Stock Code: 2397

DFI Inc.

Parent Company Only Financial Statements

and Independent Auditors' Report

For the years ended December 31, 2023 and 2022

This is the translation of the financial statements. CPAs do not audit on this translation.

Company Address: 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist.,
New Taipei City
Tel.: (02)26972986

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. The translation is not prepared by the independent auditor. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying balance sheets of DFI Inc. (hereinafter "the Company") as of December 31, 2023 and 2022, and the statements of income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the accompanying notes to the parent company only financial statements, which comprise a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other certified public accountants (see Other Matters paragraph), the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

I. Impairment assessment of goodwill arising from investment in subsidiaries

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

Key audit matters are stated as follows:

The Company’s goodwill arising from acquisition of subsidiaries was included in the book value of the investment accounted for using the equity method in the parent company only financial statements, and the goodwill should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the parent company only financial report of the Company.

The audit procedures to process for the above:

Our audits of the above critical items include obtaining management’s self-assessment of the goodwill impairment test form; evaluating the reasonableness of the bases of estimates and significant assumptions used by management to determine the recoverable amount, including the discount rate, expected rate of growth in revenues, and projections of future cash flows; performing sensitivity analyses of significant assumptions; and reviewing whether the Company has appropriately disclosed information regarding the goodwill impairment assessment.

Other Matters

Some of the investments in subsidiaries under the equity method included in the Company’s parent company only financial statements were not audited by us, but by other certified public accountants. Therefore, our opinion, insofar as it relates to the amounts included in the financial statements of the subsidiaries, is based on the audit reports of the other certified public accountants. The investment in this subsidiary recognized under the equity method amounted to NTD 410,339 thousand and NTD 382,317 thousand as of December 31, 2023 and 2022, respectively, representing 8.02% and 5.52% of total assets. The share of profit or loss of subsidiaries recognized under the equity method from January 1 to December 31, 2023 and 2022 were NTD 22,661 thousand and NTD 20,781 thousand, respectively, which accounted for 4.92% and 3.30% of income before tax, respectively.

Responsibility of the Management and the Governance Units for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

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

DFI Inc.’s governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtained sufficient and appropriate audit proof of the financial information of the investee company accounted for using the equity method in order to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the audit and for forming an opinion on the financial statements of DFI Inc.

We communicate with governance unit about the scope and timing of planned audit and significant audit findings, including significant deficiencies in internal control identified in the course of the audit.

We also provide the governance unit with a statement of independence from the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is followed by those who are subject to the independence requirements of the firm to which we belong, and we communicate with the governance unit about all relationships and other matters (including relevant safeguards) that might be perceived as affecting the independence of the accountant.

From the matters communicated with the governance unit, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

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

March 4, 2024

Notes to Readers

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

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

DFI Inc.

Balance Sheets

As of December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 443,832	9	452,905	7
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	32,617	1	26,995	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	1,500	-	1,500	-
1170	Net of notes receivable and accounts receivable (Notes VI (V) & (XIX))	291,998	6	452,413	7
1180	Accounts receivable from related parties (Notes VI (V), (XIX) & VII)	145,921	3	672,077	10
1200	Other receivables (Notes VI (V) & VII)	8,201	-	31,162	-
130X	Inventories (Note VI (VI))	437,094	8	972,940	14
1410	Prepayments	23,253	-	20,341	-
1470	Other current assets	302	-	1,281	-
	Total current assets	1,384,718	27	2,631,614	38
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	77,314	2	68,840	1
1550	Investment under equity approach (Note VI (VII))	2,478,590	48	2,975,611	43
1600	Property, plant and equipment (Notes VI (VIII) & VII)	1,003,301	20	1,061,807	15
1755	Right-of-use assets (Notes VI (IX) & VII)	102,953	2	121,799	2
1780	Intangible assets (Notes (X) & VII)	9,244	-	12,655	-
1840	Deferred income tax assets (Note VI (XVI))	53,930	1	55,827	1
1990	Other non-current assets	4,525	-	2,520	-
	Total non-current assets	3,729,857	73	4,299,059	62
	Total assets	$ 5,114,575	100	6,930,673	100

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.

Balance Sheets (Continued from the previous page)

As of December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023.12.31		2022.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note VI (XI))	$ 650,000	13	1,055,000	15
2120	Financial liabilities at fair value through profit or loss - current (Note VI (II))	135	-	1,083	-
2130	Contract liabilities - current (Note VI (XIX))	10,732	-	21,708	-
2170	Accounts payable	345,065	7	728,435	11
2180	Accounts payable to related parties (Note VII)	11,600	-	151,096	2
2200	Other payables (Notes VI (XX) & VII)	165,649	3	199,018	3
2230	Current income tax liabilities	87,264	2	122,938	2
2250	Provisions - current (Note VI (XIV))	41,764	1	51,236	1
2280	Lease liabilities - current (Notes VI (XIII) & VII)	18,567	-	18,889	-
2399	Other current liabilities	18,064	-	12,866	-
	Total current liabilities	1,348,840	26	2,362,269	34
	Non-current liabilities:				
2540	Long-term borrowings (Note VI (XII))	400,000	8	1,100,000	16
2570	Deferred income tax liabilities (Note VI (XVI)	95,287	2	81,948	1
2580	Lease liabilities - non-current (Notes VI (XIII) & VII)	89,283	2	107,851	2
2640	Net defined benefit liabilities - non-current (Note (XV))	19,129	-	31,174	-
	Total non-current liabilities	603,699	12	1,320,973	19
	Total liabilities	1,952,539	38	3,683,242	53
	Equity (Notes VI (VII) and (XVII)):				
3110	Share capital - Ordinary shares	1,144,889	23	1,144,889	17
3200	Capital surplus	629,767	12	608,586	9
3300	Retained earnings	1,443,171	28	1,531,997	22
3400	Other equity	(55,791)	(1)	(38,041)	(1)
	Total equity	3,162,036	62	3,247,431	47
	Total liabilities and equity	$ 5,114,575	100	6,930,673	100

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.

Statement of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023 Amount	2023 %	2022 Amount	2022 %
4000	**Net operating income (Notes VI (XIX) and VII)**	$ 4,009,122	100	5,442,148	100
5000	**Operating costs (Notes VI (VI), (VIII), (IX), (X), (XIII), (XIV), (XV), (XX), VII and XII)**	(3,058,894)	(77)	(4,366,454)	(80)
	Gross profit	950,228	23	1,075,694	20
5910	Gain on realized (unrealized) sales	24,604	1	(60,265)	(1)
	Gross profit	974,832	24	1,015,429	19
	Operating expenses (Notes VI (V), (VIII), (IX), (X), (XIII), (XV), (XX), VII and XII):				
6100	Selling and marketing expenses	(177,845)	(4)	(180,818)	(4)
6200	General and administrative expenses	(119,192)	(3)	(122,476)	(2)
6300	Research and development expenses	(271,658)	(7)	(278,529)	(5)
6450	Expected credit (impairment loss) gain on reversal	877	-	(1,798)	-
6000	**Total operating expenses**	(567,818)	(14)	(583,621)	(11)
	Net operating income	407,014	10	431,808	8
	Non-operating income and expenses (Notes (XIII), (XXI) and VII)				
7100	Interest income	7,564	-	2,236	-
7010	Other income	35,164	1	29,039	1
7020	Other gains and losses	(17,837)	-	15,920	-
7050	Finance costs	(31,114)	(1)	(27,177)	-
7070	Shares of profit (loss) of subsidiaries accounted for using the equity method	59,574	1	177,345	3
	Total non-operating income and expenses	53,351	1	197,363	4
7900	**Income before tax**	460,365	11	629,171	12
7950	**Less: Income tax expense (Note VI (XVI))**	(98,680)	(2)	(97,547)	(2)
8200	**Net income for the period**	361,685	9	531,624	10
	Other comprehensive income (Notes VI (XVI) and (XVII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	9,469	-	260	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	8,474	-	11,483	-
8330	Shares of other comprehensive income of subsidiaries accounted for using the equity method	1,929	-	(1,520)	-
8349	Income tax relating to items that will not be reclassified	(1,894)	-	(52)	-
		17,978	-	10,171	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	8,353	1	65,556	1
8399	Income tax relating to items that may be reclassified	-	-	-	-
		8,353	1	65,556	1
	Other comprehensive income (loss) for the period	26,331	1	75,727	1
8500	**Total comprehensive income (loss) for the period**	**$ 388,016**	**10**	**607,351**	**11**
	Net income in current period attributable to:				
8610	Owners of the parent company	$ 361,685	9	528,230	10
	Former owner of business combination under common control	-	-	3,394	
		$ 361,685	**9**	**531,624**	**10**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 388,016	10	603,957	11
	Former owner of business combination under common control	-	-	3,394	-
		$ 388,016	**10**	**607,351**	**11**
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XVIII))				
9750	**Basic earnings per share**	**$**	**3.16**		**4.61**
9850	**Diluted earnings per share**	**$**	**3.14**		**4.58**

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.

Statement of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

			Retained earnings				Other equity items				
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Former owner of business combination under common control	Total equity
Balance as of January 1, 2022 (Restated)	$ 1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	20,310	3,077,589
Net income for the period	-	-	-	-	528,230	528,230	-	-	-	3,394	531,624
Other comprehensive income (loss) for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	-	75,727
Total comprehensive income (loss) for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	3,394	607,351
Profit distribution:											
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(366,364)	(366,364)	-	-	-	-	(366,364)
Cash dividends distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	-	(45,796)
Organizational reorganization under common control	-	(1,371)	-	-	-	-	-	-	-	(23,704)	(25,075)
Changes in percentage of ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	-	5
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	-	(283)
Disposal of unearned funds of employee stock ownership trust	-	4	-	-	-	-	-	-	-	-	4
Balance as of December 31, 2022	1,144,889	608,586	887,332	114,822	529,843	1,531,997	(69,315)	31,274	(38,041)	-	3,247,431
Net income for the period	-	-	-	-	361,685	361,685	-	-	-	-	361,685
Other comprehensive income (loss) for the period	-	-	-	-	7,444	7,444	8,353	10,534	18,887	-	26,331
Total comprehensive income (loss) for the period	-	-	-	-	369,129	369,129	8,353	10,534	18,887	-	388,016
Revision of the legal reserve provision for 2022	-	-	(15,964)	-	15,964	-	-	-	-	-	-
Profit distribution:											
Legal reserve	-	-	52,689	-	(52,689)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(76,782)	76,782	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(457,955)	(457,955)	-	-	-	-	(457,955)
Changes in percentage of ownership interests in subsidiaries	-	39	-	-	-	-	-	-	-	-	39
Disposal of subsidiaries	-	20,999	-	-	-	-	(36,637)	-	(36,637)	-	(15,638)
Disposal of unearned funds of employee stock ownership trust	-	143	-	-	-	-	-	-	-	-	143
Balance as of December 31, 2023	**$ 1,144,889**	**629,767**	**924,057**	**38,040**	**481,074**	**1,443,171**	**(97,599)**	**41,808**	**(55,791)**	**-**	**3,162,036**

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.

Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from operating activities:		
Income before tax for the period	$ 460,365	629,171
Adjustment item:		
Adjustments to reconcile profit (loss)		
Depreciation expense	88,167	82,094
Amortization expense	6,142	5,409
Expected credit impairment loss (gain on reversal)	(877)	1,798
Evaluation losses of financial assets measured at fair value through gains and losses	1,586	72
Interest expense	31,114	27,177
Interest income	(7,564)	(2,236)
Dividend income	(5,849)	(2,997)
Shares of profit of subsidiaries accounted for using the equity method	(59,574)	(177,345)
Gain on disposal of property, plant and equipment	(5,704)	-
Relisting expenses of property, plant and equipment	-	235
Unrealized (realized) gain on sales	(24,604)	60,265
Total revenue, expense and loss items	22,837	(5,528)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Financial assets mandatorily classified as at fair value through profit or loss:	(7,208)	70
Notes and accounts receivable	161,292	(209,942)
Accounts receivable from related parties	526,156	(289,846)
Other receivables	22,960	(8,470)
Inventories	535,846	132,009
Prepayments	(2,912)	10,278
Other current assets	979	(690)
Total net changes in assets related to operating activities	1,237,113	(366,591)
Net change in liabilities related to operating activities:		
Financial liabilities held for trading:	(948)	1,018
Contract liabilities	(10,976)	(15,021)
Accounts payable	(383,370)	34,351
Accounts payable from related parties	(139,496)	61,198
Other payables	(34,043)	(43,096)
Provision for liabilities	(9,472)	4,989
Other current liabilities	5,198	8,376
Net defined benefit liabilities	(2,576)	(9,150)
Total net changes in liabilities related to business activities	(575,683)	42,665
Total net changes in assets and liabilities related to operating activities	661,430	(323,926)
Total adjustment items	684,267	(329,454)
Cash generated from operations	1,144,632	299,717
Interest received	7,565	2,236
Interest paid	(31,476)	(26,425)
Income tax paid	(126,485)	(26,555)
Net cash generated from operating activities	994,236	248,973

(Continued on the next page)

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.

Statements of Cash Flows (Continued from the previous page)

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	-	(16,098)
Disposal of long-term equity investments accounted for under the equity method	530,075	-
Refund of share capital due to capital decrease of subsidiaries accounted for using the equity method	-	80,063
Purchase of property, plant and equipment	(9,875)	(70,722)
Proceeds from disposal of property, plant and equipment	5,800	-
Increase in refundable deposits	-	(892)
Decrease in refundable deposits	143	-
Purchase of intangible assets	(2,731)	(7,542)
Decrease (increase) in other non-current assets	(2,148)	3,026
Dividends received	57,129	248,227
Net cash generated from investment activities	578,393	236,062
Cash flows from financing activities:		
Increase in short-term borrowings	4,270,000	4,985,000
Decrease in short-term borrowings	(4,675,000)	(4,630,000)
Proceeds from long-term borrowings	900,000	1,000,000
Repayments of long-term borrowings	(1,600,000)	(1,200,000)
Repayment of the principal portion of lease	(18,890)	(15,840)
Cash dividends distributed	(457,955)	(412,160)
Disposal of unearned funds of employee stock ownership trust	143	4
Net cash used in financing activities	(1,581,702)	(272,996)
Increase (decrease) in cash and cash equivalents for the current period	(9,073)	212,039
Cash and cash equivalents at the beginning of the period	452,905	240,866
Cash and cash equivalents at the end of the period	$ 443,832	452,905

(Please read the accompanying notes to the parent company only financial statements)

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

DFI Inc.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022
(The amount shall be dominated in thousands of New Taiwan dollars, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the "Company") was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company is principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were approved and issued by the board of directors on March 4, 2024.

III. Application of Newly Issued and Revised Standards and Interpretations

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

As of January 1, 2023, the Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the parent company only financial statements.

- Amendments to IAS 1, "Disclosure of Accounting Policies".
- Amendments to IAS 8, "Definition of Accounting Estimates".
- Amendments to IAS 12, "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction".

As of May 23, 2023, the Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the parent company only financial statements.

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

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

Based on the Company's assessment, the adoption of the following newly revised IFRSs effective from January 1, 2024 will not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current".
- Amendments to IAS 1, "Non-current Liabilities with Covenants".
- Amendments to IAS 7 and IFRS 7, "Vendor Financing Arrangements".
- Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback".

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

The Company expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17.
- Amendments to IAS 21, "Lack of Exchangeability".

IV. Summary of Significant Accounting Policies

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

(I) Statement of compliance

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

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

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

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

2. Functional and presentation currencies

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The accompanying parent company only financial statements of the Company are presented in the Company’s functional currency, New Taiwan dollar. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

3. Organizational reorganization under common control

The transaction of the acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the Company’s parent company, Qisda Corporation, by Ace Pillar Co., Ltd., a subsidiary of the Company, in accordance with the Accounting Research and Development Foundation’s Letter (101) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under Common Control" dated October 26, 2018 was an organizational reorganization under common control.

The Company deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the parent company only financial statements of the controlling shareholder. In preparing the balance sheet, the equity under common control prior to acquisition is classified as "attributable to former owner of business combination under common control". In preparing the comprehensive income statement, the profit or loss belong to former controlling shareholders record as "net profit (loss) attributable to former owner of business combination under common control".

(III) Foreign currency

1. Foreign currency transactions

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

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

2. Foreign operations

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

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

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

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

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

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

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

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

(V) Cash and cash equivalents

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

(VI) Financial instruments

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

1. Financial assets

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

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

(1) Financial assets measured at amortized cost

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

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

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

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

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

- The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.

- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

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

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

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

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

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

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

(4) Impairment of financial assets

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

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

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

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

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

The maximum period for measuring expected credit losses is the longest contractual period during which the Company is exposed to credit risk.

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

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

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

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

(5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

(3) Treasury stock

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

(4) Financial liabilities

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

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

(5) Derecognition of financial liabilities

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

(6) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments

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

(VII) Inventories

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

(VIII) Investment in subsidiaries

In the preparation of the parent company only financial statements, the Company adopts the equity method to evaluate the investee companies under its control. The carrying amount of an investment in a subsidiary includes goodwill recognized at the time of the original investment, less any accumulated impairment loss, which is recognized as a decrease in carrying amount of investment. Under the equity method, the current gains or losses and other composite gains or losses of the financial statements shall be the same as the share of the current gains or losses and other composite gains or losses attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Equity attributable to the owners of financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

   Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 3 to 10 years; office and other equipment: 2 to 10 years. In addition, buildings and structures are depreciated over their estimated useful lives based on their significant components: 20 to 50 years for main and auxiliary buildings, and 3 to 10 years for other auxiliary electrical and mechanical equipment and engineering systems.

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

(X) Lease

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

1. Lessees

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

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

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

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:

(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure:

(3) The amount of the residual value guarantee expected to be paid; and

(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

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

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;

(2) There is a change in the amount of the residual value guarantee expected to be paid.

(3) There is a change in the evaluation of the purchase option on the subject asset; and

(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;

(5) There is a change in the subject matter, scope or other terms of the lease.

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

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

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

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

2. Lessors

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

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

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

(XI) Intangible assets

The Company's acquisition of purchased software is measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the estimated useful lives of 3 to 5 years and is recognized in profit or loss.

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

(XII) Impairment of non-financial assets

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

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

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

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

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

(XIII) Provision for liabilities

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

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

(XIV) Revenue recognition

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

1. Sales of goods

   The Company recognizes revenue when control of the goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Company has objective evidence that all acceptance conditions have been met. The Company has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

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

2. Financial components

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

(XV) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(XVI) Income tax

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

The Company has determined that its supplemental taxes payable under the Global Minimum Tax (Pillar Two) regulation fall within the scope of IAS 12, "Income Taxes" and has applied a temporary mandatory exemption from deferred income tax accounting related to the supplemental taxes, with the actual incurrence of the supplemental taxes being recognized as current income taxes.

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

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

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

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

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

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

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

(XVII) Business combinations

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

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

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

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

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

(XVIII) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period.

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

(XIX) Segment information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

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

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

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

The uncertainty in the following assumptions and estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below:

(I) Valuation of inventories

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

(II) Impairment assessment of goodwill arising from investment in subsidiaries

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

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand and petty cash	$	92	35
Demand deposits and check deposits		443,740	452,870
	$	443,832	452,905

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

		2023.12.31	2022.12.31
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	$	247	913
Foreign exchange SWAP contracts		7,885	11
Subtotal		8,132	924
Non-derivative financial assets:			
Fund beneficiary certificates		24,485	26,071
	$	32,617	26,995
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	$	135	66
Foreign exchange SWAP contracts		-	1,017
Subtotal	$	135	1,083

Please refer to Note VI (XXI) for the amount recognized in profit or loss measured at fair value.

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

1. Forward foreign exchange contracts

2023.12.31		
Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Buy USD/Sell RMB	USD 616	2024.01
Buy JPY/Sell USD	USD 1,020	2024.01
Buy EUR/Sell USD	USD 1,322	2024.01

2022.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy EUR/Sell USD	USD 1,100	2023.01
Buy JPY/Sell USD	USD 916	2023.01
Buy NTD/Sell USD	USD 4,360	2023.01
Buy RMB/Sell USD	USD 450	2023.01

2. Foreign exchange SWAP contracts

2023.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/Swap out USD	USD 14,490	2024.01

2022.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Swap in NTD/Swap out USD	USD 13,330	2023.01

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

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic listed (OTC) companies	$ 77,314	68,840

The Company holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profit or loss.

The Company did not dispose of the above-mentioned strategic investments in 2023 and 2022, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets carried at amortized cost - current

	2023.12.31	2022.12.31
Pledged certificate of deposit	$ 1,500	1,500

Please refer to Note VIII for details of the aforesaid financial assets used by the Company to provide guarantees.

(V) Accounts receivable and other receivables

	2023.12.31	2022.12.31
Accounts receivable	$ 292,919	454,211
Accounts receivable from related parties	145,921	672,077
Less: Allowance for loss	(921)	(1,798)
	$ 437,919	1,124,490
Other receivables	$ 5,333	26,976
Other receivables from related parties	2,868	4,186
	$ 8,201	31,162

The Company uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using expected credit losses for the duration of the period, and has included forward-looking information. The expected credit losses of the Company's accounts receivable were analyzed as follows:

	2023.12.31		
	Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 247,149	0%	-
1-30 days overdue	35,751	0.46%	163
31-60 days overdue	7,761	1.72%	133
61-90 days overdue	1,864	12.38%	231
Overdue more than 90 days	394	100%	394
	$ 292,919		921

	2022.12.31		
	Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 362,894	0%	-
1-30 days overdue	81,155	1.14%	923
31-60 days overdue	10,159	8.58%	872
Overdue more than 90 days	3	100%	3
	$ 454,211		1,798

Accounts receivable - related parties at December 31, 2023 and 2022 are expected to have no expected credit losses as evaluated by the Company and are analyzed as follows:

	2023.12.31	2022.12.31
Not overdue	$ 115,753	621,143
1-30 days overdue	4,918	46,678
31-60 days overdue	9,222	4,256
61-90 days overdue	16,028	-
	$ 145,921	**672,077**

The statement of changes in the allowance for losses of the Company's accounts receivable is listed as follows:

	2023	2022
Beginning balance	$ 1,798	-
(Reversal) of impairment loss for the period	(877)	1,798
Ending balance	**$ 921**	**1,798**

(VI) Inventories

	2023.12.31	2022.12.31
Raw materials	$ 234,201	624,958
Work in progress	86,607	172,219
Manufactured goods and commodities	101,688	150,194
Goods in transit	10,491	23,906
Outsourced processing products	4,107	1,663
	$ 437,094	**972,940**

The inventory-related expenses and losses recognized in the operating cost in the current period are detailed as follow:

	2023	2022
Cost of inventory sold	$ 3,015,606	4,318,781
Inventory price loss	43,402	24,080
Loss for inventory obsolescence	19,835	24,992
Gain on physical inventory	(10,477)	(1,399)
	$ 3,068,366	**4,366,454**

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories.

(VII) Investments accounted for using the equity method

Investments of the Company under equity method at reporting date are listed below:

		2023.12.31	2022.12.31
Subsidiaries	$	2,478,590	2,975,611

1. Disposal of subsidiary - Brainstorm Corporation (Brainstorm)
   In October 2023, the Company disposed of its entire equity interest in Brainstorm to Metaage Corporation (Metaage), a subsidiary of Qisda Corporation (Qisda), resulting in the loss of control of Brainstorm. This transaction was a reorganization of an organization under common control as both the Company and Metaage are subsidiaries of Qisda. The difference between the disposal price of NTD 530,075 thousand and the carrying value of the Company's investment in Brainstorm, amounting to NTD 20,999 thousand, was reported in capital surplus and was not recognized in profit or loss.
2. On July 1, 2022, Ace Pillar Co., Ltd., a subsidiary of the Company, acquired 100% equity of ACE Energy Co., Ltd. from the subsidiary and other related parties of Qisda Corporation, the parent company of the Company, through a cash acquisition. The aforementioned transaction is an organizational restructuring under common control and should be deemed to have been acquired from the beginning. For information on other subsidiaries, please refer to the consolidated financial report for the year ended December 31, 2023.
3. Impairment test of goodwill
   If the investment cost for the Company to acquire a subsidiary exceeds the amount of the net fair value of its share of the identifiable assets and liabilities in the investee on the acquisition date, it shall be listed as goodwill; if the goodwill is impaired, it shall be regarded as a decrease in the carrying value of the investment accounted for using the equity method in the parent company only financial statements. As of December 31, 2023 and 2022, goodwill obtained through mergers and acquisitions was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

		2023.12.31	2022.12.31
DFI AMERICA, LLC.	$	177,874	177,874
Brainstorm		-	152,979
Standard Technology Corporation		76,149	76,149
Other cash generating units with non-significant goodwill amortized		39,270	39,270
	$	293,293	446,272

The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill containing assets. According to the results of goodwill impairment testing conducted by the Company, the recoverable amount as of December 31, 2023 and 2022 was higher than its carrying value, so there is no need to recognize impairment losses. The recoverable amount of the cash generating units are determined based on value in use, with key assumptions as follows:

The key assumptions used to estimate value in use are as follows:

	2023.12.31	**2022.12.31**
DFI America, LLC.:		
Operating revenue growth rate	(0.8%)~5%	(3%)~4.47%
Discount rate	11.85%	11.61%

	2023.12.31	**2022.12.31**
Brainstorm:		
Operating revenue growth rate	-	(6.39)%~23.2%
Discount rate	-	13.35%
Standard Co.		
Operating revenue growth rate	14.68%~27.9%	5.78%~15%
Discount rate	10.67%	12.92%

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are extrapolated using an annual growth rate of 2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(VIII) Property, plant and equipment

	Land	Houses and buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2023	$ 436,303	404,290	337,229	20,417	182,671	-	1,380,910
Addition	-	-	1,183	2,020	7,708	-	10,911
Disposal	-	-	(13,757)	(165)	(1,803)	-	(15,725)
Balance as of December 31, 2023	$ 436,303	404,290	324,655	22,272	188,576	-	1,376,096
Balance as of January 1, 2022	$ 436,303	394,208	319,630	19,724	145,801	7,290	1,322,956
Addition	-	2,270	21,015	693	31,975	5,878	61,831
Disposal	-	-	(3,341)	-	(301)	-	(3,642)
Reclassification	-	7,812	(75)	-	5,196	(13,168)	(235)
Balance as of December 31, 2022	$ 436,303	404,290	337,229	20,417	182,671	-	1,380,910
Accumulated depreciation:							
Balance as of January 1, 2023	$ -	88,534	175,615	13,379	41,575	-	319,103
Depreciation	-	10,517	35,322	2,732	20,750	-	69,321
Disposal	-	-	(13,757)	(69)	(1,803)	-	(15,629)
Balance as of December 31, 2023	$ -	99,051	197,180	16,042	60,522	-	372,795
Balance as of January 1, 2022	$ -	78,186	145,811	10,156	22,428	-	256,581
Depreciation	-	10,348	33,145	3,223	19,448	-	66,164
Disposal	-	-	(3,341)	-	(301)	-	(3,642)
Balance as of December 31, 2022	$ -	88,534	175,615	13,379	41,575	-	319,103
Book value:							
December 31, 2023	$ 436,303	305,239	127,475	6,230	128,054	-	1,003,301
December 31, 2022	$ 436,303	315,756	161,614	7,038	141,096	-	1,061,807

(IX) Right-of-use assets

	Buildings
Cost of right-of-use assets:	
Balance as of January 1, 2023	$ 151,367
Decrease	(1,604)
Balance as of December 31, 2023	**$ 149,763**
Balance as of January 1, 2022	$ 137,092
Addition	14,275
Balance as of December 31, 2022	**$ 151,367**
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2023	$ 29,568
Depreciation	18,846
Decrease	(1,604)
Balance as of December 31, 2023	**$ 46,810**
Balance as of January 1, 2022	$ 13,638
Depreciation	15,930
Balance as of December 31, 2022	**$ 29,568**
Book value:	
December 31, 2023	**$ 102,953**
December 31, 2022	**$ 121,799**

(X) Intangible assets

		Computer software
Costs:		
Balance as of January 1, 2023	$	70,848
Separate acquisition		2,731
Balance as of December 31, 2023	$	73,579
Balance as of January 1, 2022	$	63,306
Separate acquisition		7,542
Balance as of December 31, 2022	$	70,848
Accumulated amortization:		
Balance as of January 1, 2023	$	58,193
Amortization		6,142
Balance as of December 31, 2023	$	64,335
Balance as of January 1, 2022	$	52,784
Amortization		5,409
Balance as of December 31, 2022	$	58,193
Book value:		
Balance as of December 31, 2023	$	9,244
Balance as of December 31, 2022	$	12,655

The amortization charges for intangible assets for the years ended December 31, 2023 and 2022 are reported sequentially in the comprehensive income statement as follows:

		2023	2022
Operating costs	$	3,488	1,859
Operating expenses		2,654	3,550
	$	6,142	5,409

(XI) Short-term borrowings

		2023.12.31	2022.12.31
Unsecured bank loans	$	650,000	1,055,000
Unused lines of credit	$	2,650,000	2,005,000
Range of interest rate		1.70%~1.76%	1.69%~1.96%

(XII) Long-term borrowings

		2023.12.31	2022.12.31
Unsecured bank loans	$	400,000	1,100,000
Unused lines of credit	$	1,300,000	-
Year of maturity		2026	2024
Range of interest rate		1.79%	1.90%~1.95%

(XIII) Lease liabilities

The book amount of the lease liabilities of the Company is as follows:

	2023.12.31	2022.12.31
Current:	$ 18,567	18,889
Non-current:	$ 89,283	107,851

Please refer to Note VI (XXIII) Financial Risk Management for the maturity analysis of lease liabilities.

The amounts recognized as profit and loss are as follows:

	2023	2022
Interest expense on lease liabilities	$ 1,350	1,432
Short-term leases expenses and lease expenses of low-value assets	$ 539	6,606

The amounts recognized in the cash flow statement are as follows:

	2023	2022
Total cash outflow for leases	$ 20,779	23,878

Important lease clauses:

1. Lease of houses and buildings

   Regarding the houses and buildings leased by the Company as office premises, warehouses and plants, the lease terms are approximately three to ten years, some of which include the option to extend for the same period as the original contract at the end of the lease term.

2. Other lease

   The leases under which the Company leases office equipment are short-term leases or leases of low-value assets, and the Company has selected to apply the exemption from the recognition requirement and not recognize the related right-of-use assets and lease liabilities.

(XIV) Provisions for liabilities - Product warranty

	2023	2022
Balance as of January 1	$ 51,236	46,247
Provision increases for the period	10,176	15,296
Provision reverses for the period	(19,648)	(10,307)
Balance as of December 31	$ 41,764	51,236

The warranty provisions for products of the Company is mainly related to the sales of industrial computer boards and systems, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XV) Employee benefits

1. Defined benefit plans

The adjustment when the present value of the Company's defined benefit obligation is greater than the fair value of the plan assets is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 74,844	92,955
Fair value of plan assets	(55,715)	(61,781)
Net defined benefit liabilities	**$ 19,129**	**31,174**

The defined benefit plans of the Company are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company in accordance with the Labor Standards Act are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2023 and 2022, the balances in the special accounts for labor pension reserves of the Company in the Bank of Taiwan were NTD 55,715 thousand and NTD 61,781 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

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

	2023	2022
Defined benefit obligations as of January 1	$ 92,955	90,202
Current service cost and interest	1,550	760
Remeasurement of net defined benefit liabilities (assets)		
— Actuarial gain or loss arising from experience adjustments	(10,895)	2,145
— Actuarial gain or loss arising from changes in financial assumptions	1,673	1,850
Benefits paid under the plan	(10,439)	(2,002)
Defined benefit obligations as of December 31	**$ 74,844**	**92,955**

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets as of January 1	$ 61,781	49,618
Interest income	956	321
Remeasurement of net defined benefit liabilities (assets)		
Compensation of plan assets (excluding current interest)	247	4,255
Amount contributed to the plan	3,170	9,589
Benefits paid under the plan	(10,439)	(2,002)
Fair value of plan assets as of December 31	$ 55,715	61,781

(4) Change in asset ceiling effects

The Company did not have defined benefit plan asset ceiling effects in the years 2023 and 2022.

(5) Expenses recognized as profit or loss

	2023	2022
Service costs for the current period	$ 156	196
Net interest on net defined benefit liabilities (assets)	438	243
	$ 594	439
Operating costs	$ 594	439

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company at the reporting date to determine the present value of the defined benefit obligations are as follows:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.500%
Future salary increases	3.25%	3.25%

The Company expects to make a contribution of NTD 3,134 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2023. The weighted average duration of the defined benefit plan is 9.1 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

		Effect on defined benefit obligations	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023			
Discount rate	$	(1,673)	1,732
Future salary increases		1,669	(1,621)
December 31, 2022			
Discount rate		(2,164)	2,241
Future salary increases		2,165	(2,102)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The method and assumptions used to prepare the sensitivity analysis in the current period are the same as in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company is made in accordance with the provisions of the Labor Pension Act at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company has made a defined contribution under these plans.

The pension expenses under the defined pension contribution measures of the Company in 2023 and 2022 were NTD 22,177 thousand and NTD 21,156 thousand, respectively.

(XVI) Income tax

1. Income tax expenses

The income tax expenses of the Company are detailed as follows:

		2023	**2022**
Current income tax expense			
Current income tax	$	82,507	140,951
Prior period adjustment of current income tax		2,831	(4,140)
Current income tax expense		85,338	136,811
Deferred income tax expenses (benefits)		13,342	(39,264)
	$	**98,680**	**97,547**

The details of income tax expenses recognized by the Company under other comprehensive income in 2023 and 2022 are as follows:

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ (1,894)	(52)

The reconciliation of income tax expenses and income before tax was as follows:

	2023	2022
Income before tax	$ 460,365	629,171
Income tax at the Company's domestic tax rate	$ 92,073	125,834
Loss (gain) on domestic investment recognized under equity method	496	(21,240)
Prior period adjustment of income tax	2,831	(4,140)
Other tax-exempt income	(1,170)	(599)
Surtax on unappropriated earnings	4,666	729
Others	(216)	(3,037)
	$ 98,680	97,547

2. Deferred income tax assets and liabilities
   (1) Deferred income tax assets and liabilities recognized

   The changes in deferred tax assets and liabilities are as follows:

   Deferred income tax assets:

	Allowance for inventory loss	Provision for liabilities	Net defined benefit liabilities	Unrealized gross profit on sales between affiliated companies	Others	Total
January 1, 2023	$ 17,425	10,247	5,417	18,952	3,786	55,827
(Debit) Credit income statement	8,680	(1,894)	(515)	(4,921)	(1,353)	(3)
(Debit) Credit to other comprehensive income	-	-	(1,894)	-	-	(1,894)
December 31, 2023	$ 26,105	8,353	3,008	14,031	2,433	53,930
January 1, 2022	$ 12,624	9,249	7,299	6,900	3,098	39,170
(Debit) Credit income statement	4,801	998	(1,830)	12,052	688	16,709
(Debit) Credit to other comprehensive income	-	-	(52)	-	-	(52)
December 31, 2022	$ 17,425	10,247	5,417	18,952	3,786	55,827

Deferred income tax liabilities:

	Temporary differences related to investment in subsidiaries	Difference between finance and taxes from fixed assets	Others	Total
January 1, 2023	$ 80,985	794	169	81,948
(Debit) Credit income statement	12,007	(98)	1,430	13,339
December 31, 2023	**$ 92,992**	**696**	**1,599**	**95,287**
January 1, 2022	$ 102,445	1,872	186	104,503
(Debit) Credit income statement	(21,460)	(1,078)	(17)	(22,555)
December 31, 2022	**$ 80,985**	**794**	**169**	**81,948**

3. The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2021.

(XVII) Capital and other equities

1. Share capital - Ordinary shares

   As on December 31, 2023 and 2022, the total authorized capital of the Company was NTD 1,772,000 thousand, which was divided into 177,200 thousand shares at NTD 10 per share. The number of issued shares were both 114,489 thousand shares. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

2. Capital surplus

   The Company's capital surplus balance is analyzed as follows:

	2023.12.31	2022.12.31
Share premium	$ 599,203	578,204
Recognized changes in percentage of ownership interests in subsidiaries	6,006	5,967
Gain on asset disposal	808	808
Others	23,750	23,607
	$ 629,767	**608,586**

In accordance with the Company Act, the capital surplus must first be used to cover deficits before new shares or cash can be issued in proportion to the shareholders' original shares. If the foregoing is paid in cash, the board of directors shall be authorized to make a resolution and report to the shareholders' meeting. The realized capital surplus as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover the accumulated loss and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if the earnings distribution shall be in the form of cash dividends.

Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution. If a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

In accordance with the regulations of the FSC, when the Company distributes distributable earnings, the amount of the net decrease in other shareholders' equity recorded in the current year shall be added to the current year's net income from the current year's net income plus the amount of items other than the current year's net income from the current year's net income, and a special reserve of the same amount shall be set aside from the prior period's unappropriated earnings, and the special reserve of the same amount shall be set aside from the prior period's unappropriated earnings if it represents a decrease in other shareholders' equity from prior period's accumulation. The special reserve of the same amount from the prior period's unappropriated earnings is not available for distribution. If the amount of other shareholders' equity is reversed, the reversed portion of the special reserve may be distributed.

4. Distribution of earnings

On March 2, 2023 and March 3, 2022, the Company's Board of Directors resolved the amount of cash dividends and cash released from capital surplus for the years 2022 and 2021, respectively, and on May 31, 2023 and June 17, 2022, the Company's regular shareholders' meetings resolved the amount of other appropriations of earnings for 2022 and 2021, and the related appropriations are as follows:

	2022		2021	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Legal reserve		$ 52,689		61,568
Special reserve (reversal)		$ (76,782)		40,215
Dividends distributed to owners of common stock:				
Cash dividends	**4.0**	457,955	**3.2**	366,364
Distribution of cash from capital surplus	-	-	**0.4**	45,796

In addition, on May 31, 2023, the Company's shareholders resolved to revise the amount of legal reserve set aside for the appropriation of the 2021 earnings by revolving the legal reserve of NTD 15,964 thousand.

On March 4, 2024, the Board of Directors resolved to distribute the following cash dividends from the 2023 earnings:

	2023	
	Dividend per share (NTD)	**Amount**
Dividends distributed to owners of common stock:		
Cash dividends	**$ 3.0**	343,467

The information regarding the profit distribution can be found on the MOPS (Market Observation Post System).

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$ (69,315)	31,274	(38,041)
Exchange difference from conversion of net assets of foreign operating organizations	8,353	-	8,353
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	8,474	8,474
Share of other comprehensive income of the subsidiary recognized using the equity method	-	2,060	2,060
Disposal of subsidiaries	(36,637)	-	(36,637)
Balance as of December 31, 2023	$ (97,599)	41,808	(55,791)
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,483	11,483
Share of other comprehensive income of the subsidiary recognized using the equity method	-	(256)	(256)
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)

(XVIII) Earnings per share

1. Basic earnings per share

	2023	2022
Net profit attributable to ordinary shareholders of the Company	$ 361,685	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Basic earnings per share (NTD)	$ 3.16	4.61

2. Diluted earnings per share

	2023	2022
Net profit attributable to ordinary shareholders of the Company	$ 361,685	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):		
Effects of employee stock compensation	646	960
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	115,135	115,449
Diluted earnings per share (NTD)	$ 3.14	4.58

(XIX) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Main products and services:			
Industrial computer cards and systems	$	3,682,270	5,047,091
Others		326,852	395,057
	$	4,009,122	5,442,148

2. Balance of contracts

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$	438,840	1,126,288	626,500
Less: Allowance for loss		(921)	(1,798)	-
	$	437,919	1,124,490	626,500
Contract liabilities	$	10,732	21,708	36,729

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NTD 18,633 thousand and NTD 34,667 thousand, respectively, for the years ended December 31, 2023 and 2022.

(XX) Compensation of employees and directors

In accordance with the Articles of Association: The Company shall set aside at least 5-20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. But if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the years ended December 31, 2023 and 2022, the estimated employee compensations of the Company were NTD 35,191 thousand and NTD 47,852 thousand, respectively, and the estimated director compensations were NTD 3,744 thousand and NTD 5,091 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The amounts of compensations for employees and directors of the Company as of March 4, 2024 and March 2, 2023, as determined by the Board of Directors, are not different from the amounts estimated in the Company's parent company only financial statements for the fiscal years 2023 and 2022, and are paid entirely in cash. The relevant information can be found at the MOPS.

(XXI) Non-operating income and expense

1. Interest income

	2023	2022
Interest on bank deposit	$ 6,728	1,689
Interest income from financial assets measured at amortized cost	245	12
Interest on deposits	17	1
Interest income from financial assets at fair value through profit or loss	574	534
	$ 7,564	2,236

2. Other income

	2023	2022
Rental income	$ 5,427	5,427
Dividend income	5,849	2,997
Others	23,888	20,615
	$ 35,164	29,039

3. Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	5,704	-
Net gain on foreign exchange	10,108	50,985
Net (loss) gain on financial instruments at fair value through profit or loss	(34,484)	(31,720)
Other expenditures	835	(3,345)
	$ (17,837)	15,920

4. Finance costs

	2023	2022
Bank interest expenses	$ 29,764	25,745
Financial expenses on lease liabilities	1,350	1,432
	$ 31,114	27,177

(XXII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through profit or loss - current	32,617	26,995
Financial assets at fair value through other comprehensive income - non-current	77,314	68,840
Financial assets measured at amortized cost:		
Cash and cash equivalents	443,832	452,905
Financial assets carried at amortized cost - current	1,500	1,500
Notes receivable, account receivables, and other receivables (including related parties)	446,120	1,155,652
Refundable deposits (reported in other non-current assets)	891	1,034
Subtotal	892,343	1,611,091
Total	$ **1,002,274**	**1,706,926**

(2) Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 135	1,083
Financial liabilities measured by amortized cost:		
Short-term borrowings	650,000	1,055,000
Notes payable, accounts payable and other payables (including related parties)	522,314	1,078,549
Long-term borrowings	400,000	1,100,000
Lease liabilities (including current and non-current)	107,850	126,740
Subtotal	1,680,164	3,360,289
Total	$ **1,680,299**	**3,361,372**

2. Fair value
   (1) Financial instruments not measured at fair value
   The management of the Company believes that the carrying amounts of the financial assets and liabilities of the Company classified as amortized cost in the parent company only financial statements are close to their fair value.
   (2) Financial instruments measured at fair value
   The Company's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:
   A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).
   B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.
   C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2023.12.31			
	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	247	-	247
Derivative financial instruments - Foreign exchange swaps contract	-	7,885	-	7,885
Fund beneficiary certificates	24,485	-	-	24,485
	$ 24,485	8,132	-	32,617
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 77,314	-	-	77,314
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	135	-	135
Subtotal	$ -	135	-	135

	2022.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	913	-	913
Derivative financial instruments - Foreign exchange swaps contract	-	11	-	11
Fund beneficiary certificates	26,071	-	-	26,071
	$ 26,071	924	-	26,995
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 68,840	-	-	68,840
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	66	-	66
Derivative financial instruments - Foreign exchange swaps contract	-	1,017	-	1,017
Subtotal	$ -	1,083	-	1,083

(3) Fair value measurement techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

TWSE/TPEx listed stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

B. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2023 and 2022.

(XXIII) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and equity instrument price risk) as a result of its business activities. This Note presents the Company's policies and procedures for measuring and managing each of these risks and the quantitative disclosure of the risks.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the operations of the Company.

The financial management department of the Company monitors and manages the financial risks related to the operations of the Company through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Company due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from financial assets such as cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Company represents the maximum exposure amount.

The transaction counterparties of cash and cash equivalents of the Company and the beneficiary certificates of the fund held by the Company are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Company conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Company will use other publicly available financial information and transaction records of each other to rate major clients. The Company continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company's credit risk is significantly reduced.

The Company does not significantly concentrate on transactions with a single external customer; therefore, there is no concentration of credit risk on accounts receivable.

2. Liquidity risk

Liquidity risk refers to the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Company manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The following table shows the contractual maturity dates of financial liabilities, including the impact of estimated interest, based on the earliest date on which the Company may be required to repay and using undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 651,689	651,689	-	-	-
Long-term borrowings (floating rates)	419,304	7,175	7,175	404,954	-
Notes payable, accounts payable and other payables (including related parties)	522,314	522,314	-	-	-
Lease liabilities	111,972	19,697	18,078	43,282	30,915
Subtotal	1,705,279	1,200,875	25,253	448,236	30,915
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	90,933	90,933	-	-	-
Inflow	(91,045)	(91,045)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	444,313	444,313	-	-	-

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
Inflow	(452,198)	(452,198)	-	-	-
Total	(7,997)	(7,997)	-	-	-
	$ 1,697,282	1,192,878	25,253	448,236	30,915
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,058,294	1,058,294	-	-	-
Long-term borrowings (floating rates)	1,123,329	21,100	1,102,229	-	-
Notes payable, accounts payable and other payables (including related parties)	1,078,549	1,078,549	-	-	-
Lease liabilities	132,213	20,240	18,056	48,162	45,755
Subtotal	3,392,385	2,178,183	1,120,285	48,162	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	209,344	209,344	-	-	-
Inflow	(210,191)	(210,191)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	409,131	409,131	-	-	-
Inflow	(408,125)	(408,125)	-	-	-
Subtotal	159	159	-	-	-
Total	$ 3,392,544	2,178,342	1,120,285	48,162	45,755

The Company doesn't expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, and may affect the earnings of the Company or the value of the financial instruments it holds. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Company is exposed to the risk of exchange rate fluctuations arising from sales and purchase transactions denominated in non-functional currencies, which are primarily denominated in USD. The management of exchange rate risk of the Company involves using forward foreign exchange contracts and foreign exchange contracts to manage exchange rate risk to the extent permitted by policy.

The exchange rate risk of the Company mainly stems from the USD-denominated receivables and payables that are still outstanding at the balance sheet date. The sensitivity analysis of the carrying values of significant monetary assets and liabilities that are not denominated in functional currencies and their related foreign currency movements on the reporting date is as follows in thousands of NTD:

	2023.12.31				
	Foreign currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 19,937	30.7500	613,066	1%	6,131
Financial liabilities					
Monetary items					
USD	7,664	30.7500	235,654	1%	2,357

	2022.12.31				
	Foreign currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 42,014	30.7300	1,291,087	1%	12,911
Financial liabilities					
Monetary items					
USD	20,558	30.7300	631,755	1%	6,318

Due to the wide variety of monetary items of the Company, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXI) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2023 and 2022.

(2) Interest rate risk

The bank borrowings of the Company are based on a floating rate basis. The measures taken by the Company to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Company is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Company to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Company increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Company as of December 31, 2023 and 2022, the income before tax of the Company for the years 2023 and 2022 will increase/decrease by NTD 10,500 thousand and NTD 21,550 thousand, respectively.

(3) Other market price risks

The stocks on the TWSE and the TPEx held by the Company are exposed to risk of price changes in equity securities market. The Company manages and monitors the investment performance on a fair value basis.

The sensitivity analysis on price risk of holding stocks on the TWSE and TPEx is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, the amount of other comprehensive income for the years 2023 and 2022 will increase/decrease by NTD 773 thousand and NTD 688 thousand, respectively.

(XXIV)Capital management

The Company manages its capitalization to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus, retained earnings and other equity items) of the Company. The Company is not subject to other external capital requirements.

The Company's key management annually reviews the Company's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Company will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Company did not change in 2023 and 2022.

(XXV) Investment and financing activities not in cash

1. Please refer to Note VI (IX) for the right-of-use assets acquired by the Company through lease.
2. The liabilities from financing activities are reconciled in the following table:

			Non-cash change		
	2023.1.1	Cash flows	Increase in lease liabilities	Decrease in lease liabilities	2023.12.31
Short-term borrowings	$ 1,055,000	(405,000)	-	-	650,000
Long-term borrowings	1,100,000	(700,000)	-	-	400,000
Lease liabilities	126,740	(18,890)	-	-	107,850
Total liabilities from financing activities	$ 2,281,740	(1,123,890)	-	-	1,157,850

			Non-cash change		
	2022.1.1	Cash flows	Increase in lease liabilities	Decrease in lease liabilities	2022.12.31
Short-term borrowings	$ 700,000	355,000	-	-	1,055,000
Long-term borrowings	1,300,000	(200,000)	-	-	1,100,000
Lease liabilities	128,305	(15,840)	14,275	-	126,740
Total liabilities from financing activities	$ 2,128,305	139,160	14,275	-	2,281,740

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation is the ultimate controller of the parent company and affiliated group of the Company, directly or indirectly holding 55.09% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial reports for public use.

(II) Names and relationships of related parties

During the period covered by the parent company only financial statements, the Company's parent company, subsidiaries, and other related parties that have transactions with the Company are as follows:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Company
DFI AMERICA, LLC（DFI USA)	Subsidiary directly or indirectly held by the Company
DFI Co., Ltd.	Subsidiary directly or indirectly held by the Company
Yan Tong Technology Ltd.	Subsidiary directly or indirectly held by the Company
Diamond Flower Information (NL) B.V. (DFI BV)	Subsidiary directly or indirectly held by the Company
Brainstorm Corporation (Brainstorm)	Subsidiary directly or indirectly held by the Company / Subsidiary directly or indirectly held by Qisda (Note 1)
Yan Tong Infotech (Dongguan) Co., Ltd.	Subsidiary directly or indirectly held by the Company (Note 2)
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Subsidiary directly or indirectly held by the Company
AEWIN Technologies Co., Ltd. (AEWIN)	Subsidiary directly or indirectly held by the Company
Aewin Beijing Technologies Co., Ltd.	Subsidiary directly or indirectly held by the Company
WISE WAY	Subsidiary directly or indirectly held by the Company
BRIGHT PROFT	Subsidiary directly or indirectly held by the Company
Aewin (Shenzhen) Technologies Co., Ltd.	Subsidiary directly or indirectly held by the Company
Ace Pillar Co., Ltd.	Subsidiary directly or indirectly held by the Company
Tianjin Ace Pillar Co., Ltd.	Subsidiary directly or indirectly held by the Company
ACE Energy Co., Ltd.	Subsidiary directly or indirectly held by the Company (Please refer to Note VI (VII))
Cyber South Management Ltd. (Cyber)	Subsidiary directly or indirectly held by the Company
Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong Ace Pillar)	Subsidiary directly or indirectly held by the Company
Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Subsidiary directly or indirectly held by the Company
Proton Inc. (Proton)	Subsidiary directly or indirectly held by the Company
Ace Tek (HK) Holding Co., Ltd. (ACE Tek)	Subsidiary directly or indirectly held by the Company
Grace Transmission (Tianjin) Co., Ltd. (Grace Transmission)	Subsidiary directly or indirectly held by the Company
ADVANCEDTEK ACE(TJ) INC.	Subsidiary directly or indirectly held by the Company

Name of related party	Relationship with the Company
Xuchang Ace AI Equipment Co., Ltd. (Xuchang Ace)	Subsidiary directly or indirectly held by the Company
Standard Technology Corporation (Standard Co.)	Subsidiary directly or indirectly held by the Company
Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Subsidiary directly or indirectly held by the Company
Standard Technology Corp. (STCBVI)	Subsidiary directly or indirectly held by the Company
Blue Walker GmbH (BWA)	Subsidiary directly or indirectly held by the Company
Other related parties:	
Partner Technology Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Partner Tech Asia Pacific Corporation	Subsidiary directly or indirectly held by Qisda
Alpha Networks Inc.	Subsidiary directly or indirectly held by Qisda
BenQ Asia Pacific Corporation	Subsidiary directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiary directly or indirectly held by Qisda
BenQ Corporation	Subsidiary directly or indirectly held by Qisda
Simula Technology Inc.	Subsidiary directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Data Image Corporation	Subsidiary directly or indirectly held by Qisda
Metaage Corporation (Metaage)	Subsidiary directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiary directly or indirectly held by Qisda
DIVA Laboratories, Ltd.	Subsidiary directly or indirectly held by Qisda
Metaguru Corporation	Subsidiary directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Webest Solution Corporation	Subsidiary directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Action Star Technology Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiary directly or indirectly held by Qisda

Name of related party	Relationship with the Company
Qisda (Suzhou) Co., Ltd.	Subsidiary directly or indirectly held by Qisda
BenQ Foundation	Substantive related party of Qisda
AU Optronics Corporation (AUO)	Company valuing Qisda under equity approach
AUO Digitech Taiwan Inc.	Subsidiary directly or indirectly held by AUO
Darwin Precisions Corporation	Subsidiary directly or indirectly held by AUO
AFPD Pte., Ltd	Subsidiary directly or indirectly held by AUO
AUO Display Plus Corp.	Subsidiary directly or indirectly held by AUO
Everlasting Digital ESG Co., Ltd.	Related enterprise of Metaage
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Subsidiary directly or indirectly held by Darfon

Note 1: On October 2, 2023, the Company sold Brainstorm to Metaage, a subsidiary of Qisda.

Note 2: The liquidation was completed in August 2023 and the deregistration was completed in November 2023.

(III) Material transactions with related party

1. Net operating income

The material sales amount of the Company to the related parties is as follows:

	2023	2022
Parent company	$ 103,390	82,056
Subsidiary - DFI USA	614,226	863,502
Subsidiary - DFI BV	496,642	613,421
Subsidiary - DFI Co., Ltd.	324,308	251,518
Subsidiary - AEWIN	320,249	808,108
Other subsidiaries	54,472	232,544
Other related parties	112,396	266,331
	$ 2,025,683	3,117,480

Sales of the Company to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit period for related parties is 60-120 days after shipment, while for non related parties, it is 30-120 days.

2. Purchases

The purchase amount of the Company from the related parties is as follows:

	2023	2022
Parent company	$ 187,561	560,220
Subsidiaries	120,956	377,684
Other related parties	12,625	14,218
	$ 321,142	952,122

The purchases from related parties by the Company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The payment period for related parties is 60-90 days after the arrival of the goods, while for non-related parties, it is 30-120 days after the monthly settlement.

3. Lease

The Company has leased plants and offices from the parent company and signed the lease contracts based on the rent prices in the adjacent areas.

The Company recognized interest expense of NTD 1,206 thousand and NTD 1,358 thousand in 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balances of related lease liabilities were NTD 99,849 thousand and NTD 113,483 thousand, respectively.

4. Property transactions

Acquisition of assets:

Category of related party	Item	2023	2022
Subsidiaries	Property, plant and equipment	$ 5,770	-
Other related parties	Property, plant and equipment	-	334
Parent company	Intangible assets	578	-
Subsidiaries	Intangible assets	-	2,750
Other related parties	Intangible assets	-	2,100
		$ 6,348	5,184

5. Sale of subsidiary equity

On October 2, 2023, the Company sold all the shares of Brainstorm, a subsidiary of the Company, to Metaage Corporation for a total consideration of NTD 530,075 thousand, which was received in full.

6. Operating costs, expenses, and other income

The operating costs and expenses incurred by the Company due to the provision of product processing and management services by related parties, as well as other income generated by other transactions, are detailed below:

Item	Category of related party	2023	2022
Operating costs	Parent company	$ 20,550	17,465
	Subsidiaries	930	87
	Other related parties	958	8,803
Operating expenses	Parent company	2,657	3,768
	Subsidiaries	601	-
	Other related parties	7,454	9,623
Other income	Parent company	720	238
	Subsidiaries	10,144	8,069
	Other related parties	6,635	5,438

7. Receivables from related parties

Details of the receivables from related parties of the Company are as follows:

Item	Category of related party	2023.12.31	2022.12.31
Accounts receivable from related parties	Parent company	$ 11,885	112,190
	Subsidiaries:		
	DFI-USA	24,883	143,030
	AEWIN	33,315	205,300
	Others	43,793	124,821
	Other related parties	32,045	86,736
		145,921	672,077
Other receivables	Parent company	163	55
	Subsidiaries:		
	AEWIN	1,219	2,930
	Others	1,466	700
	Other related parties	20	501
		2,868	4,186
		$ 148,789	676,263

The Company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the Company did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

8. Accounts payable to related parties

   The payables of the Company to related parties are detailed as follows:

Item	Category of related party	2023.12.31	2022.12.31
Accounts payable	Parent company	$ 10,296	77,471
	Subsidiaries	160	71,812
	Other related parties	1,144	1,813
		11,600	151,096
Other payables	Parent company	5,322	3,436
	Subsidiaries	606	280
	Other related parties	1,493	897
		7,421	4,613
Lease liabilities - current	Parent company	13,788	13,634
Lease liabilities - non-current	Parent company	86,061	99,849
		99,849	113,483
		$ 118,870	269,192

(IV) Compensation of main managerial officers

	2023	2022
Short-term employee benefits	$ 35,034	41,846

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Company are detailed as follows:

Asset name	Subject matter of pledge guarantee	2023.12.31	2022.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	$ 1,500	1,500

The aforesaid bank deposits are presented under the financial assets measured at amortized cost.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Miscellaneous

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By Function / By Nature	2023			2022		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	195,659	331,368	527,027	236,741	340,796	577,537
Labor and health insurance expenses	20,327	28,237	48,564	19,751	27,317	47,068
Pension expense	7,051	15,720	22,771	7,016	14,579	21,595
Compensation of directors	-	21,974	21,974	-	23,480	23,480
Other employee benefit expenses	14,928	15,373	30,301	12,214	12,050	24,264
Depreciation expense	68,407	19,760	88,167	61,026	21,068	82,094
Amortization expense	3,488	2,654	6,142	1,859	3,550	5,409

Additional information on the number of employees and employee welfare expenses of the Company is as follows:

	2023	2022
Number of employees	655	641
Number of directors not concurrently employed	6	6
Average employee benefit expense	$ 969	1,056
Average employee salary expense	$ 812	910
Average employee salary expense adjustment	(10.77)%	6.68%
Supervisors' compensation	$ -	-

The Company's salary and award policies (for directors, managerial officers, and employees) are as follows:

The compensation of directors of the Company includes the remuneration and award of directors. According to the Articles of Association, if any profit is made, no more than 1% shall be set aside for directors' remuneration. Award shall be proposed by the Human Resources Department in consideration of the competitive environment and operational risks, and shall be evaluated in accordance with the Company's management rules and bonus plan and submitted to the Board of Directors for approval. The compensation composition of the Company's managerial officers and employees consists of fixed wages and variable bonuses, with fixed wages being the basic remuneration of employees and variable bonuses being linked to the Company's operational performance and achievement of strategic goals. The bonus policy shall be proposed by the Human Resources Department in accordance with the Company's salary and award management rules and bonus plan, and shall be submitted to the Board of Directors for approval.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: Please refer to Table 1.
2. Endorsement and guarantee for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures): Please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: Please refer to Table 3.
5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 5.
9. Engaged in derivative products transactions: Please refer to Note VI (II).

(II) Reinvestment and related information: Please refer to Table 6.

(III) Information on investments in mainland China: Please refer to Table 7.

(IV) Information on major shareholders:

Unit: Share

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Qisda Corporation	51,609,986	45.08%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

DFI Inc.
Loan of funds to others
From January 1 to December 31, 2023

Table 1 Unit: In thousands of New Taiwan Dollars

No.	Financing Company	Loan recipient	Transaction item	Related party	Maximum amount in current period	Ending balance	Amount actually drawn in current period	Range of interest rate	Nature for financing	Business transaction amounts	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company	Total financing limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables from related parties	Yes	249,699	200,885	200,885	-	1	286,858	Business interaction	-	-	-	251,205	502,411
2	Ace Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	354,504	195,138	151,774	-	2	-	Operating capital fund	-	-	-	393,775	787,550
2	Ace Pillar	Suzhou Super Pillar	Other receivables from related parties	Yes	173,212	86,728	30,355	-	2	-	Operating capital fund	-	-	-	393,775	787,550
3	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,698	21,525	21,525	-	2	-	Operating capital fund	-	-	-	537,147	537,147
4	Proton	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,970	12,300	12,300	-	2	-	Operating capital fund	-	-	-	417,001	417,001

Note 1: The limits of funds lent by AEWIN to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 2: The limits of funds lent by Ace Pillar to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 3: The limits of funds lent by Cyber South to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 4: The limits of funds lent by Proton to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 5: “1” for those with the nature for financing arising from business transaction; “2” for those have a need for short-term financing.

Note 6: The transactions of the Company’s loans to subsidiaries had been written off when the consolidated financial statements were prepared.

DFI Inc.
Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures)
December 31, 2023

Table 2

Unit: In thousands of New Taiwan Dollar/ In thousands of foreign currency/ In thousands of shares/ In thousands of units

Holder	Type and name of marketable securities	Relationship with the issuer of securities	Item	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	24,485	-	24,485	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	77,314	4.01%	77,314	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	745	16.67%	745	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	(Note)	1.42%	-	-
Standard Co.	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	(Note)	1.71%	-	-
Standard Co.	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	8,655	6.28%	8,655	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,211	-	3,211	-

Note: Impairment has been fully provided for.

DFI Inc.

The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital

From January 1 to December 31, 2023

Table 3

Unit: In thousands of New Taiwan Dollar/In thousands of shares

Trading company	Type and name of marketable securities	Item	Counterparty	Relationship	Beginning of period		Purchase		Sell				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost (Note 1)	Gain/Loss on disposal (Note 2)	Number of shares	Amount
The Company	Stock - Brainstorm Corporation	Investments accounted for using the equity method	Metaage Corporation	Other related parties	233	533,367			233	530,075	540,240	20,999	-	-

Note 1: The balance was adjusted for the gain or loss recognized under the equity method and other related adjustments.

Note 2: The transaction was a reorganization of organizations under common control and the gain or loss on disposal was reported under capital surplus.

DFI Inc.
The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital
From January 1 to December 31, 2023

Table 4

Unit: In thousands of New Taiwan Dollars

Purchaser/Seller	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase/Sales	Amount	Proportion to total purchase/sales	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
DFI AMERICA, LLC.	The Company	Parent company and subsidiary	Purchases	614,226	95.74%	60-90 days to collect	-	-	(24,883)	99.81%	Note 1
The Company	DFI AMERICA, LLC.	Parent company and subsidiary	(Sales)	(614,226)	15.32%	60-90 days to collect	-	-	-	5.68%	Note 1
Diamond Flower Information (NL) B.V.	The Company	Parent company and subsidiary	Purchases	496,642	100.00%	60-90 days to collect	-	-	(16,905)	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(496,642)	12.39%	60-90 days to collect	-	-	16,905	3.86%	Note 1
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	324,308	100.00%	60-90 days to collect	-	-	(6,736)	87.83%	Note 1
The Company	DFI Co., Ltd.	Parent company and subsidiary	(Sales)	(324,308)	8.09%	60-90 days to collect	-	-	6,736	1.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	320,249	25.68%	Payment term of 90 days	-	-	(33,315)	11.63%	Note 1
The Company	AEWIN	Parent company and subsidiary	(Sales)	(320,249)	7.99%	Payment term of 90 days	-	-	33,315	7.61%	Note 1
Qisda	The Company	Parent company and subsidiary	Purchases	103,390	0.14%	60-90 days to collect	-	-	(11,885)	0.04%	Note 1
The Company	Qisda	Parent company and subsidiary	(Sales)	(103,390)	2.58%	60-90 days to collect	-	-	11,885	2.71%	Note 1
The Company	AEWIN	Parent company and subsidiary	Purchases	108,525	4.69%	Payment term of 60 days	-	-	-	0.00%	Note 1
AEWIN	The Company	Parent company and subsidiary	(Sales)	(108,525)	5.51%	Payment term of 60 days	-	-	-	0.00%	Note 1
The Company	Qisda	Parent company and subsidiary	Purchases	187,561	8.11%	60-90 days to collect	-	-	(10,296)	2.89%	Note 1
Qisda	The Company	Parent company and subsidiary	(Sales)	(187,561)	0.24%	60-90 days to collect	-	-	10,296	0.04%	Note 1
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(286,858)	20.80%	150 days after shipment	-	-	275,316	61.17%	Note 1
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(187,442)	13.59%	120 days after shipment	-	-	92,440	20.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	- (Note 2)	0.00%	Payment term of 90 days	-	-	-	0.00%	Note 1
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	286,858	47.25%	150 days after shipment	-	-	(275,316)	47.18%	Note 1
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	187,442	100.00%	120 days after shipment	-	-	(92,440)	100.00%	Note 1

Note 1: The above transactions have been written off when preparing the consolidated financial report.
Note 2: The amount of sales of raw materials after processing and repurchase has been deducted.

DFI Inc.
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
December 31, 2023

Table 5

Unit: In thousands of New Taiwan Dollars

Company of receivables	Name of counterparty	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	275,316	0.72	101,493	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	200,885	-	-		34,164	-
Ace Pillar	Tianjin Ace Pillar	Parent company and subsidiary	151,774	-	-		-	-

Note: The aforesaid transactions had been written off when the consolidated financial statements were prepared.

DFI Inc.

Reinvestment and related information
From January 1 to December 31, 2023

Table 6

Unit: In thousands of New Taiwan Dollars/ In thousands of shares

Investor	Name of investee	Location	Primary business	Original investment amount		Held at end of period			Maximum holding during the period		Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount	Number of shares	Shareholding ratio			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	410,339	1,209	100%	22,661	22,661	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	107,198	107,198	3,500	100%	90,358	3,500	100%	(30,147)	(30,100)	Subsidiary of the Company
The Company	DFI Co., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	146,913	6	100%	36,325	36,325	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	147,819	12	100%	38,956	38,956	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	642,461	30,376	51.38%	26,616	12,816	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Testing, processing, sales, repairing and electromechanical integration of automation control and industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,040,700	53,958	48.07%	(20,946)	(15,296)	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	-	-	-	233	0.00%	-	(5,788)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	99,601	1,500	100%	(39,600)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	14,992	2,560	100%	(3,070)	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	146,275	1,500	100%	(39,601)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding company	107,041	107,041	4,669	100%	537,147	4,669	100%	(36,131)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	4,714	1,200	100%	(1,320)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding company	527,665	527,665	17,744	100%	417,001	17,744	100%	(36,653)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding company	4,938	4,938	150	100%	2,595	150	100%	457	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading and equipment maintenance of semiconductor optoelectronic equipment and consumables	187,000	187,000	6,084	60%	218,794	6,084	60%	15,044	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding company	21,727	21,727	600	100%	111,374	600	100%	14,578	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy service company	166,760	166,760	4,993	99.86%	204,487	4,993	99.86%	25,114	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	138,804	(Note 3)	100%	170,924	(Note 3)	100%	24,094	(Note 1)	Subsidiary indirectly controlled by the Company

Note 1: The profit or loss of the investee company has been included in its investor, so to avoid confusion, it will not be expressed separately here.
Note 2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.
Note 3: It is a limited liability company, so there is no number of shares.

DFI Inc.
Information on Investment in Mainland China
From January 1 to December 31, 2023

Table 7

1. Information on Reinvestment in Mainland China:

Unit: In thousands of New Taiwan dollars/In thousands of foreign currency

Investee in mainland China	Primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period: Remitted	Remitted or repatriated amount of investment for the period: Repatriated	Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	-	(Note 1)	-	-	-	-	6,898	0%	6,898 (Note 2)	(Note 5)	97,179
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	13,840 (USD 500)	(Note 1)	- (USD -)	-	-	- (USD -)	(30,156)	100%	(30,156) (Note 2)	18,880	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(39,601)	100%	(39,601) (Note 2)	146,269	-
Aewin (Shenzhen)	Wholesale of computer and peripheral equipment and software	15,265 (USD 3,500)	(Note 4)	-	-	-	-	1,415 (RMB 320)	100%	1,415 (RMB 320) (Note 2)	(741) (RMB (171))	-
Tianjin Ace Pillar	Trade of transmission mechanical components	1,085,383 (RMB 35,297)	(Note 1)	59,963 (USD 1,950)	-	-	59,963 (USD 1,950)	(43,543)	100%	(43,543) (Note 2)	493,717	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,242 (RMB 1,670)	(Note 1)	4,920 (USD 160)	-	-	4,920 (USD 160)	2	100%	2 (USD 0.4) (Note 2)	4,099 (USD 133)	-
Quansheng Information	Electronic system integration	9,225 (USD 300)	(Note 1)	4,613 (USD 150)	-	-	4,613 (USD 150)	456	100%	456 (USD 15) (Note 2)	2,568 (USD 84)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,588 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	1,461	100%	1,461 (USD 49) (Note 2)	107,603 (USD 3,499)	-
Shanghai Standard	Trading of semiconductor photoelectric equipment and consumables	14,760 (USD 480)	(Note 1)	14,760 (USD 480)	-	-	14,760 (USD 480)	14,473	100%	14,473 (Note 2)	107,939	134,972

Note 1: Reinvest in the companies in mainland China through companies established in third regions.
Note 2: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.
Note 3: It was reinvested and established by Cyber South.
Note 4: It is a mainland China-based company reinvested by Beijing AEWIN.
Note 5: Yan Tong Infotech (Dongguan) was liquidated in August 2023 and deregistered in November 2023.

2. Limit of Investment in Mainland China:

Investor	The cumulative amount of investment remitted from Taiwan to the mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper limit on investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	64,114 (Note 3 and Note 4) (USD 2,085)	2,989,729
AEWIN	46,129 (USD 1,500)	61,500 (USD 2,000)	753,616
Ace Pillar	157,409 (USD 5,119)	157,409 (USD 5,119)	1,238,555
Standard Co.	14,760 (USD 480)	14,760 (USD 480)	113,103

Note 1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note 2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

Note 3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note 4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material Transactions with Investees in Mainland China:
Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to December 31, 2023 (these transactions had been written off when the consolidated financial statements were prepared).

DFI Inc.

Statement of cash and cash equivalent

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Summary		Amount	
Petty cash and cash on hand			$	92
Demand deposits and check deposits				269,984
Foreign currency deposits (Note)	USD:	5,649,000		173,707
	JPY:	2,000		1
	RMB:	11,000		48
			$	443,832

Note: Foreign currency deposits are translated at the spot exchange rate on December 31, 2023
USD: NTD=1: 30.75
JPY: NTD=1: 0.2175
RMB: NTD=1: 4.3364

DFI Inc.

Statement of accounts receivable

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Client name		Amount
Client A	$	75,829
Client B		46,957
Client C		32,695
Client D		15,502
Client E		14,837
Client F		14,733
Others (Note)		92,366
		292,919
Less: Allowance for loss		(921)
	$	**291,998**

Note: None has reached 5% of the item.

Statement of other receivables

Item	Summary		Amount	Remarks
Business tax refund receivable		$	4,856	
Others (all less than 5%)			3,345	
		$	**8,201**	

Note: None has reached 5% of the item.

DFI Inc.

Statement of inventories

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount		Remarks
	Book value	Net realizable value	
Raw materials	$ 234,201	285,897	
Work in progress	86,607	113,485	
Manufactured goods and commodities	101,688	119,574	
Goods in transit	10,491	10,491	
Outsourced processing products	4,107	4,107	
	$ 437,094	533,554	

Statement of prepayments

Item	Amount
Prepaid expenses	$ 16,386
Input tax	6,091
Others (Note)	776
	$ 23,253

Note: None has reached 5% of the item.

DFI Inc.

Statement of changes in financial assets at fair value through other comprehensive income - non-current

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

	Beginning of period		Increase in the period		Decrease in the period		Unrealized gain (loss) on financial assets at fair value through other comprehensive income	End of period			
Name	Number of shares (In thousands of shares)	Fair value	Number of shares (In thousands of shares)	Amount	Number of shares (In thousands of shares)	Amount		Number of shares (In thousands of shares)	Fair value	Guarantee or pledge provided	Remarks
Shares of OTC company - Aplex Technology Inc.	1,487	$ 68,840	-	-	-	-	8,474	1,487	77,314	-	

DFI Inc.

Statement of changes in investments accounted for using equity method

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

	Beginning balance (restated)		Increase in the period		Decrease in the period (Note 2)		Adjustment	Ending balance			Market price or net equity		Guarantee
Investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	using the equity method (Note 1)	Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total	or pledge provided
Diamond Flower Information (NL) B.V.	12,001	$ 119,438	-	-	-	-	44,153	12,001	100%	163,591	13,631.44	163,591	None
DFI AMERICA, LLC.	1,209,000	421,187	-	-	-	-	22,077	1,209,000	100%	443,264	219.51	265,390	None
DFI Co., Ltd.	6,200	127,105	-	-	-	-	27,558	6,200	100%	154,663	23,414.90	145,172	None
Yan Tong Technology Ltd.	3,500,000	124,066	-	-	-	-	(25,938)	3,500,000	100%	98,128	28.04	98,128	None
AEWIN	30,376,000	660,389	-	-	-	(24,301)	11,539	30,376,000	51.38%	647,627	51.80	1,573,477 (Note 3)	None
Ace Pillar	53,958,069	1,084,821	-	-	-	(26,979)	(16,367)	53,958,069	48.07%	1,041,475	28.25	1,524,315 (Note 3)	None
Brainstorm	233,000	533,367	-	-	233,000	(540,240)	6,873	-	-	-	-	-	None
Less: Deferred inter-affiliate gains		(94,762)		-		24,604	-			(70,158)			
		$ 2,975,611		-		(566,916)	69,895			2,478,590			

Note 1: Adjustment using the equity method is as follows:

Shares of profit (loss) of subsidiaries accounted for using the equity method	$ 59,574
Adjustment to exchange difference in financial statement translation of foreign operations	8,353
Adjustment to unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	2,060
Adjustment to re-measurement of defined benefit plan	(131)
Changes in percentage of ownership interests in subsidiaries	39
	$ 69,895

Note 2: The decrease includes the sale of Brainstorm of NTD 540,240 thousand and cash dividends received from investees of NTD 51,280 thousand.

Note 3: It reveals the market capitalization of the company.

DFI Inc.

Statement of other non-current assets

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Refundable deposits	$ 891
Prepayments for equipment	2,514
Others (Note)	1,120
	$ 4,525

Note: None has reached 5% of the item.

Statement of short-term borrowings

Types of borrowing	Details	Ending balance	Term of contract	Financing facilities	Mortgage or guarantee (with promissory note issued)
Credit borrowings	Mega International Commercial Bank	$ 150,000	2023.03.04-2024.03.03	200,000	None
〃	DBS Bank	300,000	2023.10.31-2024.10.31	300,000	None
〃	Cathay United Bank	100,000	2023.08.24-2024.08.24	500,000	None
〃	Chang Hwa Commercial Bank	100,000	2023.06.01-2024.05.31	300,000	None
		$ 650,000			

Note 1: The annual interest rates of the above short-term borrowings are 1.70%~1.76%.

DFI Inc.

Statement of accounts payable

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Supplier	Amount
Company A	$ 69,164
Company B	21,263
Company C	20,460
Company D	18,749
Others (Note)	215,429
	$ 345,065

Note: Accounts payable to individual supplier, less than 5% of the item.

Statement of other payables

Item	Amount
Salaries and bonuses payable	$ 68,454
Compensation payable to employees and directors	41,685
Others (Note)	55,510
	$ 165,649

Note: None has reached 5% of the item.

DFI Inc.

Statement of other current liabilities

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Temporary received	$ 12,282
Received on behalf of others	5,782
	$ 18,064

Statement of lease liabilities

Item	Lease term	Discount rate	Ending balance
Buildings	2021.1~2031.3	1.1%~1.43%	**$ 107,850**
Current:			
Related party - Qisda			**$ 13,788**
Non-related party			**$ 4,779**
Non-current:			
Related party - Qisda			**$ 86,061**
Non-related party			**$ 3,222**

DFI Inc.

Statement of long-term borrowings

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Creditor	Summary	Amount of borrowing	Term of contract	Mortgage or pledge
KGI Bank		$ 400,000	2023.08.29-2026.08.29	None

Note: The annual interest rate of the above long-term borrowings is 1.79%.

DFI Inc.

Statement of operating costs

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials:	
Beginning stock	$ 721,326
Plus: Net amount of material purchase in the period	2,095,350
Gain on physical raw materials	10,629
Less: Ending raw materials	357,188
Scrapping of raw materials	8,147
Sale of raw materials	226,763
Raw material requisition and others	2,556
Consumption of raw materials in the period	2,232,651
Direct labor	107,694
Manufacturing expense	264,501
Manufacturing cost	2,604,846
Beginning work in process	172,219
Beginning outsourced products	1,663
Plus: Outsourcing processing fee	42,038
Less: Ending work in process	86,607
Ending outsourced products	4,108
Scrapping of work in process	195
Work in process costs	2,729,856
Beginning finished goods	164,531
Plus: Net purchase amount for the period	53,207
Less: Ending finished goods	119,392
Scrapping of finished goods	11,493
Inventory loss of finished goods	152
Sale of semi-finished goods	19,324
Department requisition and others	25,710
Finished goods cost	2,771,523
Loss for inventory obsolescence	19,835
Gain on physical inventory	(10,477)
Cost of selling raw materials and semi-finished goods	246,087
Inventory price loss	43,402
Warranty cost	(9,472)
Income from scraps	(2,004)
Operating costs	**$ 3,058,894**

DFI Inc.

Statement of selling and marketing expenses

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary expense	$ 105,522
Insurance expenses	13,044
Other expenses (Note)	59,279
	$ 177,845

Note: None has reached 5% of the item.

Statement of management expenses

Item	Amount
Salary expense	$ 46,061
Depreciation	9,825
Labor cost	9,132
Software program fee	6,084
Other expenses (Note)	48,090
	$ 119,192

Note: None has reached 5% of the item.

DFI Inc.

Statement of research and development expenses

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary expense	$ 179,785
Research and development testing	17,009
Insurance expenses	16,601
Other expenses (Note)	58,263
	$ 271,658

Note: None has reached 5% of the item.

Please refer to Note VI (II) of the parent company only financial statements for the Statement of Financial Assets and Liabilities Measured at Fair Value Through Profit or Loss - Current

Please refer to Note VI (IV) of the parent company only financial statements for the Statement of Financial Assets Measured at Amortized Cost - Current

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Receivable - Related Parties

Please refer to Note VI (VIII) of the parent company only financial statements for the Statement of Changes in Property, Plant and Equipment

Please refer to Note VI (VIII) of the parent company only financial statements for the Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

Please refer to Note VI (IX) of the parent company only financial statements for the Statement of Changes in Right-of-Use Assets

Please refer to Note VI (X) of the parent company only financial statements for the Statement of Changes in Intangible Assets

Please refer to Note VI (XVI) of the parent company only financial statements for the Statement of Deferred Income Tax Assets

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Payable - Related Parties

Please refer to Note VII of the parent company only financial statements for the Statement of Other Payables - Related Parties

Please refer to Note VI (XIV) of the parent company only financial statements for the Statement of Provisions

Please refer to Note VI (XVI) of the parent company only financial statements for the Statement of Deferred Income Tax Liabilities

Please refer to Note VI (XV) of the parent company only financial statements for the Statement of Net Defined Benefit Liabilities

Please refer to Note VI (XIX) of the parent company only financial statements for the Statement of Operating Revenue

Please refer to Note VI (XXI) of the parent company only financial statements for the Statement of Interest Income, Other Income, Other Gain and Loss and Financial Costs of Non-Operating Income and Expenses