Commercial Bank			-	80,000	-	-	-		
Cathay United Bank			-	100,000	-	-	-		
Land Bank of Taiwan			-	80,000	-	-	-		
Bank SinoPac			-	100,000	-	-	-		
CTBC Bank			-	80,000	-	-	-		
Total			$750,000	$1,320,000	$750,000	$-	$750,000		

GrandTech C.G. Systems Inc.

6. Statement of trade payables

As of December 31, 2023

Unit: Thousands of New Taiwan Dollars

Supplier	Description	Amount	Note
Trade payables (non-related parties)			
Company A	Payables to suppliers	$15,907	
Others (Note)	Payables to suppliers	16,179	
Total		$32,086	

Note: The amount of individual item in others does not exceed 5% of the account balance.

GrandTech C.G. Systems Inc.

7. Statement of operating revenue

For the year ended December 31, 2023

Unit: Thousands of New Taiwan Dollars

Items	Units	Amount	Note
Sales revenue of software and hardware		$129,210	
Less: sales returns and discounts		(3,934)	
Subtotal		125,276	
Service revenue		287,086	
Operating income, net		$412,362	

GrandTech C.G. Systems Inc.

8. Statement of operating costs

For the year ended December 31, 2023

Unit: Thousands of New Taiwan Dollars

Items	Amount	Note
Beginning inventory	$92,968	
Add: Purchase of goods for the current period	258,574	
Less: Receipt reclassified as expenses	(499)	
Ending inventory	(56,081)	
Cost of inventories sold	294,962	
Losses for market price decline and obsolete and slow-moving inventories	(6,368)	
Total operating costs	$288,594	

GrandTech C.G. Systems Inc.

9. Statement of selling expenses

For the year ended December 31, 2023

Unit: Thousands of New Taiwan Dollars

Items	Description	Amount	Note
Wages and salaries		$25,495	
Freight		2,178	
Insurance premiums		2,580	
Others (Note)		12,635	
Total		$42,888	

Note: The amount of individual item in others does not exceed 5% of the account balance.

GrandTech C.G. Systems Inc.

10. Statement of administrative expenses

For the year ended December 31, 2023

Unit: Thousands of New Taiwan Dollars

Items	Description	Amount	Note
Wages and salaries		$19,897	
Insurance premiums		$2,066	
Depreciation		6,242	
Services expense		5,174	
Others (Note)		3,308	
Total		$36,687	

Note: The amount of individual item in others does not exceed 5% of the account balance.

Independent Auditors' Report Translated from Chinese

To GrandTech C.G. Systems Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of GrandTech C.G. Systems Inc. (the "Company") and its subsidiaries (the "Group") as of December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and their consolidated financial performance and cash flows for the year ended December 31, 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the 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 Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other 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 the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Correctness of timing of sales revenue recognition

The Group recognized net operating revenue in the amount of NT$5,210,306 thousand, of which revenue from information software and hardware products totaled NT$3,810,476 thousand, accounting for 73% of the operating revenue. As the revenue from information software and hardware products is diversified, including sales of goods, computer management and printing machine services, information service revenue, etc., with diverse types and different transaction terms, we believe that the correctness of the timing when performance obligations are met is considered material to consolidated financial statements. Therefore, the timing of recognition of revenue from information software and hardware products was determined to be a key audit matter.

Our audit procedures include (but are not limited to):

1. Understanding the revenue recognition method related to the revenue from information software and hardware products, and assessing and testing the internal control related to the relevant revenue recognition of information software and hardware products.

2. Conducting analytical procedures on product-specific gross margin to evaluate the reasonableness of revenue recognition amounts.

3. Conducting tests of details on sales revenue transactions, including randomly selecting and verifying relevant vouchers from the record of sales revenue to ensure that performance obligations have been truly met.

4. Performing sales revenue cut-off tests for the period before and after the date of financial statements, randomly selecting operating revenue transactions, and reviewing the relevant vouchers to confirm that revenue is recognized in the correct period.

We also considered the appropriateness in disclosures of operating revenues in Note 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain subsidiaries in the consolidated financial statements of the Group and investees accounted for using the equity method, which were audited by other auditors. Therefore, our opinions expressed herein regarding the amounts recorded in the financial statements of certain companies are based solely on the reports of the other auditors. As of December 31, 2023, the aforementioned companies' total assets amounted to NT$1,105,802 thousand, accounting for 34.08% of the total consolidated assets; their total liabilities amounted to NT$341,732 thousand, accounting for 21.85% of the total consolidated liabilities; and their operating revenue for the year ended December 31, 2023 amounted to NT$1,577,404 thousand, accounting for 30.27% of the consolidated net operating revenue.

Other Matter – Audits for Previous Periods of Other Auditors

The consolidated financial statements of the Group for the year ended December 31, 2022 were not audited by us, but were audited by other auditors, and an audit report with unqualified opinions including Other Matter Paragraphs was issued on March 3, 2023.

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 International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report 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 the 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 internal control of the Group.

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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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 Company and its subsidiaries 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 audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that 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 consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2023.

/s/Hsu, Hsin-Min

/s/Yu, Chien-Ju

Ernst & Young, Taiwan
March 22, 2024

<u>Notice to Readers</u>
The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	As of December 31, 2023 Amount	2023 %	2022 Amount	2022 %
Current assets					
Cash and cash equivalents	4 and 6	$1,410,632	44	$1,395,488	43
Financial assets measured at amortized cost, current	4 and 6	107,898	3	60,816	2
Notes receivable, net	4 and 6	37,189	1	19,496	1
Trade receivables, net	4 and 6	608,918	19	599,745	19
Finance lease receivable, net	4 and 6	11,412	-	21,103	1
Other receivables		20,191	1	19,521	1
Inventories, net	4 and 6	147,162	5	247,779	8
Prepayments	5 and 6	197,820	6	142,175	4
Other current assets		5,711	-	6,454	-
Total current assets		2,546,933	79	2,512,577	79
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4 and 6	216,343	6	208,278	6
Financial assets at fair value through other comprehensive income, non-current	4 and 6	8,479	-	8,479	-
Financial assets measured at amortized cost - non-current	4	1,882	-	-	-
Property, plant and equipment	4, 6 and 8	150,441	5	150,164	5
Right-of-use assets	4 and 6	22,167	1	42,602	1
Intangible assets	4 and 6	34,611	1	35,434	1
Deferred tax assets	4 and 6	17,222	1	26,066	1
Other non-current assets	5 and 6	216,612	6	183,828	6
Long-term finance lease receivable, net	4 and 6	29,602	1	41,048	1
Total non-current assets		697,359	21	695,899	21
Total assets		$3,244,292	100	$3,208,476	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

		As of December 31,			
		2023		2022	
Liabilities and Equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6	$750,000	23	$580,000	18
Contract liabilities, current	6	71,926	2	95,716	3
Trade payables		464,537	14	468,396	14
Other payables	6	170,183	6	188,536	6
Current tax liabilities	4	43,001	1	25,696	1
Leases liabilities, current	4 and 6	19,253	1	31,661	1
Other current liabilities		22,824	1	19,298	1
Total current liabilities		1,541,724	48	1,409,303	44
Non-current liabilities					
Deferred tax liabilities	4	2,841	-	2,514	-
Leases liabilities, non-current	4 and 6	3,696	-	16,159	1
Other non-current liabilities		15,851	1	5,519	-
Total non-current liabilities		22,388	1	24,192	1
Total liabilities		1,564,112	49	1,433,495	45
Equity					
Equity attributable to owners of the parent					
Share capital	6				
Ordinary share		620,894	19	620,894	19
Capital surplus	6	242,213	8	242,213	8
Retained earnings	6				
Legal reserve		274,424	8	243,846	8
Special reserve		43,437	1	144,305	4
Unappropriated retained earnings		242,686	7	228,440	7
Other equity		(48,334)	(1)	(43,435)	(1)
Total equity attributable to owners of the parent		1,375,320	42	1,436,263	45
Non-controlling interests	6	304,860	9	338,718	10
Total equity		1,680,180	51	1,774,981	55
Total liabilities and equity		$3,244,292	100	$3,208,476	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Accounts	Notes	For the years ended December 31, 2023 Amount	2023 %	2022 Amount	2022 %
Operating revenue	4 and 6	$5,210,306	100	$5,286,819	100
Operating costs	6	(4,382,914)	(84)	(4,407,993)	(83)
Gross profit		827,392	16	878,826	17
Operating expenses					
Selling expenses	6	(320,053)	(6)	(297,024)	(6)
Administrative expenses	6	(143,300)	(3)	(147,270)	(3)
Research and development expenses	6	(5,505)	-	(4,412)	-
Expected credit gains (losses)	4 and 6	2,768	-	(2,559)	-
Total operating expenses		(466,090)	(9)	(451,265)	(9)
Operating income		361,302	7	427,561	8
Non-operating income and expenses					
Interest income	6	47,300	-	20,500	-
Other income	6	5,419	-	7,099	-
Other gains and losses	6	17,863	-	32,562	1
Financial costs	6	(12,705)	-	(19,379)	-
Total non-operating income and expenses		57,877	-	40,782	1
Profit before income tax		419,179	7	468,343	9
Income tax expense	4 and 6	(105,819)	(1)	(78,931)	(1)
Net income		313,360	6	389,412	8
Other comprehensive income	6				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		-	-	625	-
Unrealized gains (losses) from investment in equity instruments at fair value through other comprehensive income		-	-	(521)	-
Income tax related to the items not to be reclassified to profit or loss		-	-	(126)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of a foreign operation		(6,338)	-	114,984	2
Other comprehensive income, net of tax		(6,338)	-	114,962	2
Total comprehensive income		$307,022	6	$504,374	10
Net income attributable to:					
Owners of the parent		$245,089	5	$320,201	7
Non-controlling interests		68,271	1	69,211	1
		$313,360	6	$389,412	8
Total comprehensive income attributable to:					
Owners of the parent		$240,190	5	$421,571	8
Non-controlling interests		66,832	1	82,803	2
		$307,022	6	$504,374	10
Basic earnings per share	6				
Basic earnings per share		$3.95		$5.49	
Diluted earnings per share	6				
Diluted earnings per share		$3.93		$5.46	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent									
				Retained earnings			Other equity				
Accounts	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences resulting from translating the financial statements of a foreign operation	Unrealized (losses) gains from financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Balance as of January 1, 2022		$575,894	$145,448	$214,462	$137,764	$113,606	$(145,306)	$1,000	$1,042,868	$272,311	$1,315,179
Appropriation and distribution of earnings for the year ended December 31, 2022:	6										
Legal reserve		-	-	29,384	-	(29,384)	-	-	-	-	-
Special reserve		-	-	-	6,541	(6,541)	-	-	-	-	-
Cash dividend of common stock		-	-	-	-	(169,941)	-	-	(169,941)	-	(169,941)
Cash dividends distributed from capital surplus	6	-	(97,850)	-	-	-	-	-	(97,850)	-	(97,850)
Net profit for the year ended December 31, 2022		-	-	-	-	320,201	-	-	320,201	69,211	389,412
Other comprehensive income for the year ended December 31, 2022		-	-	-	-	499	101,392	(521)	101,370	13,592	114,962
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	320,700	101,392	(521)	421,571	82,803	504,374
Cash capital increase	6	45,000	175,500	-	-	-	-	-	220,500	-	220,500
Changes in ownership interests in subsidiaries	6	-	18,960	-	-	-	-	-	18,960	29,571	48,531
Proceeds from exercise of employee stock options	6	-	155	-	-	-	-	-	155	-	155
Non-controlling interests	6	-	-	-	-	-	-	-	-	(45,967)	(45,967)
Balance as of December 31, 2022		$620,894	$242,213	$243,846	$144,305	$228,440	$(43,914)	$479	$1,436,263	$338,718	$1,774,981
Balance as of January 1, 2023		$620,894	$242,213	$243,846	$144,305	$228,440	$(43,914)	$479	$1,436,263	$338,718	$1,774,981
Appropriation and distribution of earnings for the year ended December 31, 2022:	6										
Legal reserve		-	-	17,550	-	(17,550)	-	-	-	-	-
Special reserve		-	-	-	(100,868)	100,868	-	-	-	-	-
Cash dividend of common stock		-	-	-	-	(232,835)	-	-	(232,835)	-	(232,835)
Appropriation and distribution of earnings for the year ended December 31, 2023:	6										
Legal reserve		-	-	13,028	-	(13,028)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	-	-	-	-	-
Cash dividend of common stock		-	-	-	-	(68,298)	-	-	(68,298)	-	(68,298)
Net profit for the year ended December 31, 2023		-	-	-	-	245,089	-	-	245,089	68,271	313,360
Other comprehensive income for the year ended December 31, 2023		-	-	-	-	-	(4,899)	-	(4,899)	(1,439)	(6,338)
Total comprehensive income for the year ended December 31, 2023		-	-	-	-	245,089	(4,899)	-	240,190	66,832	307,022
Changes in ownership interests in subsidiaries	6	-	-	-	-	-	-	-	-	102	102
Non-controlling interests	6	-	-	-	-	-	-	-	-	(100,792)	(100,792)
Balance as of December 31, 2023		$620,894	$242,213	$274,424	$43,437	$242,686	$(48,813)	$479	$1,375,320	$304,860	$1,680,180

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Accounts	For the years ended December 31, 2023	For the years ended December 31, 2022	Accounts	For the years ended December 31, 2023	For the years ended December 31, 2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$419,179	$468,343	Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	-	2,000
Adjustments:			Acquisition of financial assets measured at amortized cost	(48,964)	-
Adjustments to reconcile profit or loss:			Proceeds from disposal of financial assets measured at amortized cost	-	27,646
Depreciation	41,410	42,297	Acquisition of financial assets at fair value through profit or loss	(549,029)	(47,652)
Amortization	906	961	Proceeds from disposal of financial assets at fair value through profit or loss	555,055	1,209
Expected credit (gains) losses	(2,768)	2,559	Acquisition of property, plant and equipment	(11,320)	(9,280)
Gains on valuation of financial assets and liabilities	(10,733)	(6,540)	Proceeds from disposals of property, plant and equipment	363	1,373
Interest expenses	12,524	11,375	Acquisition of intangible assets	(75)	(325)
Interest income	(47,300)	(20,500)	Decrease in other non-current assets	(2,122)	(4,382)
Dividend revenue	(5,339)	(7,019)	Net cash used in investing activities	(56,092)	(29,411)
Share-based payments	-	155			
Losses (gains) on disposals of property, plant and equipment	468	(1,353)			
Losses (gains) on disposals of investments	-	(205)			
(Reversal gains) losses on market price decline and obsolete and slow-moving inventories	(10,775)	4,530	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase (decrease) in short-term borrowings	170,000	(80,000)
Notes receivable	(17,672)	16,665	Cash payment for the principal portion of the lease liabilities	(23,827)	(17,540)
Trade receivables	(6,448)	(149,541)	Increase (decrease) in other non-current liabilities	10,332	(9,686)
Finance lease receivable, net	21,159	31,088	Cash dividends	(310,581)	(161,302)
Other receivables	(4,071)	(9,841)	Distribution of capital surplus in cash	-	(97,850)
Inventories	109,787	(70,133)	Cash capital increase	-	220,500
Prepayments	(93,652)	(67,365)	Acquisition of ownership interests in subsidiaries	-	(406)
Other current assets	743	(46,789)	Changes in non-controlling interests	(100,792)	(45,967)
Contract liabilities	(23,790)	(19,771)	Proceeds from cash capital increase for subsidiaries	-	29,977
Notes payable	-	(2,310)	Net cash used in financing activities	(254,868)	(162,274)
Trade payables	(3,859)	116,707			
Other payables	(8,803)	(4,342)			
Other current liabilities	3,526	(4,250)			
Cash generated from operations	374,492	284,721	Effect of changes in exchange rate on cash and cash equivalents	(10,517)	102,788
Interest received	47,300	20,500			
Dividends received	5,339	7,019	Increase in current cash and cash equivalents	15,144	133,863
Interest paid	(11,167)	(11,062)			
Income tax paid	(79,343)	(78,418)	Cash and cash equivalents at the beginning of the period	1,395,488	1,261,625
Net cash provided by operating activities	336,621	222,760	Cash and cash equivalents at the end of the period	$1,410,632	$1,395,488

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

GrandTech C.G. Systems Inc. (the "Company") was incorporated in Taiwan. The Company and its subsidiaries (the "Group") mainly engage in wholesale of books, publishing, wholesale of computer software, other services (sales agent for computer programming), other consulting services (analysis and planning consulting services of computer management information and automatic system) and data processing services. The Company's shares were listed and traded on the Taipei Exchange on January 23, 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were authorized for issue by the Company's board of directors (hereinafter the "Board of Directors") on March 7, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The aforementioned standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC ("TIFRS").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings; and
F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)		
			As of December 31,		
Investor	Name of subsidiaries	Nature of business	2023	2022	Note
The Company	GrandTech (B.V.I.) Inc. (GrandTech (B.V.I.))	Holding company	100.00%	100.00%	Note 5

			Percentage of ownership (%) As of December 31,		
Investor	Name of subsidiaries	Nature of business	2023	2022	Note
The Company	GrandTech (Cayman) Inc. (GrandTech (Cayman))	Holding company	100.00%	100.00%	
The Company	DeepStone Digital Technology Co., Ltd. (DeepStone)	Book publishing	81.00%	81.00%	Note 1
The Company	Abico Digital Imaging Inc. (Abico Digital)	Trading of computers, optical products, etc.	100.00%	100.00%	
The Company	Cogate Co., Ltd. (Cogate)	Trading of various microcomputers, office computers, industrial computers and computer software	51.00%	51.00%	Note 1
The Company	GoldSun Application Technology Co., Ltd. (GoldSun)	Sales agent for trading of computer software/hardware and electronic products	100.00%	100.00%	
The Company	GrandTech Cloud Services Inc. (GrandTech Cloud)	Cloud services	75.14%	75.14%	Notes 1, 2
The Company	Senco-Masslink Solutions Limited	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	55.00%	55.00%	
GrandTech (B.V.I.) andd GrandTech (Cayman)	Senco-Masslink Technology Limited (Senco-Masslink)	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	55.00%	55.00%	
GrandTech (B.V.I.) andd GrandTech (Cayman)	GrandTech Systems Sdn. Bhd. (GrandTech Systems Sdn. Bhd.)	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	Note 1
GrandTech (B.V.I.) andd GrandTech (Cayman)	GrandTech Systems Limited (GrandTech Systems)	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	

Investor	Name of subsidiaries	Nature of business	Percentage of ownership (%) As of December 31, 2023	2022	Note
GrandTech (B.V.I.) andd GrandTech (Cayman)	GrandTech (China) Limited (GrandTech (China))	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	
GrandTech (B.V.I.)	GrandTech India Private Limited	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	
GrandTech (Cayman)	GrandTech Systems Pte Limited (GrandTech Systems Pte)	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	Note 1
GrandTech (China)	GrandTech Subsidiary in Guangzhou	Data processing and supply services	100.00%	100.00%	
GrandTech (China)	GrandTech International (Shanghai) Ltd. (GrandTech International (Shanghai))	Warehousing, wholesale and international trade	100.00%	100.00%	
GrandTech Systems Pte	PT. GrandTech Systems Indonesia	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	100.00%	100.00%	Note 1
DeepStone Digital Technology Co., Ltd.	Topteam Information Co., Ltd.	Wholesale of computer software and book publishing	-%	-%	Note 4
GrandTech Systems Sdn.	DPI Technology Sdn. Bhd.	Trading of various computers and relevant electronic products	52.00%	52.00%	Note 1
GrandTech Systems Sdn.	GTMY Sdn. Bhd. (GTMY)	Sales agent for graphics and imaging-related computer software and peripheral equipment	100.00%	100.00%	Note 1

			Percentage of ownership (%)		
			As of December 31,		
Investor	Name of subsidiaries	Nature of business	2023	2022	Note
DPI Technology Sdn. Bhd.	DPI Technology Pte. Ltd.	Trading of various computers and relevant electronic products	100.00%	100.00%	Note 1
GrandTech Cloud	GrandTech Cloud Services(HK) Limited (GrandTech Cloud (HK))	Cloud services	100.00%	100.00%	Notes 1, 3
GrandTech Cloud	GrandTech Cloud Services Japan Co., Ltd.	Cloud services	100.00%	-%	Notes 1, 6
GrandTech Cloud	Netcore Network Communication Corp. (Netcore)	Internet-related computer software	63.25%	63.25%	Note 1
GrandTech International (Shanghai)	Ji Lu Shu Ma Technology (Shanghai) Ltd.	Warehousing, wholesale and international trade	100.00%	100.00%	

Note 1: The subsidiary's financial statements for the year ended December 31, 2023 were audited by other auditors.

Note 2: GrandTech Cloud proceeded with cash capital increase in June 2022, and reserved 10% of new shares for subscription by employees in accordance with the Company Act. The Company subscribed NT$40,000 thousand to this capital increase. The Company's ownership dropped from 77.71% to 75.14% as it did not subscribe for shares according to its original shareholding ratio.

Note 3: In June 2022, GrandTech Cloud (HK) proceeded with cash capital increase in the amount of NT$9,500 thousand, divided into 2,500 thousand shares in total, due to its operating strategies. GrandTech Cloud held 100% of the company's shares.

Note 4: DeepStone acquired 1.5% ownership interest in Topteam Information Co., Ltd. in the consideration of NT$406 thousand due to its operating strategies in March, 2022. After this transaction, DeepStone held a total of 100% ownership interest in Topteam Information Co., Ltd., along with the 98.5% it held in the previous fiscal years. On August 8, 2022, Topteam Information Co., Ltd. passed a resolution in the board meeting to offset the deficit by decreasing its share capital totaling NT$5,839 thousand, the proportion of capital reduction approximated 18.34%, and its percentage of ownership remained the same. In November 2022, Topteam Information Co., Ltd. was dissolved due to a merger.

Note 5: On Septemeber 14, 2022, GrandTech (B.V.I.) passed a resolution in the board meeting to proceed with cash capital reduction, refunding US$3,000 thousand (approximately NT$90,264 thousand) in total, the proportion of capital reduction approximated 42.86%, and its percentage of ownership remained the same.

Note 6: In July, 2023, GrandTech Cloud Services Japan Co., Ltd. proceeded with cash capital increase in the amount of NT$2,247 thousand, divided into 1 thousand shares in total, which were fully subscribed by GrandTech Cloud, due to its operating strategies.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investment (including time deposits that have maturity within 3 months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Recognition and Measurement of Financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, or fair value through other comprehensive income considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification of liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

<u>Financial liabilities</u>

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present condition and location that is available for sale and production; Merchandise is valued at the actual cost of goods purchased and accounted for weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5 to 50 years
Renral equipment	1 to 5 years
Miscellaneous equipment	1 to 8 years

An item of property, plant and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies information applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sales of goods

The Group sells and represents the original software and hardwares, and its sales revenue is recognized when control of a product is transferred to the customer, that is, when the product is delivered to the customer and the Group has no outstanding performance obligations that may influence the customer to accept the product.

The Group's sales revenue is recognized at the net revenue by contract prices deducting estimated sales discounts and allowances. The Group uses expected value method based on historical experience at the time of sales to estimate sales returns. The number of returned products has been stable over the years; therefore, the Group assessed that it is highly probable that there will be no significant reversal in the accumulated revenue recognized.

Trade receivables are recognized when the goods are delivered to customers because from that point on, the Group has an unconditional right to the contract price and only needs time to collect consideration from customers.

Computer management and printing machine services

The Group offers services, including computer management information, and rotational speed and maintenance of printing machines. Service revenue is recognized at the time when the Group renders services to customers in the financial reporting period.

Some customer contracts include multiple merchandise or services deliverable, such as inostallation of hardware and software. In most cases, the nature of installation is simple, it does not involve integrated services, and can be performed by other companies and manufacturers; therefore, installation is identified as a stand-alone performance obligation. The transaction price is allocated to each performance obligation in the contract based on the relative stand-alone selling price. If the sales of hardware are stated in the contract, revenue from the sales of hardware is recognized when the hardware is delivered to the customer, the legal ownership of the hardware is transferred to the customer, and the customer accepts the hardware.

Revenue from information services

The Group provides corporate integration services and recognizes related revenue during the financial reporting period when the information services are provided.

For certain contracts, contract asset is recognized when the performance obligations are met but the unconditional right to collect consideration is not yet available. In addition, the contract asset still needs to be evaluated for loss allowances in accordance with IFRS 9 "Financial Instruments". In addition, for some other contracts, part of the consideration is collected from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(21) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Critical judgements in applying the Group's accounting policies

According to the order No. Ji-Mi-Zi-0000000535, explanation on "Accounting Treatment of Prepayment for Acquisition of Cloud Computing Arrangement", issued by the Accounting Research and Development Foundation on November 25, 2022, the Group's sub-subsidiary, GrandTech Cloud Services Inc.,will reserve advance usage amount of AWS cloud service from the supplier for the contracts which will use the cloud service in future 1 or 3 years. The contract only transfers the right of using AWS cloud service in the contract period, and GrandTech Cloud Services Inc. did not obtain the software, an intangible assets. Since the contract did not give rights to GrandTech Cloud Services Inc. for the future economic benefit arising from the software and to restrict others from obtaining the benefit, and the contract excluded software leasing. As GrandTech Cloud Services Inc. did not have any right to decide rights on the usage and the purpose of using the software, the Group reclassified the cloud computing arrangement, which was formerly accounted as intangible assets on December 31, 2022, in the amount of NT$236,830 thousand to current and non-current prepayments to suppliers, in the amount of NT$131,184 thousand and NT$105,646 thousand, respectively, according to liquidity.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Trade receivables - estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and revolving funds	$740	$793
Bank checks and demand deposits	744,572	961,684
Time deposits	665,320	433,011
Total	$1,410,632	$1,395,488

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

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Unlisted companies stocks	$100,755	$100,755
Preference shares of unlisted companies	-	13,396
Beneficiary certificates	115,588	94,127
Total	$216,343	$208,278
Current	$-	$-
Non-current	216,343	208,278
Total	$216,343	$208,278

The Group’s subsidiary, GrandTech Systems SDN. BHD, disposed of the preference shares of unlisted companies on September 8, 2023.

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income:		
Unlisted companies stocks	$8,479	$8,479
Current	$-	$-
Non-current	8,479	8,479
Total	$8,479	$8,479

Financial assets at fair value through other comprehensive income were not pledged.

The Group recovered the investment amount of NT$2,000 thousand due to the refund arising from capital reduction in equity investment in 2022.

Please refer to Note 12 for more information on the price risk and fair value of financial assets measured at fair value through other comprehensive income.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Time deposits with original maturity exceeding 3 months	$107,898	$60,816
Current	$107,898	$60,816
Non-current	-	-
Total	$107,898	$60,816

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6 (19) for more details on loss allowance and Note 12 for more details on credit risk.

Financial assets measured at amortized cost were not pledged.

(5) Notes receivables

	As of December 31,	
	2023	2022
Notes receivables arising from operating activities	$37,236	$19,565
Less: loss allowance	(47)	(69)
Total	$37,189	$19,496

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (19) for more details on loss allowance and Note 12 for details on credit risk.

(6) Trade receivables

	As of December 31,	
	2023	2022
Trade receivables	$612,932	$606,713
Less: loss allowance	(4,014)	(6,968)
Total	$608,918	$599,745

Trade receivables were not pledged.

Trade receivables are generally on 30 to 90 day terms. The total carrying amount as of December 31, 2023 and 2022 were NT$612,932 thousand and NT$606,713 thousand, respectively. Please refer to Note 6 (19) for more details on loss allowance of trade receivables for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31, 2023		
	Cost	Allowance for inventory valuation losses	Carrying Amount
Inventories of software and hardware	$135,053	$(9,298)	$125,755
Machines, consumable materials and accessories	25,413	(4,006)	21,407
Inventories of books	52	(52)	-
Total	$160,518	$(13,356)	$147,162

	As of December 31, 2022		
	Cost	Allowance for inventory valuation losses	Carrying Amount
Inventories of software and hardware	$254,817	$(26,488)	$228,329
Machines, consumable materials and accessories	21,255	(3,102)	18,153
Inventories of books	5,173	(3,876)	1,297
Total	$281,245	$(33,466)	$247,779

Inventory cost recognized as loss is as follows:

	For the years ended December 31,	
	2023	2022
Cost of inventory sold	$4,156,978	$4,355,731
Cost of services	235,700	47,432
Losses (reversal gains) on market price decline and obsolete and slow-moving inventories (Note 1)	(10,775)	4,530
Others (Note 2)	1,011	300
Total	$4,382,914	$4,407,993

Note 1: For the year ended December 31, 2023, the Group eliminated some of its inventories that had been recorded as inventory valuation losses, resulting in reversal gains on inventories.

Note 2: Others were mainly inventory profit or loss, scrapping and revenue from sale of scraps.

No inventories were pledged.

(8) Property, plant and equipment

Owner occupied and leased property, plant and equipment

	Land	Buildings	Renral equipment	Miscellaneous equipment	Total
Cost:					
As of January 1, 2023	$95,456	$63,730	$245	$101,807	$261,238
Additions	-	1,781	-	9,539	11,320
Disposals	-	-	(215)	(4,901)	(5,116)
Transfers	-	-	-	1,605	1,605
Exchange differences	-	-	(5)	(2,065)	(2,070)
As of December 31, 2023	$95,456	$65,511	$25	$105,985	$266,977
As of January 1, 2022	$95,456	$59,731	$751	$101,494	$257,432
Additions	-	410	-	8,870	9,280
Disposals	-	-	(481)	(13,920)	(14,401)
Transfers	-	2,970	-	-	2,970
Exchange differences	-	619	(25)	5,363	5,957
As of December 31, 2022	$95,456	$63,730	$245	$101,807	$261,238
Depreciation and impairment:					
As of January 1, 2023	$-	$29,720	$201	$81,153	$111,074
Depreciations	-	2,177	30	9,956	12,163
Disposals	-	-	(203)	(4,082)	(4,285)
Exchange differences	-	1	(3)	(2,414)	(2,416)
As of December 31, 2023	$-	$31,898	$25	$84,613	$116,536
As of January 1, 2022	$-	$27,610	$635	$82,075	$110,320
Depreciations	-	2,029	72	9,441	11,542
Disposals	-	-	(478)	(13,903)	(14,381)
Exchange differences	-	81	(28)	3,540	3,593
As of December 31, 2022	$-	$29,720	$201	$81,153	$111,074
Net carrying amounts as of:					
December 31, 2023	$95,456	$33,613	$-	$21,372	$150,441
December 31, 2022	$95,456	$34,010	$44	$20,654	$150,164

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

	Goodwill	Computer software	Total
Cost:			
As of January 1, 2023	$32,190	$8,420	$40,610
Additions	-	75	75
Disposals	-	(39)	(39)
Exchange differences	7	369	376
As of December 31, 2023	$32,197	$8,825	$41,022
As of January 1, 2022	$30,585	$8,466	$39,051
Additions	-	325	325
Exchange differences	1,605	(371)	1,234
As of December 31, 2022	$32,190	$8,420	$40,610
Amortization and impairment:			
As of January 1, 2023	$-	$5,176	$5,176
Amortization and impairment	-	906	906
Disposals	-	(39)	(39)
Exchange differences	-	368	368
As of December 31, 2023	$-	$6,411	$6,411
As of January 1, 2022	$-	$4,586	$4,586
Amortization and impairment	-	961	961
Exchange differences	-	(371)	(371)
As of December 31, 2022	$-	$5,176	$5,176
Net carrying amounts as of:			
December 31, 2023	$32,197	$2,414	$34,611
December 31, 2022	$32,190	$3,244	$35,434

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December 31,	
	2023	2022
Operating costs	$-	$-
Selling expenses	$494	$682
Administrative expenses	$285	$220
Research and development costs	$127	$59

(10) Impairment testing of goodwill and intangible assets with indefinite lives

The fair value of cash-generating units of goodwill acquired through business combinations, which is for impairment testing, is as follows:

	As of December 31,	
	2023	2022
Senco-Masslink Technology Ltd.	$32,197	$32,190

The cash-generating units of Senco-Masslink Technology Ltd.

The recoverable amount of Senco-Masslink Technology Ltd.'s cash-generating units as of December 31, 2023 was determined based on a value in use calculation using cash flow projections from financial budgets approved by management. The discount rate used in the cash flow projection was 10.47% in 2023. As a result of this analysis, the management has recognized no impairment loss against goodwill for the year ended December 31, 2023.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for cash generating unit of Senco-Masslink Technology Ltd. is most sensitive to the following assumptions:

A. Revenue growth rate
B. Discount rates
C. Growth rate used to extrapolate cash flows beyond the budget period

Revenue growth rate – The revenue growth rate is estimated based on the growth rate during the financial budget period and taking into account future market trends.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted).

Estimated growth rate – The growth rate is based on historical experience assessment. The growth rate has been adjusted by considering the overall economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash generating unit, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(11) Prepayments to suppliers – Acquisition of cloud computing services

According to the order No. Ji-Mi-Zi-0000000535, explanation on "Accounting Treatment of Prepayment for Acquisition of Cloud Computing Arrangement", issued by the Accounting Research and Development Foundation, the Group made the prepayments to reserve advance usage amount of AWS cloud services from the supplier, and obtained the rights to use AWS cloud services in the next 1 or 3 years prepayments made by the Group are recognized under prepayments to suppliers, current and other non-current assets based on the period in which the services will be used in the future.

	As of December 31,	
	2023	2022
Current	$180,800	$131,184
Non-current	131,741	105,646
Total	$312,541	$236,830

(12) Other non-current assets

	As of December 31,	
	2023	2022
Prepayments to suppliers (Note)	$131,741	$105,646
Refundable deposits	73,057	72,870
Prepaid pension cost	5,311	5,311
Others	6,503	1
Total	$216,612	$183,828

Note: Please refer to Note 6 (11) for transaction description.

(13) Short-term borrowings

	As of December 31,	
	2023	2022
Secured bank loans	$170,000	$140,000
Unsecured bank loans	580,000	440,000
Total	$750,000	$580,000
Interest Rates (%)		
Secured bank loans	1.65%~1.83%	0.87%~1.83%
Unsecured bank loans	1.40%~1.83%	0.85%~2.00%

The Group's unused short-term lines of credits amounted to NT$880,000 thousand and NT$325,000 thousand, as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as security for short-term borrowings.

(14) Other payables

	As of December 31,	
	2023	2022
Dividends payable	$68,298	$77,746
Accrued salaries and bonuses	29,219	36,829
Payables for employee compensation, and remuneration to directors and supervisors	20,068	23,324
Other accrued expenses	49,109	44,663
Others	3,489	5,974
Total	$170,183	$188,536

(15) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 amounted to NT$6,721 thousand and NT$7,117 thousand, respectively.

The overseas subsidiaries adopt defined contribution measures for their pension plans, and the pensions for the years ended December 31, 2023 and 2022 amounted to NT$14,354 thousand and NT$12,837 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries per month when retirement. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.

The weighted average duration of the defined benefits obligation is 9 years and 10 to 11 years as of December 31, 2023 and 2022, respectively. Contribution to the defined benefit plans for the next year is expected to amount to NT$60 thousand.

Amounts for defined benefit plans recognized in profit or loss are as follows:

	For the years ended December 31,	
	2023	2022
Net interest on service costs and net defined benefit (assets) liabilities	$189	$(35)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	$(1,861)	$(2,996)	$(2,749)
Plan assets at fair value	7,043	8,160	7,310
Net defined benefit assets (liabilities)	$5,182	$5,164	$4,561

Reconciliation of net defined benefit assets (liabilities):

	Defined benefits obligation	Plan assets Fair value	Net defined benefit assets (liabilities)
As of January 1, 2022	$(2,749)	$7,310	$4,561
Service costs and interest (expenses) income	(20)	55	35
Subtotal	(2,769)	7,365	4,596
Remeasurements of defined benefit liabilities/assets:			
Return on plan assets (excluding the amounts of interest income or expenses)	-	852	852
Actuarial gains and losses arising from changes in financial assumptions	189	-	189
Experience adjustments	(416)	-	(416)
Subtotal	(277)	852	625
Benefits paid	-	(218)	(218)
Contributions by employer	-	161	161
As of December 31, 2022	(2,996)	8,160	5,164
Service costs and interest (expenses) income	(222)	33	(189)
Benefits paid	1,357	(1,357)	-
Contributions by employer	-	207	207
As of December 31, 2023	$(1,861)	$7,043	$5,182

The principal assumptions used in determining the Group's defined benefit plan are shown below:

	As of	
	December 31, 2023	December 31, 2022
Discount rate	1.30%	1.40%
Expected rate of salary increases	2.00%	2.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31,			
	2023		2022	
	Defined benefits obligation increase	Defined benefits obligation decrease	Defined benefits obligation increase	Defined benefits obligation decrease
Discount rate increases by 0.25%	$-	$41	$-	$74
Discount rate decreases by 0.25%	42	-	77	-
Rate of future salary increases by 0.25%	41	-	75	-
Rate of future salary decreases by 0.25%	-	40	-	73

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(16) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company's authorize capital were both NT$1,050,000 thousand, issued shares both amounted to NT$620,894 thousand, each at a par value of NT$10, and both divided into 62,089 thousand shares. Each share has one voting right and a right to receive dividends.

The Company passed a resolution in the board meeting held on August 4, 2022 to proceed with cash capital increase and set November 4, 2022 as the reference date of capital increase. The purpose of the cash capital increase was for increasing operating funds. The actual number of shares issued was 4,500 thousand, at the actual subscription price of NT$49 per share. This capital increase has raised NT$220,500 thousand, and the registration of change was completed.

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$221,565	$221,565
Increase (decrease) through changes in ownership interests in subsidiaries	20,648	20,648
Total	$242,213	$242,213

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

A resolution was passed by the Board of Directors on March 3, 2022 to distribute cash from the capital reserves related to the income derived from the issuance of new shares at a premium in the amount of NT$97,850 thousand, at a par value of NT$1.6991 per share.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, profit in the annual final accounts shall be used to cover the deficits in the previous fiscal year after all taxes and dues are paid, and legal reserve at 10% of net income after tax. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total paid-in capital. When necessary, the special reserve may be appropriated or reversed in accordance with laws or regulations of the securities regulators. The remainder, if any, along with the undistributed earnings at the beginning of the same period, shall be resolved by the Board of Directors to be reserved or distributed as dividends paid to shareholders depending on the capital and economic development for the current year, and proposed to shareholders' meeting for approval. The Company authorizes the Board of Directors to distribute cash dividends after passing a special resolution and report it to the shareholders' meeting in accordance with laws and regulations.

In addition, the Company may distribute earnings or offset losses after the end of each quarter in accordance with the Articles of Incorporation. Earnings distributed in cash shall be implemented after a resolution passed by the Board of Directors; when earnings are distributed by issuing new shares, it shall be implemented by a resolution passed in the shareholders' meeting in accordance with regulations.

The implementation method of the Company's dividend policies requires considering the Company's future capital budget planning, meeting shareholders' needs for cash inflow, ensuring the Company's competitiveness in the market, and other related factors. Cash dividends shall not be lower than 10% of the total dividends paid to shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributes distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

Appropriation of earnings for the year ended December 31, 2023 and the cash dividend per share as resolved by the Board of Directors are as follows:

	For the three-month period ended		
	June 30, 2023	December 31, 2023	Total
Resolution date of the Board of Directors	August 10, 2023	March 7, 2024	
Legal reserve	$13,028	$11,481	$24,509
Special reserve	$-	$4,898	$4,898
Cash dividends	$68,298	$180,059	$248,357
Cash dividend per share	$1.10	$2.90	$4.00

Appropriation of earnings for the year ended December 31, 2022 and the cash dividend per share as resolved by the Board of Directors are as follows:

	For the three-month period ended		
	June 30, 2022	December 31, 2022	Total
Resolution date of the Board of Directors	August 4, 2022	March 3, 2023	
Legal reserve	$14,520	$17,550	$32,070
Reversal of special reserve	$-	$(100,868)	$(100,868)
Cash dividends	$77,746	$232,835	$310,581
Cash dividend per share	$1.35	$3.75	$5.10

Please refer to Note 6 (21) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	As of December 31,	
	2023	2022
Beginning balance	$338,718	$272,311
Profit (loss) attributable to non-controlling interests	68,271	69,211
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(1,439)	13,592
Changes in parent's interest in subsidiaries	102	-
Subscription to shares due to cash capital increase for subsidiaries	-	29,977
Acquisition of additional interest in a subsidiary	-	(406)
Cash dividends from the subsidiaries in the consolidated entity	(100,792)	(45,967)
Ending Balance	$304,860	$338,718

(17) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

A. The Company's share-based payment arrangement is as follows:

(a) The Company's share-based payment arrangement for the year ended December 31, 2022 is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase and retained employee subscription	November 4, 2022	36 thousand shares	-	Immediately vested

(b) Details of the above-mentioned share-based payment arrangement are as follows:

	For the years ended December 31, 2022	
	Number of stock option	Weighted average exercise price of stock options (NT$)
Outstanding at beginning of period	-	$-
Granted	36	49.0
Exercised	(36)	49.0
Outstanding at end of period	-	-
Exercisable at end of period	-	-

(c) The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock option for the share-based payment transaction on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Share price	Exercise price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase and retained employee subscription	November 4, 2022	53.3	49	10.48%	0.01 years	-	0.78%	NT$4.3038

(d) Details of the above-mentioned share-based payment arrangement are as follows:

For the years ended December 31, 2023 and 2022, the Company's expenses arising from the equity-settled share-based payment transaction amounted to NT$0 thousand and NT$155 thousand, respectively.

B. The share-based payment arrangement of the Company's subsidiary, GrandTech Cloud Services Inc. (hereinafter "GrandTech Cloud"), is as follows:

(a) The Group's share-based payment arrangement for the year ended December 31, 2022 is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase and retained employee subscription	April 27, 2022	27 thousand shares	-	Immediately vested

(b) GrandTech Cloud uses the Black-Scholes option pricing model to estimate the fair value of the stock option for the share-based payment transaction on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Share price	Exercise price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase and retained employee subscription	April 27, 2022	76.85	80	19.93%	0.02 years	-	0.41%	NT$0.08

(c) Details of the above-mentioned share-based payment arrangement are as follows:

For the years ended December 31, 2023 and 2022, GrandTech Cloud's expenses arising from the equity-settled share-based payment transaction amounted to NT$0 thousand and NT$2 thousand, respectively.

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Revenue from information software and hardware products	$3,810,476	$4,135,922
Revenue from sale of other products	777,561	558,643
Service revenue	622,186	591,982
Other operating revenues	83	272
Total	$5,210,306	$5,286,819

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022, which could be classified into the following main regions:

A. Disaggregation of revenue

For the year ended December 31, 2023

	Taiwan region	Hong Kong and Macao regions	Other regions	Total
Timing of revenue recognition:				
At a point in time	$882,846	$3,243,474	$384,601	$4,510,921
Over time	416,875	282,510	-	699,385
Total	$1,299,721	$3,525,984	$384,601	$5,210,306

For the year ended December 31, 2022

	Taiwan region	Hong Kong and Macao regions	Other regions	Total
Timing of revenue recognition:				
At a point in time	$1,142,677	$3,376,787	$281,411	$4,800,875
Over time	311,988	173,956	-	485,944
Total	$1,454,665	$3,550,743	$281,411	$5,286,819

B. Contract balances

Contract liabilities, current

	As of December 31,		
	2023	2022	2021
Sales of goods	$71,926	$95,716	$115,487

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	$74,163	$112,451
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	50,373	92,680

The period between the transfers of contract liabilities to revenue is usually within one year, thus, there was no performance obligation that has not been met and no asset was recognized from costs to fulfill a contract with the customer.

(19) Expected credit losses (gains)

	For the years ended December 31, 2023	2022
Operating expenses – Expected credit (gains) losses		
Trade receivables	$(2,724)	$2,614
Notes receivables	(22)	(24)
Finance lease receivable and long-term finance lease receivable	(22)	(31)
Total	$(2,768)	$2,559

Please refer to Note 12 for more details on credit risk.

The credit risks for the Group's financial assets measured at amortized cost as of December 31, 2023 and 2022 are assessed as low (the same as the assessment result as of January 1, 2022). Therefore, the loss allowance is both measured at an amount equal to 12-month expected credit losses (loss rate is 0%).

The Group measures the loss allowance of its trade receivables (including note receivables, trade receivables, finance lease receivable and long-term finance lease receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 is as follows:

	Not yet due	Overdue 0-90 days	Overdue 91-180 days	Overdue 181 Days	Total
As of December 31, 2023					
Expected loss rates	0.08%	1.59%	20.63%	100%	
Total carrying amount	$532,742	$152,860	$5,522	$92	$691,216
Loss allowance	$430	$2,434	$1,139	$92	$4,095

	Not yet due	Overdue 0-90 days	Overdue 91-180 days	Overdue 181 Days	Total
As of December 31, 2022					
Expected loss rates	0.03%~0.72%	2.79%	27.85%	100.00%	
Total carrying amount	$546,743	$137,474	$4,262	$6	$688,485
Loss allowance	$2,064	$3,836	$1,187	$6	$7,093

The movement in the provision for impairment of note receivables, trade receivables finance lease receivable and long-term finance lease receivable for the years ended December 31, 2023 and 2022 is as follows:

	Notes receivables	Trade receivables	Finance lease receivable and long-term finance lease receivable
As of January 1, 2023	$69	$6,968	$56
Addition/(reversal) for the current period	(22)	(2,724)	(22)
Exchange differences	-	(230)	-
As of December 31, 2023	$47	$4,014	$34

	Notes receivables	Trade receivables	Finance lease receivable and long-term finance lease receivable
As of January 1, 2022	$93	$4,415	$87
Addition/(reversal) for the current period	(24)	2,614	(31)
Exchange differences	-	(61)	-
As of December 31, 2022	$69	$6,968	$56

(20) Leases

A. Group as a lessee

The underlying assets leased by the Group included buildings and company cars, and the term of lease contracts usually ranged from 1 to 5 years. The Group's lease contracts were individually negotiated and contain various terms and conditions.

The lease term did not exceed 12 months, and leases of low-value underlying assets were multi-function printers and warehouses.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Buildings	$18,521	$40,748
Miscellaneous equipment (company cars)	3,646	1,854
Total	$22,167	$42,602

For the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to NT$18,629 thousand and NT$12,174 thousand, respectively.

(ii) Leases liabilities

	As of December 31,	
	2023	2022
Current	$19,253	$31,661
Non-current	3,696	16,159
Total	$22,949	$47,820

Please refer to Note 6 (22)(D) Financial Cost for the interest on lease liabilities recognized for the years ended December 31, 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charged for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings	$27,394	$29,033
Miscellaneous equipment (company cars)	1,853	1,722
Total	$29,247	$30,755

(c) Rental expenditure relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	$6,533	$3,178
The expense relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	286	596

(d) Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounted to NT$30,646 thousand and NT$21,314 thousand, respectively.

B. Group as a lessor

The Group signed lease contracts for digital printing assets and multi-function printers, the lease term ranged from 1 to 9 years, and the lease contracts were individually negotiated and contained various terms and conditions. Leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Group leased the digital printing assets under finance leases. The profit or loss related to the lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Lease income for finance leases	$1,370	$2,077

Analysis of the maturity date of the undiscounted lease payments leased by the Group under finance leases is as follows:

	As of December 31,	
	2023	2022
2023	$-	$22,528
2024	12,338	12,338
2025	12,490	12,490
2026	11,168	11,168
2027	4,556	4,556
After 2028	2,278	2,278
Total undiscounted lease payments	$42,830	$65,358

	As of December 31,	
	2023	2022
Undiscounted lease payments	$42,830	$65,358
Unearned finance income	(1,782)	(3,151)
Gross carrying amount	41,048	62,207
Loss allowance - Finance lease receivable and long-term finance lease receivable	(34)	(56)
Net investment in the lease	$41,014	$62,151
Current	$11,412	$21,103
Non-current	$29,602	$41,048

Operating leases

Please refer to Note 6 (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 are as follows:

	As of December 31,	
	2023	2022
Not later than one year	$80	$62
Later than one year but not later than two years	-	-
Total	$80	$62

(21) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended March 31, 2023 and 2022:

By function / By nature	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries and wages	$-	$291,881	$291,881	$-	$281,083	$281,083
Labor and health insurance	-	11,505	11,505	-	11,553	11,553
Pension	-	21,264	21,264	-	19,919	19,919
Remuneration to directors	-	15,598	15,598	-	2,853	2,853
Other employee benefits expense	-	7,100	7,100	-	7,432	7,432
Depreciation	-	41,410	41,410	119	42,178	42,297
Amortization	-	906	906	-	961	961

According to the Articles of Incorporation, no lower than 4%~11% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and superviosors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 according to the percentage stipulated in the Articles of Incorporation. As such, the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 amounted to NT$11,997 thousand and NT$2,399 thousand, respectively, which were recognized as employee benefits expenses. Based on the profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 according to the percentage stipulated in the Articles of Incorporation. As such, the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amounted to NT$14,263 thousand and NT$2,853 thousand, respectively, which were recognized as employee benefits expenses.

A resolution was passed in the board meeting held on March 7, 2024 to distribute NT$11,997 thousand and NT$2,399 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023.

A resolution was passed in the board meeting held on March 3, 2023 to distribute NT$14,263 thousand and NT$2,853 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(22) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Interest on bank deposits	$42,328	$15,720
Interest income on financial assets measured at amortized cost	2,587	1,490
Investment income on finance leases	1,370	2,077
Other interest income	1,015	1,213
Total	$47,300	$20,500

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	$5,339	$7,019
Rental income	80	80
Total	$5,419	$7,099

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on financial assets at fair value through profit or loss	$10,733	$6,540
Foreign exchange gains, net	5,418	11,192
Other gains	2,180	13,477
(Losses) gain on disposal of property, plant and equipment	(468)	1,353
Total	$17,863	$32,562

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	$11,167	$9,093
Interest on lease liabilities	1,357	2,282
Other financial expenses	181	8,004
Total	$12,705	$19,379

(23) Components of other comprehensive income

Other comprehensive income for the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(6,338)	$-	$(6,338)	$-	$(6,338)

Other comprehensive income for the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$625	$-	$625	$(126)	$499
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(521)	-	(521)	-	(521)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	114,984	-	114,984	-	114,984
Total	$115,088	$-	$115,088	$(126)	$114,962

(24) Income tax

The major components of income tax expense (income) for the years ended December 31, 2023 and 2022 are as follows:

Income tax income (expense) recognized in profit or loss

	For the years ended December 31, 2023	2022
Current income tax expense (income):		
Current income tax payable	$96,687	$79,442
Higher estimates of income tax in previous fiscal years	(39)	(591)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	9,171	80
Income tax expense	$105,819	$78,931

Income tax relating to components of other comprehensive income

	For the years ended December 31, 2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$-	$(126)
Income tax relating to components of other comprehensive income	$-	$(126)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Profit (loss) before tax from continuing operations	$419,179	$468,343
Tax at the domestic rates applicable to profits in the country concerned	$128,772	$127,460
Tax effect of deferred tax assets/liabilities	(9,171)	-
Profit-seeking enterprise income tax on undistributed earnings	3,946	-
Higher (lower) estimates of income tax in previous fiscal years	(39)	(591)
Tax effect of revenues exempt from taxation	(53,685)	(47,938)
Other income tax adjustments in accordance with the tax laws and regulations	35,996	-
Total income tax expense (income) recognized in profit or loss	$105,819	$78,931

Deferred tax assets (liabilities) relating to the following:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Unrealized inventory valuation loss	$8,341	$(2,967)	$-	$5,374
Allowance for unused leaves	878	(8)	-	870
Allowance for doubtful debts	2,333	(151)	-	2,182
Impairment loss	1,588	-	-	1,588
Others	1,544	(187)	-	1,357
Unrealized foreign exchange gains or losses	(2,514)	(327)	-	(2,841)
Tax losses	11,382	(5,531)	-	5,851
Deferred tax income (expense)		$(9,171)	$-	
Net deferred tax assets (liabilities)	$23,552			$14,381
Information expressed in balance sheet as follows:				
Deferred tax assets	$26,066			$17,222
Deferred tax liabilities	$2,514			$2,841

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Unrealized inventory valuation loss	$7,054	$1,287	$-	$8,341
Allowance for unused leaves	878	-	-	878
Allowance for doubtful debts	2,333	-	-	2,333
Impairment loss	1,588	-	-	1,588
Others	2,139	(469)	(126)	1,544
Unrealized foreign exchange gains or losses	(1,616)	(898)	-	(2,514)
Tax losses	11,382	-	-	11,382
Deferred tax income (expense)		$(80)	$(126)	
Net deferred tax assets (liabilities)	$23,758			$23,552
Information expressed in balance sheet as follows:				
Deferred tax assets	$25,374			$26,066
Deferred tax liabilities	$1,616			$2,514

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company and its domestic subsidiaries is all approved to 2021.

(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31, 2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$245,089	$320,201
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	62,089	58,305
Basic earnings per share (NT$)	$3.95	$5.49

	For the years ended December 31,	
	2023	2022
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$245,089	$320,201
Effect of dilution:		
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	62,089	58,305
Employee compensation－stock (in thousands)	216	306
Weighted average number of ordinary shares outstanding after dilution (in thousands)	62,305	58,611
Diluted earnings per share (NT$)	$3.93	$5.46

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(26) Changes in parent's interest in subsidiaries

Acquisition of additional interest in a subsidiary

In March 2022, the Group's consolidated subsidiary, DeepStone, purchased the issued shares of the consolidated subsidiary, Topteam Information Co., Ltd., resulting in the Group's ownership interest held in the company adjusted to 100%. The transaction reduced the non-controlling interests in the amount of NT$406 thousand.

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

On June 28, 2022, the Group's consolidated subsidiary, GrandTech Cloud Services Inc., proceeded with cash capital increase and issued new shares. The Group subscribed NT$40,000 thousand to the new shares, but its ownership interest decreased by 2.57% due to not subscribe to its original shareholding ratio.

(27) Subsidiaries that have material non-controlling interests

The Group's total non-controlling interests for the years ended December 31, 2023 and 2022 amounted to NT$304,860 thousand and NT$338,718 thousand, respectively. Information on non-controlling interests and subsidiaries that are material to the Group is as follows:

Name of subsidiaries	Country of incorporation and operation	As of December 31, 2023	As of December 31, 2022
Senco-Masslink	Hong Kong	45%	45%
GrandTech Cloud	Taiwan	24.86%	24.86%

Note: The above-mentioned shareholding ratio represents the comprehensive shareholding ratio of the Group based on the non-controlling interests, except for the subsidiaries held by the above-mentioned companies. Therefore, the following financial information is consolidated financial information.

	As of December 31,	
	2023	2022
Accumulated balances of material non-controlling interest:		
Senco-Masslink	$102,139	$148,884
GrandTech Cloud	110,187	99,208

	For the years ended December 31,	
	2023	2022
Profit/(loss) allocated to material non-controlling interest:		
Senco-Masslink	$35,460	$39,119
GrandTech Cloud	18,951	18,494

This information is based on amounts before inter-company eliminations.

The summarized financial information of Senco-Masslink is provided below. This information is based on amounts before inter-company eliminations.

Balance sheet

	As of December 31,	
	2023	2022
Current assets	$348,636	$468,144
Non-current assets	73,009	90,286
Current liabilities	(194,670)	(216,460)
Non-current liabilities	-	(11,117)
Total net assets	$226,975	$330,853

Statement of comprehensive income

	For the years ended December 31,	
	2023	2022
Operating Revenue	$2,546,943	$2,525,328
Profit before income tax	94,177	102,220
Income tax expense	(15,378)	(15,289)
Net income	78,799	86,931
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$78,799	$86,931
Dividends paid to non-controlling interest	$81,675	$72,477

Statement of cash flows

	For the years ended December 31,	
	2023	2022
Net cash provided by operating activities	$107,015	$13,869
Net cash used in financing activities	(181,460)	(75,000)
Decrease in cash and cash equivalents	(74,445)	(61,131)
Cash and cash equivalents at the beginning of the period	135,635	196,766
Cash and cash equivalents at the end of the period	$61,190	$135,635

The summarized financial information of GrandTech Cloud is provided below. This information is based on amounts before inter-company eliminations.

Balance sheet

	As of December 31,	
	2023	2022
Current assets	$551,600	$515,621
Non-current assets	156,759	125,140
Current liabilities	(255,449)	(237,937)
Non-current liabilities	(9,680)	(3,757)
Total net assets	$443,230	$399,067

Statement of comprehensive income

	For the years ended December 31,	
	2023	2022
Operating Revenue	$1,051,781	$876,206
Profit before income tax	94,671	89,408
Income tax expense	(18,314)	(17,044)
Net income	76,357	72,364
Other comprehensive income (post-tax)	(127)	2,027
Total comprehensive income	$76,230	$74,391
Dividends paid to non-controlling interest	$5,889	$374

Statement of cash flows

	For the years ended December 31,	
	2023	2022
Net cash provided by (used in) operating activities	$22,742	$(20,360)
Net cash (used in) provided by investing activities	(8,626)	5,983
Net cash (used in) provided by financing activities	(75,444)	116,104
Effect of changes in exchange rate on cash and cash equivalents	(137)	2,047
(Decrease) increase in cash and cash equivalents	(61,465)	103,774
Cash and cash equivalents at the beginning of the period	191,254	87,480
Cash and cash equivalents at the end of the period	$129,789	$191,254

7. Related party transactions

Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$40,345	$40,269
Post-employment benefits	588	522
Total	$40,933	$40,791

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying Amount		
	As of December 31,		
Items	2023	2022	Secured liabilities
Property, plant and equipment			
Land	$90,581	$90,581	Short-term borrowings
Buildings	12,826	12,694	Short-term borrowings
Total	$103,407	$103,275	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2023, the Group's guaranteed bills issued for the bank loans amounted to NT$1,630,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

The Company's appropriation of earnings for the three-month period ended December 31, 2023 was resolved by the Board of Directors on March 7, 2024. Please refer to Note 6 (16) for details.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial asset at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$216,343	$208,278
Financial assets measured at fair value through other comprehensive income	8,479	8,479
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand and revolving funds)	1,409,892	1,394,695
Financial assets measured at amortized cost	107,898	60,816
Notes receivables	37,189	19,496
Trade receivables	608,918	599,745
Finance lease receivable and long-term finance lease receivable	41,014	62,151
Other receivables	20,191	19,521
Refundable deposits	73,057	72,870
Total	$2,522,981	$2,446,051

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost		
Short-term borrowings	$750,000	$580,000
Payables	464,537	468,396
Other payables	170,183	188,536
Leases liabilities (including non-current)	22,949	47,820
Total	$1,407,669	$1,284,752

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and HKD. The information of the sensitivity analysis is as follows:

A. When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT$512 thousand and NT$595 thousand, respectively.
B. When NTD strengthens/weakens against HKD by 1%, the profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT$159 thousand and NT$53 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's bank loans at variable interest rates, which exposes the Group to interest rate risk of cash flows.

The Group simulates multiple scenarios and analyzes interest rate risks, including considering refinancing, renewal of existing contracts, other available financing and hedging, etc., to calculate the effect of changes in specific interest rates on profit or loss. The same interest rate movement is applied to all currencies for each simulation scenario. These simulation scenarios are only applied to material liabilities of interest calculation.

When the interest on borrowings of New Taiwan Dollars increases or decreases by 1%, and all other factors remain unchanged, the profit after tax for the years ended December 31, 2023 and 2022 would decrease/increase by NT$7,697 thousand and NT$4,640 thousand, respectively. This is mainly caused by the changes in interest expenses due to loans at variable interest rates.

Equity price risk

The Group's equity instruments exposed to price risk are financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the price risk of equity instrument investments by diversifying its investment portfolio in an approach based on the limit set by the Group.

The Group mainly invests in the equity instruments issued by the domestic companies. The prices of these equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment objectives. When the price of the equity instrument increases or decreases by 10%, and all other factors remain unchanged, the gains or losses on the profit after tax for the years ended December 31, 2023 and 2022 arising from the equity instruments measured at fair value through profit or loss would increase/decrease by NT$21,634 thousand and NT$20,828 thousand, respectively; gains or losses on other comprehensive income arising from classification as equity investments measured at fair value through other comprehensive income would increase/decrease by NT$848 thousand and NT$848 thousand, repectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Borrowings	$751,043	$-	$-	$-	$751,043
Payables	464,537	-	-	-	464,537
Other payables	170,183	-	-	-	170,183
Leases liabilities	20,309	3,389	129	-	23,827

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Borrowings	$580,572	$-	$-	$-	$580,572
Payables	468,396	-	-	-	468,396
Other payables	188,536	-	-	-	188,536
Leases liabilities	39,533	14,625	1,586	-	55,744

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of the liabilities for the year ended December 31, 2023 is as follows:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2023	$580,000	$47,820	$627,820
Cash flows	170,000	(23,827)	146,173
Non-cash changes	-	(1,044)	(1,044)
As of December 31, 2023	$750,000	$22,949	$772,949

Reconciliation of the liabilities for the year ended December 31, 2022 is as follows:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2022	$660,000	$55,467	$715,467
Cash flows	(80,000)	(17,540)	(97,540)
Non-cash changes	-	9,893	9,893
As of December 31, 2022	$580,000	$47,820	$627,820

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial asset at fair value through profit or loss				
Unlisted companies stocks	$-	$-	$100,755	$100,755
Beneficiary certificates	-	-	115,588	115,588
Total	$-	$-	$216,343	$216,343
Financial assets measured at fair value through other comprehensive income				
Equity securities	$-	$-	$8,479	$8,479

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial asset at fair value through profit or loss				
Unlisted companies stocks	$-	$-	$100,755	$100,755
Preference shares of unlisted companies	-	-	13,396	13,396
Beneficiary certificates	-	-	94,127	94,127
Total	$-	$-	$208,278	$208,278
Financial assets measured at fair value through other comprehensive income				
Equity securities	$-	$-	$8,479	$8,479

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of changes in Level 3 of the recurring fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Stocks	Stocks	Subtotal
As of January 1, 2023	$208,278	$8,479	$216,757
Total profit (loss) for the year ended December 31, 2023:			
Amount recognized in profit or loss (presented in “other profit or loss”)	10,733	-	10,733
Acquisition/Issue for the year ended December 31, 2023	10,861	-	10,861
Disposal/Settlement for the year ended December 31, 2023	(13,486)	-	(13,486)
Exchange differences	(43)	-	(43)
As of December 31, 2023	$216,343	$8,479	$224,822

	Assets		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Stocks	Stocks	Subtotal
As of January 1, 2022	$148,085	$11,000	$159,085
Total profit (loss) for the year ended December 31, 2022:			
Amount recognized in profit or loss (presented in "other profit or loss")	6,745	(521)	6,224
Acquisition/Issue for the year ended December 31, 2022	47,652	-	47,652
Disposal/Settlement for the year ended December 31, 2022	-	(2,000)	(2,000)
Exchange differences	5,796	-	5,796
As of December 31, 2022	$208,278	$8,479	$216,757

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023:

	Fair value	Valuation techniques	Significant unobservable inputs	Relationship between inputs and fair value
Non-derivative financial instruments:				
Unlisted companies stocks	$100,755	Comparable to the Company Act of Exchange-Listed and OTC-Listed Companies	Price earnings ratios multiplier	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Investment of privately offered fund	115,588	Net asset value method	Not applicable	Not applicable

As of December 31, 2022:

	Fair value	Valuation techniques	Significant unobservable inputs	Relationship between inputs and fair value
Non-derivative financial instruments:				
Unlisted companies stocks	$114,151	Comparable to the Company Act of Exchange-Listed and OTC-Listed Companies	Price earnings ratios multiplier	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Investment of privately offered fund	94,127	Net asset value method	Not applicable	Not applicable

The Group selects the valuation model and valuation parameters after careful assessment. However, using different valuation models or valuation parameters may lead to different valuation results. For financial assets classified as Level 3, when there are changes in valuation parameters, the effect of the current profit or loss, or other comprehensive income is as follows:

			As of December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Discount for lack of marketability	±1%	$2,163	$(2,163)	$85	$(85)

			As of December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Discount for lack of marketability	±1%	$2,083	$(2,083)	$85	$(85)

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$5,750	30.74	$176,755
HKD	3,251	7.81	25,390
Financial liabilities			
Monetary items:			
USD	$4,083	30.74	$125,511
HKD	5,282	7.81	41,252

	As of December 31, 2022		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$4,654	30.71	$142,924
HKD	4,700	7.80	36,660
Financial liabilities			
Monetary items:			
USD	$2,716	30.71	$83,408
HKD	4,526	7.80	35,303

Due to the wide variety of individual entity functional currencies of the Group, it is not possible to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (losses) gains amounted to NT$5,418 thousand and NT$11,192 thousand for the years ended December 31, 2023 and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. <u>Other disclosure</u>

(1) Information on significant transactions

A. Financing provided to others: Please refer to Attachment 1.
B. Endorsement/Guarantee provided to others: None.
C. Marketable securities held at the end of the period (excluding the portion held due to investment in a subsidiary or an associate): Please refer to Attachment 2.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: Please refer to Attachment 3.
E. Acquisition of real estate exceeding the lower of NT$300 million or 20 percent of paid-in capital: None.
F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.
G. Purchases or sales of goods from or to related parties exceeding the lower of NT$100 million or 20 percent of paid-in capital: None.
H. Trade receivables from related parties exceeding the lower of NT$100 million or 20 percent of paid-in capital: None.
I. Financial instruments and derivative transactions: Please refer to Attachment 3.
J. Significant inter-company transactions between consolidated entities: Please refer to Attachment 4.

(2) Information on investees

Names, locations and related information of investee companies (excluding investees in Mainland China): Please refer to Attachment 5.

(3) Information on investments in mainland China

A. Please refer to Attachment 6 for the basic information.

B. Significant direct or indirect transactions with the investee, its prices, terms of payment and unrealized gain or loss: None.

(a) Amount and percentage of purchases, and ending balance and percentage of related payables: None.
(b) Amount and percentage of sales, and ending balance and percentage of related receivables: None.
(c) Property transactions and the amount of profit or loss generated therefrom: None.
(d) Ending balance and purpose of endorsements/guarantees or collaterals: None.
(e) The maximum balance, ending balance, interest rate and total current interest of financing: None.
(f) Other transactions that have a significant influence on current profit or loss, or financial position, such as rendering or receipt of services: None.

(4) Information on major shareholders

Names, number of shares held and percentage of ownership for the Company's shareholders that hold more than 5%: Please refer to Attachment 7.

14. Segment information

(1) General information

The Group operates its business and makes decisions for the sales in each region, so the management also uses this model to identify reportable segments.

The Group shall have two reportable segments: Taiwan region, and Hong Kong and Macao regions. Taiwan region is located in Taipei and Kaohsiung; Hong Kong and Macao regions are mainly located in Hong Kong. The main business and products in each region are wholesale of office machinery and equipment, retail sales, and wholesale and retail of information software.

(2) The information on profit or loss and assets of reportable segments

The information on reportable segments provided to the chief operating decision maker is as follows:

For the year ended December 31, 2023

	Taiwan region	Hong Kong and Macao regions	Other regions	Adjustment and write-off	Total
Revenue					
Revenue from external customer	$1,299,721	$3,525,984	$384,519	$-	$5,210,224
Revenue from parent and consolidated subsidiaries	91,850	373,527	63,800	(529,177)	-
Revenue from contracts with customers	$1,391,571	$3,899,511	$448,319	$(529,177)	$5,210,224
Other revenue - rental receipt	$-	$-	$82	$-	$82
Total revenue	$1,391,571	$3,899,511	$448,401	$(529,177)	$5,210,306
Segment profit	$397,967	$223,547	$206,467	$(408,802)	$419,179
Total segment assets	$3,187,807	$1,002,854	$1,915,867	$(2,862,236)	$3,244,292

For the year ended December 31, 2022

	Taiwan region	Hong Kong and Macao regions	Other regions	Adjustment and write-off	Total
Revenue					
Revenue from external customer	$1,454,665	$3,550,743	$281,087	$-	$5,286,495
Revenue from parent and consolidated subsidiaries	113,528	310,438	20,129	(444,095)	-
Revenue from contracts with customers	$1,568,193	$3,861,181	$301,216	$(444,095)	$5,286,495
Other revenue - rental receipt	$-	$-	$324	$-	$324
Total revenue	$1,568,193	$3,861,181	$301,540	$(444,095)	$5,286,819
Segment profit	$445,870	$255,403	$203,896	$(436,826)	$468,343
Total segment assets	$3,030,085	$1,154,597	$1,721,405	$(2,697,611)	$3,208,476

(3) The reconciliations of segment profit or loss

Inter-segment sales are conducted on an arm's length basis. External revenue is reported to the chief operating decision maker and is measured in the same method as revenue in the statement of income.

Attachment 1: Financings provided to others

Unit: Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Counterparty	Account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual amount provided	Interest rates	Nature of financing (Note 4)	Amount of sales to (purchase from) counterparty (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counterparty (Note 7)	Limit of total financing amount (Note 7)
													Name	Value		
1	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	Other receivables from related parties	Yes	$70,079	$36,882	$9,221	4%	Short-term financing	$-	Working capital for operations	$-	None	$-	$83,152	$166,303
1	GrandTech Cloud Services Inc.	GrandTech Cloud Services Japan Co., Ltd.	Other receivables from related parties	Yes	$1,304	$1,304	$-	1.20%	Short-term financing	$-	Working capital for operations	$-	None	$-	$83,152	$166,303

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Items recorded include trade receivables from associates, receivables from related parties, shareholder transactions, prepayments, advances, and similar items. If these items are of a nature involving financing provided to others, fill in the field.

Note 3: Fill in the maximum balance of funds provided to others for the year ended December 31, 2023.

Note 4: The columns of the nature of financing shall be filled in an investee company that has a business relationship with the parent, or that has a need for short-term financing.

Note 5: Fill in the amount of sales to (purchase from) a counterparty for financing categorized as business transactions. The amount of business transactions refers to the amount of business transactions between the company lending funds and the entity to which the company may loan funds in the most recent year.

Note 6: Where short-term financing is needed, the reasons for and use of such loans shall be enumerated, e.g., repayment for borrowings, acquisition of equipment, working capital for operations, etc.

Note 7: The column shall be filled in limit of financing amount and limit of total financing amount set for the individual counterparty based on the company's procedures for financings provided to others, and the calculation method of the limit of total financing amount lending to the individual counterparty shall be explained in the Note column.

(1) When financing to the counterparty with which there are business transactions, the limit of total financing amount shall not exceed 40% of the lender's net worth. For individual counterparty, the limit shall be lower than the accumulated transaction amount between the two parties in the most recent fiscal year.

The term "transaction amount" refers to the higher of the purchase or sale amount between the two parties.

(2) When financing to the counterparty who has a need for short-term financing, the limit of financing provided shall not exceed 40% of the lender's net worth. For individual counterparty, the limit shall be lower of 20% of the lender's net worth.

Note 8: In accordance with Paragraph 1, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and loans of funds between the public company and its parent company or subsidiaries, or between its subsidiaries shall be submitted for a resolution by the board of directors, even if the disbursement has not yet occurred, the board-approved amount shall be disclosed as a reported balance to disclose the assumed risk. Subsequently, upon repayment of the funds, the adjusted remaining balance shall be disclosed to reflect risk adjustments. In the case where a public company operates under Paragraph 2, Article 14 of the regulation, authorizing the chairman of the board to disburse funds incrementally within a certain limit and over a one-year period, the announced reported balance shall be based on the board-approved amount. After the fund is repaid, considering the possibility of further disbursements, the reported balance shall continue to reflect the board-approved fund lending limit.

Attachment 2: Marketable securities held at the end of the period

Unit: Thousands of New Taiwan Dollars and foreign currencies

Name of the company held	Marketable securities type and name (Note 1)	Relationship (Note 2)	Financial statement account	As of December 31, 2023				Note (Note 4)
				Number of shares	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value	
GrandTech C.G. Systems Inc.	Abico Asia Capital Corporation - Unlisted stocks	-	Financial assets measured at fair value through other comprehensive income, non-current	800,000	$8,479	0.52%	$8,479	
GrandTech C.G. Systems Inc.	Honlynn Co., Ltd.	-	Financial assets at fair value through profit or loss, non-current	4,342,000	89,613	17.94%	89,613	
GrandTech C.G. Systems Inc.	Ovomedia Creative Inc.	-	Financial assets at fair value through profit or loss, non-current	900,000	11,142	8.19%	11,142	
GrandTech C.G. Systems Inc.	Trans-Iot Technology Co., Ltd.	-	Financial assets at fair value through profit or loss, non-current	424,000	-	6.79%	-	
GrandTech (B.V.I.) Inc.	Abico Optical(HK)	-	Financial assets at fair value through profit or loss, non-current	143	-	14.36%	-	
GrandTech Systems Pte Limited	Gt Eco Solutions Pte. Ltd.	-	Financial assets designation as measured at fair value through profit or loss, non-current	2,345	-	19.00%	-	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	40,204	-	40,204	
GrandTech (Cayman) Inc.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	10,423	-	10,423	
GrandTech (China) Ltd.	Beneficiary certificate - Infinity Ventures IV, L.P - Fund	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	8,908	-	8,908	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	33,815	-	33,815	
GrandTech (Cayman) Inc.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	8,454	-	8,454	
GrandTech (China) Ltd.	Beneficiary certificate - SEA Frntier Fund LP	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	6,099	-	6,099	
GrandTech (B.V.I.) Inc.	Beneficiary certificate - IVP Annex I LLC	-	Financial assets designation as measured at fair value through profit or loss, non-current	-	7,684	-	7,684	

Note 1: "Financial instruments" as referred to in this table includes stocks, bonds, beneficiary certificate, and securities derived from the aforementioned items, within the scope of IFRS 9 Financial Instruments.

Note 2: Not required if the issuer of securities is not a related party.

Note 3: For items measured at fair value, please fill in the adjusted carrying amount after fair value assessment and deduction of accumulated impairments in "Carrying amount" column. For items not measured at fair value, please fill in the carrying amount after deducting accumulated impairments from the original cost or amortized cost in "Carrying amount" column.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Attachment 3: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital

Unit: Thousands of New Taiwan Dollars

Purchaser/Seller	Type and name of the securities (Note 1)	Financial statement account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Purchased (Note 3)		Sold (Note 3)				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain (loss) on disposal	Number of shares	Amount
GrandTech International (Shanghai) Ltd.	Fubon Bank (China) Co., Ltd. Principal-guaranteed financial products	Financial assets at fair value through profit or loss, current	Fubon Bank (China) Co., Ltd.	None	-	$-	-	$538,168	-	$541,569	$538,168	$3,401	-	$-

Note 1: "Financial instruments" as referred to in this table includes stocks, bonds, beneficiary certificate, and securities derived from the aforementioned items.

Note 2: Investors recognized the marketable securities as investments accounted for using equity method are required to fill in these two columns, and others may leave these blank.

Note 3: The accumulated purchase and sale amounts should be calculated separately based on the market prices to determine whether they reach NT$300 million or 20 percent of the paid-in capital or more.

Note 4: Paid-in capital refers to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or par value other than NT$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the pare

Attachment 4: Significant inter-company transactions between consolidated entities

Unit: Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Relationships (Note 2)	Transaction details			
				Accounts	Amount	Transaction terms	Percentage of consolidated net revenues or total assets (Note 3)
0	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Sales revenue	$205,385	Subject to general terms	3.94%
1	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Trade receivables	31,021	Subject to general terms	0.96%
2	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Other receivables	9,221	Subject to general terms	0.28%
3	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Sales revenue	73,497	Subject to general terms	1.41%
4	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Trade receivables	44,317	Note 5	1.37%

Note 1: The information of significant transactions and amounts between the Company and subsidiaries are coded as follows:

(1) The parent company is numbered "0".

(2) The subsidiaries are numbered by company from Arabic number 1 in order.

Note 2: There are the following three types of relationships with traders, please indicate the type. (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

(1) Parent company to subsidiaries.

(2) Subsidiaries to parent company.

(3) Subsidiaries to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to total assets balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: “Significant inter-company transactions”as referred to in this table may be disclosed based on the company’s principle of materiality. Therefore, it is hereby disclosed if the amount of the account reaches NT$100 million or 20% of the paid-in capital or more.

Note 5: Trade receivables and the corresponding trade payables are collected and paid on a net basis, allowing for renegotiation of the collection schedule upon maturity.

Attachment 5: Names, locations and related information of investee companies (excluding investees in Mainland China)

Unit: Thousands of New Taiwan Dollars

Investor	Investee (Notes 1, 2)	Location	Main businesses and products	Initial investment amount		As of December 31, 2023			Net income (losses) of the investee	Investment income (loss) recognized	Note
				As of December	As of December	Number of shares	Percentage of ownerships	Carrying amount			
GrandTech C.G. Systems Inc.	GrandTech (B.V.I.) Inc.	BVI	Holding company	$122,613	$122,613	4,000,000	100.00%	$1,088,526	$140,323	$140,323	Subsidiary
GrandTech C.G. Systems Inc.	GrandTech (Cayman) Inc.	Cayman Islands	Holding company	67,251	67,251	1,922,000	100.00%	373,850	49,984	49,984	Subsidiary
GrandTech C.G. Systems Inc.	Abico Digital Imaging Inc.	Taiwan	Trading of computers, optical products, etc.	764	764	100,000	100.00%	(315)	-	-	Subsidiary
GrandTech C.G. Systems Inc.	DeepStone Digital Technology Co., Ltd.	Taiwan	Book publishing	11,241	36,351	2,447,440	81.00%	21,948	(6,830)	(5,533)	Subsidiary
GrandTech C.G. Systems Inc.	Cogate Co., Ltd.	Taiwan	Trading of various microcomputers, office computers, industrial computers and computer software	18,438	18,438	1,377,000	51.00%	25,250	9,308	4,747	Subsidiary
GrandTech C.G. Systems Inc.	GoldSun Application Technology Co., Ltd.	Taiwan	Sales agent for trading of computer software and electronic products	27,250	27,250	2,000,000	100.00%	22,504	(2,316)	(2,316)	Subsidiary
GrandTech C.G. Systems Inc.	GrandTech Cloud Services Inc.	Taiwan	Cloud services	154,000	154,000	15,148,113	75.14%	312,401	76,357	50,771	Subsidiary
GrandTech C.G. Systems Inc.	Senco-Masslink Solutions Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	-	-	-	55.00%	-	-	-	Subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	43,727	43,727	988,000	76.71%	142,960	100,569	77,146	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech(China)Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	135,810	135,810	34,320,000	60.09%	106,107	3,602	2,164	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech India Private Limited	India	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	9,321	9,321	1,200,000	100.00%	2,125	76	76	Sub-subsidiary
GrandTech (B.V.I.) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	54,450	54,450	491,011	33.00%	94,220	78,798	26,003	Sub-subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Sdn. Bhd.	Malaysia	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	135,999	135,999	16,948,630	88.00%	162,746	7,805	6,868	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	13,276	13,276	300,000	23.29%	43,404	100,569	23,422	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech(China)Limited	Hong Kong	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	116,241	116,241	22,796,000	39.91%	70,473	3,602	1,438	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Pte Limited	Singapore	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	76,948	76,948	43,499,455	100.00%	19,672	(3,586)	(3,586)	Sub-subsidiary
GrandTech (Cayman) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agent for Apple, Adobe, Symantee and other software, hardware and peripheral equipment	36,300	36,300	327,340	22.00%	62,813	78,798	17,336	Sub-subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Sdn. Bhd.	Malaysia	Sales agent for graphics, imaging, multimedia, Internet and other related computer software and peripheral equipment	18,464	18,464	2,311,180	12.00%	22,193	7,805	937	Sub-subsidiary
GrandTech Systems Pte Limited	PT.GrandTech Systems Indonesia	Indonesia	Warehousing, wholesale and international trade	23,139	23,139	7,600	100.00%	4,192	(1,021)	(1,021)	Sub-subsidiary
GrandTech Systems Sdn.Bhd.	DPI Technology Sdn. Bhd.	Malaysia	Trading of various computers and relevant electronic products	44,931	44,931	312,000	52.00%	49,212	8,249	4,289	Sub-subsidiary
GrandTech Systems Sdn.Bhd.	GTMY SDN. BHD.	Malaysia	Sales agent for graphics and imaging-related computer software and peripheral equipment	6,222	6,222	800,000	100.00%	3,677	(78)	(78)	Sub-subsidiary
DPI Technology Sdn. Bhd.	DPI Technology Pte Ltd.	Singapore	Trading of various computers and relevant electronic products	3,193	3,193	300,000	100.00%	24,109	2,638	2,638	Sub-subsidiary
GrandTech Cloud Services Inc.	Grandtech Cloud Service (HK) Limited	Hong Kong	Cloud services	35,818	35,818	$9,000,000	100.00%	38,116	5,958	5,958	Sub-subsidiary
GrandTech Cloud Services Inc.	Netcore Network Communication Corp.	Taiwan	Internet-related computer software	31,500	31,500	2,530,000	63.25%	47,283	23,918	15,129	Sub-subsidiary
GrandTech Cloud Services Inc.	GrandTech Cloud Services Japan Co., Ltd.	Japan	Cloud services	2,247	-	1,000	100.00%	12	(2,209)	(2,209)	Sub-subsidiary

Note 1: For public company that has foreign holding subsidiaries and are required to primarily prepare consolidated financial statements in accordance with local regulations, disclosure of information related to foreign investee companies may be limited to relevant details pertaining to those subsidiaries.

Note 2: For circumstances not listed in Note 1, filled in by the following rules:

(1) The columns of "Investee", "Address", "Main businesses and products", "Initial investment" and "Investment as of December 31, 2023" shall be filled in the Company's investment to the subsidiaries' re-investment in corresponding order, and indicate the relationship in the Notes.

(2) The column of "Net income (loss) of investee company" shall be filled in amount of net profit (loss) of the investee for the current period.

(3) In column of "Investment income (loss) recognized", it is only required to fill in the Investment income (loss) of each subsidiary recognized by the Company (public company) for direct investment in each subsidiaries and each investee accounted for under equity method, and the rest is not required. When filling in the "Net income (loss) of investee company", please confirm that the current income (loss) of each subsidiary has included the investment income (loss) that should be recognized by its reinvestment in accordance with laws and regulations.

Note 3: The Company transferred the shares of Netcore Network Communication Corp. to the subsidiary, GrandTech Cloud Services Inc., in the amount of NT$31,500 thousand on November 9, 2018.

Attachment 6:

1. Investee company name, main business and products, total amount of paid-in capital, method of investment, accumulated inflow and outflow of investments from Taiwan, investment income (loss), carrying amount of investments and cumulated inward remittance of earnings in Mainland China:

Unit: Thousands of New Taiwan Dollars and foreign currencies

Investees	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan at the beginning of the period	Investment flows		Accumulated outflow of investment from Taiwan at the end of the period	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value at the end of the period	Accumulated inward remittance of earnings at the end of the period	Note
					Outflow	Inflow							
GrandTech Subsidiary in Guangzhou	Data processing and supply services	$9,386	2	$7,595	$-	$-	$7,595	$-	100.00%	$-	$268	$-	Note 2(2)C and Note 4
GrandTech International (Shanghai) Ltd.	Warehousing, wholesale and international trade	163,072	2	163,072	-	-	163,072	2,053	100.00%	2,053	149,956	-	Note 2(2)C and Note 4
Ji Lu Shu Ma Technology (Shanghai) Ltd.	Warehousing, wholesale and international trade	21,952	2	21,952	-	-	21,952	(719)	100.00%	(719)	6,318	-	Note 2(2)C and Note 5

2. Upper limit on investment in Mainland China:

Company name	Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 6)
GrandTech Subsidiary in Guangzhou	$7,595	$10,919	$1,008,108
GrandTech International (Shanghai) Ltd.	163,072	163,072	
Ji Lu Shu Ma Technology (Shanghai) Ltd.	21,952	21,952	

Note 1: Investment in China includes the following methods of investment:

(1) Investment in China companies by remittance through a third region.

(2) Indirect investment in Mainland China through companies registered in a third region.

(3) Other methods of investing in China.

Note 2: In the Investment income (loss) recognized column:

(1) If it is in the preparation stage and has not generated investment gains or losses yet, it shall be clearly indicated.

(2) Investment gain and loss recognition bases are classified into the following three types, and shall be indicated:

A. Financial statements reviewed by an international accounting firm in collaboration with a Taiwanese CPA firm.

B. Financial statements reviewed by the CPA of the parent company in Taiwan.

C. Others.

Note 3: The figures in this table shall be presented in New Taiwan Dollars.

Note 4: It is an indirect investment by GrandTech (China) Limited through the joint investment of GrandTech (B.V.I.) Inc. and GrandTech (Cayman) Inc.

Note 5: It is an indirect investment through GrandTech International (Shanghai) Ltd.

Note 6: According to the regulations stipulated by the Department of Investment Review, MOEA, the Company's upper limit on investment in Mainland China is calculated based on 60% of net worth or consolidated net worth, whichever is higher.

Attachment 7: Information on major shareholders

Unit: shares

Share / Major shareholder	Number of shares held	Percentage of ownership (%)
Minerva Capital Inc.	6,067,383	9.77%

Note:

(1) The information on major shareholders in this table is collected by Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter through calculating the shareholding of the company's ordinary shares and preferred shares with more than 5% held by the shareholders that have been registered in uncertificated form (including treasury shares). For the share capital recorded in the company's financial statements and the company's actual book-entry number of shares, there may be differences due to different preparation and calculation bases.

(2) If the aforementioned information is that a shareholder delivers his shares to a trust, it will be disclosed in individual accounts of the trustee who opened a segregated trust account. As for shareholders reporting insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares that have been delivered to a trust and have the right to decide on the use of the trust property, etc. For the insider equity reporting information, please refer to the Market Observation Post System.

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