Stock Code:6112

METAAGE CORPORATION
(Original Name : SYSAGE TECHNOLOGY CO., LTD.)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022 (Restated)

Address: 10F., No. 516 Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114006, Taiwan (R.O.C.)
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Representation Letter

The entities that are required to be included in the combined financial statements of METAAGE CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, METAAGE CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: METAAGE CORPORATION
Chairman: Michael CH Lee
Date: February 29, 2024

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Independent Auditors' Report

To the Board of Directors of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.):

Opinion

We have audited the consolidated financial statements of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022 (restated), the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022 (restated), and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 (restated), and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, (restated), in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

As stated in Note 1, Note 4(c) and Note 6(h), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) acquired 35.09% shareholdings in Brainstorm Corporation from subsidiary of Qisda Corporation, DFI Inc. by cash on October 2, 2023. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Group restated the consolidated financial statements for the year ended December 31, 2022. Our conclusion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group and investments accounted for using the equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts included for those subsidiaries and investees, is based solely on the reports of other auditors. The total assets of those subsidiaries constituted 1.31% and 1.65% of the total consolidated assets as of December 31, 2023 and 2022 (restated), respectively, and the total operating revenue constituted 1.28% and 1.69% of the consolidated operating revenue for the years ended December 31, 2023 and 2022 (restated), respectively. In addition, the recognized investments accounted for using the equity method constituted 0.95% and 1.00% of the total consolidated assets as of December 31, 2023 and 2022 (restated), respectively, and the recognized shares of profit or loss of associates accounted for using equity method constituted 0.94% and 1.68% of the consolidated profit before tax for the years ended December 31, 2023 and 2022 (restated), respectively.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with emphasis of matter and other matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

   Please refer to Note 4(h) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(f) for the details and related expenses for inventories.

   Description of key audit matter:

   Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management' s subjective judgment, was considered to be a matter of high concern in our audit of the consolidated financial statements.

   How the matter was addressed in our audit:

   Our audit procedures included understanding the Group's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management' s recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

2. Impairment of goodwill

   Please refer to Note 4(m) for the accounting policy on impairment of non-financial assets, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(m) for the assessment of impairment of goodwill.

   Description of key audit matter:

   Goodwill arising from acquisition of subsidiaries is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill was considered to be a matter of high concern in our audit of the consolidated financial statements.

   How the matter was addressed in our audit:

   Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Group's disclosures with respect to the related information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Fu, Hung-Wen and Chuang, Chun-Wei.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

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

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

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

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 906,461	8	837,770	7
1110	Current financial assets at fair value through profit or loss (Note 6(b))	378	-	623	-
1141	Current contract assets (Note 6(x))	29,939	-	8,037	-
1170	Notes and accounts receivable, net (Notes 6(d) and (x))	3,008,194	25	3,121,576	28
1180	Accounts receivable due from related parties, net (Notes 6(d), (x) and 7)	61,574	1	81,334	1
1300	Inventories (Note 6(f))	4,432,864	37	4,282,392	38
1410	Prepayments	474,872	4	70,431	1
1470	Other current assets (Note 6(e))	34,134	-	12,038	-
		8,948,416	75	8,414,201	75
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	693,057	6	510,844	5
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	118,189	1	-	-
1550	Investments accounted for using equity method (Note 6(g))	116,633	1	115,854	1
1600	Property, plant and equipment (Notes 6(k) and 8)	931,403	8	942,607	8
1755	Right-of-use assets (Note 6(l))	199,159	1	207,767	2
1780	Intangible assets (Note 6(m))	764,174	6	844,433	7
1840	Deferred income tax assets (Note 6(u))	64,238	1	65,250	1
1931	Long-term notes receivable (Notes 6(d) and (x))	18,025	-	27,936	-
1942	Long-term accounts receivables due from related parties (Notes 6(d), (x) and 7)	-	-	32,886	-
1990	Other non-current assets (Notes 6(e) and (t))	122,454	1	108,218	1
		3,027,332	25	2,855,795	25
	Total assets	**$ 11,975,748**	**100**	**11,269,996**	**100**

		December 31, 2023		December 31, 2022 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 2,839,536	24	1,387,301	12
2110	Short-term notes and bills payable (Note 6(o))	-	-	199,619	2
2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	21,994	-	13,930	-
2130	Contract liability (Note 6(x))	315,022	3	302,373	3
2170	Notes and accounts payable (Note 7)	2,316,996	19	2,576,618	23
2200	Other payables (Note 7)	588,032	5	484,845	4
2280	Current lease liabilities (Notes 6(r) and 7)	82,199	1	63,677	1
2320	Long-term borrowings, current portion (Note 6(q))	16,686	-	16,627	-
2399	Other current liabilities (Note 6(p))	22,048	-	7,449	-
		6,202,513	52	5,052,439	45
	Non-current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	63,144	1
2540	Long-term borrowings (Note 6(q))	243,722	2	260,254	2
2580	Non-current lease liabilities (Notes 6(r) and 7)	126,059	1	150,372	1
2600	Other non-current liabilities (Note 6(u))	108,649	1	130,188	1
		478,430	4	603,958	5
	Total liabilities	6,680,943	56	5,656,397	50
	Equity attributable to owners of parent:				
3100	Share capital (Note 6(v))	1,883,573	16	1,883,573	17
3200	Capital surplus (Notes 6(g), (h), (i) and (v))	1,219,380	10	1,272,747	11
3310	Legal reserve (Note 6(v))	482,299	4	441,048	4
3320	Special reserve (Note 6(v))	17,108	-	30,343	-
3350	Unappropriated retained earnings (Note 6(v))	819,246	7	631,634	6
3400	Other equity interest	29,379	-	(17,108)	-
	Total equity attributable to owners of parent	4,450,985	37	4,242,237	38
35XX	**Equity attributable to former owner of business combination under common control**	-	-	505,004	4
36XX	**Non-controlling interests** (Note 6(j))	843,820	7	866,358	8
	Total equity	5,294,805	44	5,613,599	50
	Total liabilities and equity	**$ 11,975,748**	**100**	**11,269,996**	**100**

See accompanying notes to the consolidated financial statements.

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

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		For the years ended December 31			
		2023		2022 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(x) and 7)**	$ 19,813,720	100	17,310,667	100
5000	**Operating costs (Notes 6(f), (t), 7 and 12)**	17,033,728	86	15,086,348	87
	Gross profit	2,779,992	14	2,224,319	13
	Operating expenses (Notes 6(d), (t), (y), 7 and 12):				
6100	Selling expenses	2,019,880	10	1,660,365	10
6200	General and administrative expenses	226,031	1	200,254	1
6300	Research and development expenses	51,445	-	40,032	-
6450	Expected credit loss (Reversal of expected credit loss)	(2,742)	-	848	-
		2,294,614	11	1,901,499	11
	Net operating income	485,378	3	322,820	2
	Non-operating income and expenses:				
7010	Other income (Notes 6(r), (z) and 7)	14,018	-	22,245	-
7100	Interest income	7,148	-	2,991	-
7020	Other gains and losses (Notes 6(r), (z) and 7)	262,199	1	107,173	1
7050	Finance costs (Notes 6(r), (z) and 7)	(66,427)	-	(32,939)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(g))	5,861	-	6,185	-
		222,799	1	105,655	1
	Profit before income tax	708,177	4	428,475	3
7950	**Less: Income tax expenses (Note 6(u))**	130,452	1	76,286	1
	Profit	577,725	3	352,189	2
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (Note 6(t))	(532)	-	962	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	43,359	-	-	-
8320	Share of other comprehensive income of associates for using equity method (Note 6(g))	561	-	(136)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	43,388	-	826	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(20,998)	-	86,888	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	(20,998)	-	86,888	-
8300	**Other comprehensive income, net of tax**	22,390	-	87,714	-
	Total comprehensive income	**$ 600,115**	**3**	**439,903**	**2**
	Profit (loss) attributable to:				
8610	Owners of parent	$ 592,342	3	412,505	2
8615	Former owner of business combination under common control	(5,788)	-	(21,845)	-
8620	Non-controlling interests	(8,829)	-	(38,471)	-
		$ 577,725	**3**	**352,189**	**2**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 602,192	3	425,740	2
8715	Former owner of business combination under common control	6,873	-	4,067	-
8720	Non-controlling interests	(8,950)	-	10,096	-
		$ 600,115	**3**	**439,903**	**2**
	Earnings per share (Note 6(w))				
9750	**Basic earnings per share (NT dollars)**	**$**	**3.14**		**2.19**
9850	**Diluted earnings per share (NT dollars)**	**$**	**3.13**		**2.17**

See accompanying notes to the consolidated financial statements.

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

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to owners of parent											
			Retained earnings									
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit	Total equity attributable to owners of parent	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance on January 1, 2022 (restated)	$ 1,883,573	1,275,919	383,289	-	778,125	(29,705)	(2)	(636)	4,290,563	585,238	871,388	5,747,189
Profit (loss)	-	-	-	-	412,505	-	-	-	412,505	(21,845)	(38,471)	352,189
Other comprehensive income	-	-	-	-	-	12,874	(171)	532	13,235	25,912	48,567	87,714
Comprehensive income	-	-	-	-	412,505	12,874	(171)	532	425,740	4,067	10,096	439,903
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	57,759	-	(57,759)	-	-	-	-	-	-	-
Special reserve	-	-	-	30,343	(30,343)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	-	(470,894)
Capital reduction	-	-	-	-	-	-	-	-	-	(56,600)	-	(56,600)
Reorganization	-	(3,299)	-	-	-	-	-	-	(3,299)	(27,701)	-	(31,000)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18,541)	(18,541)
Changes in equity of associates accounted for using equity method	-	73	-	-	-	-	-	-	73	-	-	73
Proceeds from the disposal of forfeited tunds from employee stock ownership trust	-	54	-	-	-	-	-	-	54	-	-	54
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,415	3,415
Balance on December 31, 2022 (restated)	1,883,573	1,272,747	441,048	30,343	631,634	(16,831)	(173)	(104)	4,242,237	505,004	866,358	5,613,599
Profit (loss)	-	-	-	-	592,342	-	-	-	592,342	(5,788)	(8,829)	577,725
Other comprehensive income	-	-	-	-	-	(33,497)	43,284	63	9,850	12,661	(121)	22,390
Comprehensive income	-	-	-	-	592,342	(33,497)	43,284	63	602,192	6,873	(8,950)	600,115
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	41,251	-	(41,251)	-	-	-	-	-	-	-
Special reserve	-	-	-	(13,235)	13,235	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(376,714)	-	-	-	(376,714)	-	-	(376,714)
Reorganization	-	(54,835)	-	-	-	36,637	-	-	(18,198)	(511,877)	-	(530,075)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,713)	(12,713)
Difference between consideration and carrying amount of subsidiaries' share acquired	-	28	-	-	-	-	-	-	28	-	(887)	(859)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	1,440	-	-	-	-	-	-	1,440	-	12	1,452
Balance on December 31, 2023	**$ 1,883,573**	**1,219,380**	**482,299**	**17,108**	**819,246**	**(13,691)**	**43,111**	**(41)**	**4,450,985**	**-**	**843,820**	**5,294,805**

See accompanying notes to the consolidated financial statements.

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

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022 (Restated)
Cash flows from operating activities:		
Profit before income tax	$ 708,177	428,475
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	109,206	106,422
Amortization expense	76,464	71,835
Losses (gains) on disposal of property, plant and equipment	528	(52)
Loss on disposal of investments accounted for using equity method	-	15
Expected credit loss (Reversal of expected credit loss)	(2,742)	848
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(220,357)	(63,261)
Share of profit (loss) of associates accounted for using equity method	(5,861)	(6,185)
Interest expense	66,427	32,939
Interest income	(7,148)	(2,991)
Dividend income	(11,718)	(13,671)
Gain on lease modification	(3)	(65)
Total adjustments to reconcile profit (loss)	4,796	125,834
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Notes and accounts receivable (including long-term and related parties)	179,051	157,204
Inventories	(161,269)	(480,450)
Contract assets	(21,902)	12,355
Prepayments and other current assets	(419,669)	4,722
Other non-current assets	(1,843)	1,071
Total changes in operating assets	(425,632)	(305,098)
Total net changes in operating liabilities:		
Contract liability	12,649	41,021
Notes and accounts payable	(259,622)	445,000
Other payables	51,143	(74,956)
Other current liabilities	14,599	(17,399)
Total changes in operating liabilities	(181,231)	393,666
Total changes in operating assets and liabilities	(606,863)	88,568
Total adjustments	(602,067)	214,402
Cash inflows generated from operations	106,110	642,877
Interest received	7,090	3,002
Dividends received	17,361	13,671
Interest paid	(63,649)	(32,151)
Income taxes paid	(113,931)	(120,957)
Net cash inflows (outflows) from operating activities	(47,019)	506,442
Cash flows from investing activities:		
Decrease in financial liabilities at fair value through profit or loss	-	(7,408)
Acquisition of non-current financial assets at fair value through profit or loss	(17,431)	(130,856)
Acquisition of non-current financial assets at fair value through other comprehensive income	(74,830)	-
Share capital from acquisition of subsidiaries	(530,075)	(31,000)
Return of capital from investments accounted for using equity method	-	565
Acquisition of property, plant and equipment	(11,345)	(16,593)
Proceeds from disposal of property, plant and equipment	277	52
Increase in refundable deposits	(13,581)	(3,321)
Acquisition of intangible assets	(118)	(28,278)
Decrease in other current assets	1,327	54,864
Decrease in other non-current assets	-	3,037
Net cash outflows from investing activities	(645,776)	(158,938)
Cash flows from financing activities:		
Increase in short-term borrowings	1,452,235	103,243
Increase (decrease) in short-term notes and bills payable	(199,619)	199,619
Repayments of long-term borrowings	(16,473)	(16,742)
Increase in guarantee deposits	91	63
Payments of lease liabilities	(70,180)	(67,019)
Capital reduction	-	(56,600)
Change in non-controlling interests	(859)	-
Cash dividends paid	(376,714)	(470,894)
Dividends to non-controlling interests from subsidiaries	(12,713)	(18,541)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	1,452	54
Net cash inflows (outflows) from financing activities	777,220	(326,817)
Effect of exchange rate changes on cash and cash equivalents	(15,734)	81,567
Increase in cash and cash equivalents	68,691	102,254
Cash and cash equivalents, beginning of period	837,770	735,516
Cash and cash equivalents, end of period	$ 906,461	837,770

See accompanying notes to the consolidated financial statements.

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

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

METAAGE CORPORATION ("the Company"), formerly called SYSAGE TECHNOLOGY CO., LTD., was incorporated on April 16, 1998 under the approval of Ministry of Economic Affair, Republic of China ("R.O.C."). The Company changed the name to METAAGE CORPORATION in June, 2022. The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The consolidated financial statements as of December 31, 2023 consist of the Company and its subsidiaries (collectively as "the Group"), and the interests of associates. The Group's major business activities include distributing and reselling products of software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, other companies, and own products from Skytech Gaming, Digitalization from Red hat, Oracle, and other companies, clouds software and services from Google and other companies. The Group provides integrated planning for the products it sells, including related services of consulting, education and training as well as research, development of software of information applications, services and sales business, and market research.

The Company had fully acquired Metaguru Corporation ("Metaguru") from BenQ Guru Holding Limited ("GSH") by cash on December 1, 2022, and had acquired 35.09% shares in Brainstorm Corporation ("Brainstorm") from DFI Inc. ("DFI") by cash on October 2, 2023. GSH, DFI, and the Company have the same ultimate parent, which is Qisda Corporation. The transactions are an organizational reorganization under common control; please refer to Note 6(h) for details.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2024.

(3) New standards, amendments, and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission ("FSC"), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

(Continued)

(b) The impact of IFRSs issued by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2024, are expected to have the following impacts:

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments to IAS 7 and IFRS 7 introduce two new disclosure objectives for an entity to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, in addition to disclosing the terms and conditions of such arrangements, the carrying amount of the relevant financial liability and the range of payment due dates, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The Group participates in a supply chain financing arrangement for which the new disclosures will be applied. According to the amendments, the Group may need to disclose additional information about the supplier finance arrangements and how it manages the liquidity risk for these arrangements. In addition, the Group is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements, particularly with respect to the collection of additional information needed to meet the new disclosure requirements.

The following amendments are not expected to have a significant impact on the Group' s consolidated financial statements.

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

(c) The impact of IFRSs issued by International Accounting Standard Board ("IASB") but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. ("the IFRSs endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

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

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The consolidated financial statements do not recognize the goodwill or the fair value of acquirer's share of the acquiree's interest in the acquiree's identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

(Continued)

In preparing the consolidated balance sheet, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit (loss), attributable to former owner of business combination under common control".

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	EPIC CLOUD CO., LTD. (EPIC CLOUD)	Data software and data processing services	100.00 %	100.00 %	

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

			Shareholding		
Name of investor	Name of subsidiary	Principal activity	December 31, 2023	December 31, 2022	Note
The Company	COREX (PTY) LTD (COREX)	Sale, import and export of electronic products	100.00 %	100.00 %	
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computers and peripheral devices	35.09 %	- %	(Note 1)
The Company	ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Implementing services of application software	34.09 %	34.09 %	
The Company	Metaguru Corporation (Metaguru)	R&D and sales of computer information systems	100.00 %	100.00 %	(Notes 2)
The Company and EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Trading in hardware and software for network and communications systems	79.81 %	79.43 %	(Notes 3)
The Company and EPIC CLOUD	DSIGroup Co., Ltd. (DSIGroup)	Market research service, marketing consulting, and big data and cloud database, etc.	35.01 %	35.01 %	
DSIGroup	DKABio Co., Ltd. (DKABio)	Market research service, marketing consulting, and big data and cloud database, etc.	100.00 %	100.00 %	
ADVANCEDTEK INTERNATIONAL	APEO Human Capital Services Corp. (APEO Human Capital)	Applications implementing services	100.00 %	100.00 %	

Note 1:On October 2, 2023, the Group had acquired a total of 35.09% of common shares and preferred shares of Brainstorm from DFI by cash. It resulted in the Group to hold 55.29% of the voting rights at the shareholders' meeting and obtain the control based on Brainstorm's Article of Incorporation, please refer to note 5. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning. The consolidated financial statements for the year ended December 31, 2022 have been restated for comparison with the financial statements for the year ended December 31,2023.

Note 2:On December 1, 2022, the Group had fully acquired Metaguru from GSH by cash and obtained control over Metaguru. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning.

Note 3:For the changes in the Group's percentage of ownership in GLOBAL INTELLIGENCE NETWORK, please refer to note 6(i).

(d) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period ("the reporting date") monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(Continued)

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables issued are initially recognized when they are originated. All other financialassets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (“ FVTPL”), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized derecognized on a trade date and settle date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“ FVOCI”), or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

The equity investments are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. The above date is usually the ex-dividend date.

3) FVTPL

All financial assets not classified as amortized cost or fair value through comprehensive income described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

(Continued)

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly once it is past due.

The Group considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 120 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for that financial asset because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, 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 foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial reports include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Group' s shareholding percentage in the associate, the Group recognizes equity changes attributable to the Group by its shareholding percentage as capital surplus.

(Continued)

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated party's interests in the associate.

When the Group's share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1) Buildings and improvements: 50 years

(Continued)

2) Office and other equipment: 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

- there is a change in the assessment of whether it will have the option to exercise a purchase; or
- there is a change in its assessment of whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Trademarks and patents: 10years

2) Customer relationships and other: 3 to 10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Group's major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

The Group offers sales discounts to its customers, with the revenue from these sales being recognized based on the price specified in the contract, net of the estimated sales discounts. The sales discounts are estimated based on the discount rate stated in the contract, wherein the revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The contract liability is accounted for as expected sales discounts payable to customers in relation to sales.

(Continued)

The Group grants its customers the right to return the product, in which the Group deducts its revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method), and it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amounts of expected returns.

(ii) Services

The Group provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

The Group provides services, such as information system management, design, introduction, application customization, consulting and so forth to customers. The customer simultaneously receives and consumes the benefits provided by the Group' s performance as the Group performs. Revenue from providing services is recognized when services are rendered.

(iii) Market research and survey services

The Group provides services, such as market research and opinion survey. Revenue was recognized when the progress towards complete satisfaction of performance obligations.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(iv) License

The licensing revenue of the Group is recognized over time within a fixed license period. If the customers' payments exceed the recognized revenue, a contract liability is recognized.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(p) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reduction are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by The Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment has its financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment of whether the Group has substantive control over its investees

(a) The Group holds a total of 35.09% of common shares and preferred shares in Brainstorm, making it to be the sole largest shareholder of the entity. It resulted in the Group to hold 55.29% of the voting rights at the shareholders' meeting and obtain substantive control based on Brainstorm's Article of Incorporation. Hence, Brainstorm has been included in the Group's consolidated financial statements.

(b) The Group holds 34.09% of the voting shares and is the sole largest shareholder of ADVANCEDTEK INTERNATIONAL. Although the Group did not own more than half of the voting rights of the company, the Group owns more than half of their total number of directors of the Board; therefore, it is determined that the Group has substantive control over the entity. Hence, the company has been included in the Group's consolidated financial statements.

(c) The Group holds 35.01% of the voting shares and is the sole largest shareholder of STATINC. Although the Group did not own more than half of the voting rights of the company, the Group owns more than half of their total number of directors of the Board; therefore, it is determined that the Group has substantive control over the entity. Hence, the company has been included in the Group's consolidated financial statements.

(d) As the single largest shareholder, the Group holds 20.96% of the voting shares of GRANDSYS INC. ("GRANDSYS"). Although the remaining 79.04% shares of GRANDSYS are not concentrated in specific shareholders, the Group still cannot obtain neither more than half the Board of directors of GRANDSYS, nor more than half of the voting rights in the shareholders' meeting. Therefore, it is determined that the Group would have a significant impact on GRANDSYS.

(e) As the single largest shareholder, the Group holds 19.15% of the voting shares of DYNASAFE TECHNOLOGIES, INC. (" DYNASAFE"). Although the remaining 80.85% shares of DYNASAFE are concentrated within specific shareholders, the Group still cannot obtain more than half of the Board of directors of DYNASAFE. Therefore, it is determined that the Group would not have a significant impact on DYNASAFE.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities at the reporting date within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for the valuation of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates base on changed economic conditions or business strategies could result in significant adjustments.

Valuation process

The Group's accounting policies and disclosure include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

(Continued)

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1:quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2:inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 346	566
Check and demand deposits	811,322	781,410
Time deposits	94,793	55,794
	$ 906,461	**837,770**

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Current:		
Pre-purchased forward exchange contracts	$ 378	623
Non-current:		
Foreign and domestic unlisted stocks	453,931	280,153
Foreign and domestic unlisted equities	239,126	230,691
Total	**$ 693,435**	**511,467**

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		December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased/Pre-sold forward exchange contracts	$	(21,994)	(13,930)
Non-current:			
Contingent considerations arising from business combinations		-	(63,144)
Total	**$**	**(21,994)**	**(77,074)**

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech's sale and purchase agreement and the related accessory contracts from the prior year, and the merger of DSIGroup. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

(ii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Group's derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

	December 31, 2023		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 21,370 thousand	2024.01.01~ 2024.03.18	30.875~32.125
Buy USD/Sell ZAR	USD 7,463 thousand	2024.01.03~ 2024.02.02	18.330~18.702
Pre-sold forward exchange contracts			
Buy NTD/Sell ZAR	ZAR 53,000 thousand	2024.01.01~ 2024.01.26	1.643~1.646

(Continued)

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	December 31, 2022		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 33,350 thousand	2023.01.01~ 2023.04.19	30.224~32.045
Buy USD/Sell ZAR	USD 845 thousand	2023.01.04~ 2023.01.27	17.100~17.268

(iii) As of December 31, 2023 and 2022, none of financial assets at fair value through profit or loss was pledged as collateral, or otherwise subject to any restriction.

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

	December 31, 2023	December 31, 2022
Non-current financial assets at fair value through other comprehensive income		
Domestic unlisted stocks	$ 118,189	-

(i) In June 2023, the Group invested the amount of $74,830 thousand in High Performance Information Co. Ltd.. The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term for strategic instead of trading purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2023.

(iii) As December 31, 2023 and 2022, none of financial assets at fair value through other comprehensive income was pledged as collateral, or otherwise subject to any restriction.

(d) Notes and accounts receivable (including long-term and related parties)

		December 31, 2023	December 31, 2022
Notes receivable (including long-term)	$	95,607	134,624
Accounts receivable (including long-term)		2,958,111	3,045,990
Accounts receivable due from related parties (including long-term)		61,574	114,220
Less: loss allowance		(27,499)	(31,102)
Total	$	**3,087,793**	**3,263,732**
Current	$	3,069,768	3,202,910
Non-current		18,025	60,822
Total	$	**3,087,793**	**3,263,732**

(i) The Group did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair value.

(ii) Non-current notes and accounts receivable mainly arose from installment sales.

(iii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer' s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of ECL on notes and accounts receivable was as follows:

	December 31, 2023			
		Gross carry amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$	3,002,600	0.05%	1,583
1 to 30 days past due		44,616	3.91%	1,746
31 to 60 days past due		14,233	11.28%	1,606
61 to 90 days past due		5,827	26.51%	1,545
91 to 120 days past due		1,024	76.66%	785
More than 121 days past due		46,992	43.06%	20,234
	$	**3,115,292**		**27,499**

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	December 31, 2022		
	Gross carry amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$ 3,139,063	0.06%	1,884
1 to 30 days past due	87,626	3.76%	3,298
31 to 60 days past due	27,982	12.95%	3,623
61 to 90 days past due	4,397	42.05%	1,849
91 to 120 days past due	2,201	37.03%	815
More than 121 days past due	33,565	58.49%	19,633
	$ 3,294,834		**31,102**

(iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

	For the years ended December 31	
	2023	2022
Beginning balance	$ 31,102	31,359
Impairment losses (reversal of impairment loss)	(2,742)	848
Write-offs of uncollectible amount for the period	(124)	(18)
Transferred to other receivables	(367)	(194)
Effects of exchange rate changes	(370)	(893)
Ending balance	**$ 27,499**	**31,102**

(e) Other receivables

	December 31, 2023	December 31, 2022
Other receivables (including long-term)	$ 15,877	2,656
Less: loss allowance	(1,930)	(1,563)
	$ 13,947	**1,093**

(i) As of December 31, 2023 and 2022, there was no other receivables that was past due but not impaired.

(ii) The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31	
	2023	**2022**
Beginning balance	$ 1,563	19,641
Write-offs of uncollectible amount for the period	-	(18,272)
Transferred from accounts receivable	367	194
Ending balance	**$ 1,930**	**1,563**

(f) Inventories

	December 31, 2023	**December 31, 2022**
Merchandise inventory	**$ 4,432,864**	**4,282,392**

For the years ended 2023 and 2022, due to the write-down of inventories to net realizable value, a loss of $31,093 thousand and a reversal gain of $24,920 thousand on the decline in value of inventories, respectively, were recognized and reported as operating costs.

For the years ended 2023 and 2022, loss on scrap of inventories amounted to $0 thousand and $43,161 thousand, respectively.

(g) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2023	**December 31, 2022**
Associates	**$ 116,633**	**115,854**

(i) In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Group's shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Group' s capital surplus to increase by $73 thousand due to the change in equity.

(ii) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Group's consolidated financial statements.

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	For the years ended December 31	
	2023	2022
Attributable to the Group:		
Profit	$ 5,861	6,185
Other comprehensive income	561	(136)
Total comprehensive income	$ 6,422	6,049

(iii) As of December 31, 2023 and 2022, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.

(h) Business combinations

(i) Acquisition of the subsidiary-Brainstorm

1) Acquisition of consideration transferred of the subsidiary

On October 2, 2023, the Group acquired a total of 35.09% of common shares and preferred shares of Brainstorm by cash (amounting to $530,075 thousand) from DFI. It resulted in the Group to hold 55.29% of the voting rights at the shareholders' meeting and obtain the control based on Brainstorm's Article of Incorporation. Therefore, Brainstorm has been included in the Group' s consolidated financial statement from October 2, 2023. The Group acquired Brainstorm to strengthen the structure of overseas business, better understand the demand of end customers and expand the scope of cross-border sales.

2) Identifiable net assets acquired

The following table summarized the carrying amount of Brainstorm's identifiable assets acquired and liabilities assumed recognized at October 2, 2023:

Consideration transferred:		
Cash		$ 530,075
Non-controlling interests		716,362
Less: Carrying amounts of identifiable assets and liabilities acquired:		
Cash and cash equivalents	$ 166,876	
Notes and accounts receivable	518,925	
Inventories	957,328	
Prepayments	15,495	
Other current assets	3,538	
Property, plant and equipment	17,569	
Right-of-use assets	24,815	
Intangible assets	603,387	
Deferred income tax assets	26,697	

(Continued)

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Other non-current assets	979	
Short-term borrowings	(29)	
Notes and accounts payable	(935,363)	
Other payables	(16,255)	
Current lease liabilities	(20,650)	
Other current liabilities	(3,128)	
Non-current lease liabilities	(5,317)	
Deferred income tax liabilities	(126,628)	1,228,239
Add: Exchanges differences on translation of foreign financial statements due to acquisition		36,637
Capital surplus		$ **54,835**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Brainstorm is debited to the capital surplus of $54,835 thousand.

(ii) Acquisition of the subsidiary－Metaguru

1) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Group acquired 100% ownership of Metaguru amounting $31,000 thousand from GSH, and obtained control over Metaguru. Therefore, Metaguru has been included in the Group’s consolidated financial statement from December 1, 2022. Metaguru is primarily engaged in providing software services and electronic information supply services. The Group acquired Metaguru to expend new customers through Metaguru’s channel, and provide customers with more complete information system software, hardware and cloud product integration services.

2) Identifiable net assets acquired

The following table summarized the carrying amount of Metaguru’s identifiable assets acquired and liabilities assumed recognized at December 1, 2022:

Consideration transferred:		
Cash		$ 31,000
Carrying amounts of identifiable assets and liabilities acquired:		
Cash and cash equivalents	$ 25,325	
Notes and accounts receivable (including related parties)	8,438	
Prepayments	7	
Other current assets	388	
Other non-current assets	5,875	

(Continued)

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Contract liabilities	(7,011)	
Notes and accounts payable	(2,839)	
Other payables	(2,057)	
Other current liabilities	(425)	27,701
Capital surplus		$ **3,299**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Metaguru is debited to the capital surplus of $3,299 thousand.

(i) Changes in ownership interest in a subsidiary

On March 31, 2023 and October 31, 2023, the Group paid $515 thousand and $344 thousand, respectively, for 30 thousand and 20 thousand shares from GLOBAL INTELLIGENCE NETWORK's original shareholders. Therefore, the Group's shareholding ratio increased to 79.81%, and capital surplus increased by $28 thousand due to changes in equity.

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Proportion of non-controlling interests in ownership interests		**Proportion of non-controlling interests in voting rights**	
Name of subsidiaries	**Primary business premises/country of registration**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Brainstorm	USA	64.91 %	64.91 %	44.71 %	44.71 %

The following information on the aforementioned subsidiaries has been prepared in accordance with the IFRSs endorsed by the FSC. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Brainstorm's collective financial information

	December 31, 2023	**December 31, 2022**
Current assets	$ 1,580,843	1,412,116
Non-current assets	642,788	727,077
Current liabilities	(926,270)	(788,169)
Non-current liabilities	(89,305)	(114,009)
Net assets	$ **1,208,056**	**1,237,015**
Ending balance of non-controlling interests	$ **684,850**	**703,648**

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		2023	2022
Operating revenue	$	**6,254,960**	**5,197,642**
Net loss	$	(29,312)	(78,559)
Other comprehensive income		353	73,845
Total comprehensive income	$	**(28,959)**	**(4,714)**
Net loss attributable to non-controlling interests	$	**(19,027)**	**(50,993)**
Total comprehensive income attributable to non-controlling interests	$	**(18,798)**	**(3,060)**

		2023	2022
Cash flows from operating activities	$	143,947	90,349
Cash flows from investing activities		(1,877)	(29,410)
Cash flows from financing activities		(83,111)	(75,084)
Effect of exchange rate changes		352	6,237
Increase (decrease) in cash and cash equivalents	$	**59,311**	**(7,908)**
Dividends paid to non-controlling interests	$	**-**	**-**

(k) Property, plant and equipment

Information about the movement of costs and accumulated depreciation of property, plant and equipment was presented below:

		Land	Building	Office and other equipment	Total
Cost:					
Balance on January 1, 2023	$	587,346	374,891	214,688	1,176,925
Additions		-	-	11,345	11,345
Disposal		-	-	(52,070)	(52,070)
Transferred from inventories		-	-	14,357	14,357
Effects of exchange rate changes		-	-	(2,423)	(2,423)
Balance on December 31, 2023	$	**587,346**	**374,891**	**185,897**	**1,148,134**
Balance on January 1, 2022	$	587,346	374,891	211,015	1,173,252
Additions		-	-	16,593	16,593
Disposal		-	-	(28,076)	(28,076)
Transferred from inventories		-	-	11,667	11,667
Effects of exchange rate changes		-	-	3,489	3,489
Balance on December 31, 2022	$	**587,346**	**374,891**	**214,688**	**1,176,925**

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Building	Office and other equipment	Total
Accumulated depreciation:				
Balance on January 1, 2023	$ -	85,052	149,266	234,318
Depreciation	-	7,435	28,487	35,922
Disposal	-	-	(51,265)	(51,265)
Effects of exchange rate changes	-	-	(2,244)	(2,244)
Balance on December 31, 2023	**$ -**	**92,487**	**124,244**	**216,731**
Balance on January 1, 2022	$ -	77,617	143,002	220,619
Depreciation	-	7,435	32,214	39,649
Disposal	-	-	(28,076)	(28,076)
Effects of exchange rate changes	-	-	2,126	2,126
Balance on December 31, 2022	**$ -**	**85,052**	**149,266**	**234,318**
Carrying amount:				
December 31, 2023	**$ 587,346**	**282,404**	**61,653**	**931,403**
December 31, 2022	**$ 587,346**	**289,839**	**65,422**	**942,607**
January 1, 2022	**$ 587,346**	**297,274**	**68,013**	**952,633**

As of December 31, 2023 and 2022, property, plant, and equipment were pledged as collateral for long-term borrowings, please refer to Note 8.

(l) Right-of-use assets

Information about the movement of costs and accumulated depreciation of leases for which the Group as a lessee was presented below:

	Buildings	Others	Total
Cost:			
Balance on January 1, 2023	$ 382,684	13,450	396,134
Additions	61,931	2,733	64,664
Decrease	-	(3,097)	(3,097)
Effects of exchange rate changes	(2,297)	(327)	(2,624)
Balance on December 31, 2023	**$ 442,318**	**12,759**	**455,077**
Balance on January 1, 2022	$ 351,364	12,158	363,522
Additions	24,844	3,433	28,277
Decrease	(1,399)	(3,245)	(4,644)
Effects of exchange rate changes	7,875	1,104	8,979
Balance on December 31, 2022	**$ 382,684**	**13,450**	**396,134**

(Continued)

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		Buildings	Others	Total
Accumulated depreciation:				
Balance on January 1, 2023	$	182,439	5,928	188,367
Depreciation		68,967	4,317	73,284
Decrease		-	(2,896)	(2,896)
Effects of exchange rate changes		(2,705)	(132)	(2,837)
Balance on December 31, 2023	$	**248,701**	**7,217**	**255,918**
Balance on January 1, 2022	$	117,581	4,921	122,502
Depreciation		62,982	3,791	66,773
Decrease		(746)	(3,245)	(3,991)
Effects of exchange rate changes		2,622	461	3,083
Balance on December 31, 2022	$	**182,439**	**5,928**	**188,367**
Carrying amount:				
December 31, 2023	$	**193,617**	**5,542**	**199,159**
December 31, 2022	$	**200,245**	**7,522**	**207,767**
January 1, 2022	$	**233,783**	**7,237**	**241,020**

(m) Intangible assets

Information about the costs and accumulated impairment losses and amortization of intangible asset was presented below:

		Goodwill	Patents and trademarks	Customer relationships	Others	Total
Cost:						
Balance on January 1, 2023	$	317,484	574,759	8,234	58,187	958,664
Additions		-	-	-	118	118
Disposal		-	-	(5,944)	-	(5,944)
Effects of exchange rate changes		(8,797)	-	(463)	18	(9,242)
Balance on December 31, 2023	$	**308,687**	**574,759**	**1,827**	**58,323**	**943,596**
Balance on January 1, 2022	$	314,867	568,182	7,959	32,125	923,133
Additions		-	-	-	28,278	28,278
Business combinations adjusted during the measurement period		(1,847)	6,577	-	-	4,730
Disposal		-	-	-	(3,203)	(3,203)
Effects of exchange rate changes		4,464	-	275	987	5,726
Balance on December 31, 2022	$	**317,484**	**574,759**	**8,234**	**58,187**	**958,664**

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		Goodwill	Patents and trademarks	Customer relationships	Others	Total
Accumulated impairment loss and amortization:						
Balance on January 1, 2023	$	1,966	95,908	5,868	10,489	114,231
Amortization		-	57,479	1,758	12,774	72,011
Disposal		-	-	(5,944)	-	(5,944)
Effects of exchange rate changes		-	-	(779)	(97)	(876)
Balance on December 31, 2023	$	**1,966**	**153,387**	**903**	**23,166**	**179,422**
Balance on January 1, 2022	$	1,966	37,992	4,195	6,645	50,798
Amortization		-	57,916	1,821	7,002	66,739
Disposal		-	-	-	(3,203)	(3,203)
Effects of exchange rate changes		-	-	(148)	45	(103)
Balance on December 31, 2022	$	**1,966**	**95,908**	**5,868**	**10,489**	**114,231**
Carrying amount:						
December 31, 2023	$	**306,721**	**421,372**	**924**	**35,157**	**764,174**
December 31, 2022	$	**315,518**	**478,851**	**2,366**	**47,698**	**844,433**
January 1, 2022	$	**312,901**	**530,190**	**3,764**	**25,480**	**872,335**

(i) Impairment test on goodwill

The Group evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. The calculation of value in use is based on the cash flows of the financial forecast for the next three to five years as estimated by the management based on the future operation plan, and is calculated using the annual discount rates of 8.56% to 13.51% and 8.81% to 18.35% on December 31, 2023 and 2022, respectively, to reflect the specific risks of the related CGU.

(ii) Business combinations adjusted during the measurement period led the Group to continue monitoring its intangible assets-goodwill and trademarks arising from the acquisition of Brainstorm, resulting in a decrease of $1,847 thousand and an increase of $6,577 thousand, respectively, after an adjustment had been made in the first quarter of 2023.

(iii) As of December 31, 2023 and 2022, none of the intangible assets was pledged as collateral.

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METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(n) Short-term borrowings

(i) The details of the Group's short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 2,839,536	1,387,301
Range of interest rates at the end of period	1.68%~13.25%	1.50%~9.70%

(ii) The Group has no pledged any assets as collateral to guarantee the payment of short-term borrowings.

(o) Short-term notes and bills payable

(i) As of December 31, 2023, there were no short-term notes and bills payable. As of December 31, 2022, the short-term notes and bills payable were summarized as follows:

	December 31, 2022			
	Guarantee or acceptance institution	Contract period	Range of interest rates (%)	Amount
Commercial papers payable	DAH CHUNG BILLS FINANCE CORP.	2022.12~ 2023.02	1.79%	$ 200,000
Less: Discount on short-term notes and bills payable				(381)
Total				$ 199,619

(ii) The Group has not pledged any assets as collateral to guarantee the payment of short-term notes and bills payable.

(p) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	$ 18,679	3,424
Others	3,369	4,025
	$ 22,048	7,449

Refund liabilities were mainly derived from the amount expected to be paid to customers due to the right of return and sales discounts provided to customers after the goods have been sold.

(q) Long-term borrowings

(i) The details of the Group's long-term borrowings were as follows:

	December 31, 2023			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.85%~2.01%	2024.01~2039.03	$ 260,408
Less: current portion				(16,686)
Total				$ **243,722**
Unused credit lines				$ -

	December 31, 2022			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.60%~1.83%	2023.01~2039.03	$ 276,881
Less: current portion				(16,627)
Total				$ **260,254**
Unused credit lines				$ -

(ii) For the collateral and pledge for bank loans, please refer to Note 8.

(r) Lease liabilities

(i) The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2023	**December 31, 2022**
Current	$ 82,199	63,677
Non-current	126,059	150,372
	$ **208,258**	**214,049**

(ii) The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	**2022**
Interest on lease liabilities	$ **3,402**	**3,717**
Income from sub-leasing right-of-use assets	$ **1,139**	**1,139**
Gains on lease modifications	$ **3**	**65**

(iii) The amounts recognized in the statements of cash flows of the Group were as follows:

	For the years ended December 31	
	2023	**2022**
Interest payments for lease liabilities in operating activities	$ (3,402)	(3,717)
Payments of lease liabilities in financing activities	(70,180)	(67,019)
Total cash outflow for leases	**$ (73,582)**	**(70,736)**

(iv) Real estate leases

The Group leases buildings for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(v) For the Group’s leased right-of-use assets under operating leases, please refer to Note 6(s).

(s) Operating leases

The Group leases out its right-of-use assets. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(l).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2023	**December 31, 2022**
Less than one year	$ 1,159	1,139
1 to 2 years	1,174	1,159
2 to 3 years	1,174	1,174
3 to 4 years	1,174	1,174
4 to 5 years	391	1,174
More than 5 years	-	391
	$ 5,072	**6,211**

(t) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	(11,040)	(10,316)
Fair value of plan assets		14,580	14,336
Net defined benefit liabilities	**$**	**3,540**	**4,020**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

For the years ended 2023 and 2022, the Group recognized the pension expense of $0 thousand for the defined benefit plans, and the return on plan assets (liability) recognize as other comprehensive income amounted to $(532) thousand and $962 thousand, respectively.

(ii) Defined contribution plans

The Company and its domestic subsidiaries allocate 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs under the defined contribution method amounted to $32,986 thousand and $29,773 thousand for the years ended 2023 and 2022, respectively. Payment to the Bureau of Labor Insurance has been made.

(u) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

		For the years ended December 31	
		2023	2022
Current income tax expenses	$	151,019	90,931
Deferred income tax benefit		(20,567)	(14,645)
Income tax expenses	**$**	**130,452**	**76,286**

(ii) The Group had no income taxes recognized directly in equity and other comprehensive income.

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(iii) Reconciliation of income tax expenses and profit before income tax was as follows:

	For the years ended December 31	
	2023	**2022**
Profit before income tax	$ 708,177	428,475
Income tax using each company's local tax rate	139,293	73,626
Undistributed earnings additional tax	628	1,605
Non-deductible expenses	41,520	19,521
Tax-exempt income	(2,346)	(2,734)
Gains on valuation of financial assets	(45,585)	(14,872)
Others	(3,058)	(860)
Income tax expense	**$ 130,452**	**76,286**

(iv) Deferred income tax assets and liabilities

1) The Group had no unrecognized deferred income tax liabilities, and the unrecognized deferred income tax assets were as follows:

	December 31, 2023	**December 31, 2022**
Deductible temporary difference	$ 1,073	1,125
The carryforward of unused tax losses	21,703	24,103
	$ 22,776	**25,228**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	**Unrecognized tax losses**	**Year of expiry**
2014 (examined)	$ 22,877	2024
2016 (examined)	36,530	2026
2021 (examined)	14,320	2031
2022 (filed)	29,207	2032
2023 (estimated)	5,580	2033
	$ 108,514	

(Continued)

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2) Changes in the amount of deferred income tax assets and liabilities for 2023 and 2022 were as follows:

	Fair value gains and others	Other	Total
Deferred income tax liabilities:			
Balance on January 1, 2023	$ 121,946	6,089	128,035
Debit (credit) profit or loss	(26,063)	4,489	(21,574)
Effects of exchange rate changes	-	(56)	(56)
Balance on December 31, 2023	**$ 95,883**	**10,522**	**106,405**
Balance on January 1, 2022	$ 135,479	196	135,675
Debit (credit) profit or loss	(14,848)	5,893	(8,955)
Business combinations adjusted during the measurement period	1,315	-	1,315
Balance on December 31, 2022	**$ 121,946**	**6,089**	**128,035**

	Inventory allowances	Allowance limit on bad debts	The carryforward of unused tax losses	Others	Total
Deferred income tax assets:					
Balance on January 1, 2023	$ (43,635)	(1,394)	(17,455)	(2,766)	(65,250)
Debit (credit) profit or loss	842	(602)	13,476	(12,709)	1,007
Effects of exchange rate changes	50	5	(135)	85	5
Balance on December 31, 2023	**$ (42,743)**	**(1,991)**	**(4,114)**	**(15,390)**	**(64,238)**
Balance on January 1, 2022	$ (47,100)	(3,099)	(3,345)	(5,289)	(58,833)
Debit (credit) profit or loss	3,658	1,757	(13,572)	2,467	(5,690)
Effects of exchange rate changes	(193)	(52)	(538)	56	(727)
Balance on December 31, 2022	**$ (43,635)**	**(1,394)**	**(17,455)**	**(2,766)**	**(65,250)**

(v) The Company’ s income tax returns have been assessed and approved by the R.O.C. tax authorities through the years to 2021.

(v) Capital and other equity

As of both December 31, 2023 and 2022, the Group’ s authorized shares amounted to $2,500,000 thousand, divided into 250,000 thousand shares, with par value of $10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

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(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital premium	$ 1,134,185	1,189,020
Treasury share transactions	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquisition or disposal of	28,012	27,984
Changes in equity of associates accounted for using equity method and others	2,546	1,106
	$ 1,219,380	**1,272,747**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholders held. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total paid-in capital. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulatory agency.

(ii) Retain earning

In accordance with the Article of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of Directors can propose the distribution plan to be approved during the shareholders' meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company' s Board of Directors and should be reported during the Company' s shareholder' s meeting.

As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of Directors.

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Notes to the Consolidated Financial Statements

(iii) Earning distribution

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) Special reserve

In accordance with FSC, when distributing distributable earnings, the Company records the net decrease in other shareholders' equity from profit after income tax for the current period plus the current-period unappropriated retained earnings not included in the current profit after income tax and prior undistributed earnings to be added to special earnings reserve. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

If the subsidiary continues to hold the stocks of its parent company in the end of the period, with a market value lower than the book value, the Company shall allocate its special reserve, pro-rata to the shareholding percentage thereof, in an amount equals to the difference between the market value and the book value; also, the special reserve may not be distributed. If the market value subsequently increases, the Company may reverse the amount of special reserve, pro-rata to the shareholding percentage, corresponding to the amount by which the value has increased.

3) Earnings distribution

On February 23, 2023, cash dividends in the distribution plan for 2022 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder' s meeting on May 24, 2023. The cash dividends of earnings distribution for 2021 had been approved at the Board of Directors meeting on February 24, 2022, and other items of earnings distribution had been approved in shareholder's meeting on May 26, 2022.

	For the years ended December 31	
	2022	**2021**
Dividends to shareholders - cash, \$2 and \$2.5 per share	**\$ 376,714**	**470,894**

On February 29, 2024, cash dividends in the distribution plan for 2023 had been approved at the Board of Directors meeting, and the relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2023
Dividends to shareholders - cash, \$2.75 per share	**\$ 517,983**

(Continued)

(w) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31 2023	2022
Basic earnings per share:		
Profit attributable to the Company	$ 592,342	412,505
Weighted-average number of ordinary shares outstanding (basic / thousand shares)	188,357	188,357
Earnings per share (dollars)	$ 3.14	2.19

	For the years ended December 31 2023	2022
Diluted earnings per share:		
Profit attributable to the Company	$ 592,342	412,505
Weighted-average number of ordinary shares outstanding (diluted / thousand shares)	189,460	189,979
Earnings per share (dollars)	$ 3.13	2.17

	For the years ended December 31 2023	2022
Weighted-average number of ordinary shares (basic/ thousand shares)	188,357	188,357
Effect of employee remuneration	1,103	1,622
Weighted-average number of ordinary shares outstanding (diluted/thousand shares)	189,460	189,979

(x) Revenue from contracts with customers

(i) Details of revenue

	For the years ended December 31, 2023					
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Total
Major products/service lines:						
Sale of goods	$ 4,380,393	11,894,411	876,857	1,308,462	316,424	18,776,547
Services rendered	-	-	-	1,037,173	-	1,037,173
Total	$ 4,380,393	11,894,411	876,857	2,345,635	316,424	19,813,720
Timing of revenue recognition						
Products transferred to the customer at a point in time	$ 4,380,393	11,894,411	876,857	1,308,462	316,424	18,776,547
Services transferred over time or by the stage of completion	-	-	-	1,037,173	-	1,037,173
Total	$ 4,380,393	11,894,411	876,857	2,345,635	316,424	19,813,720

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		For the years ended December 31, 2022					
		ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Total
Major products/service lines:							
Sale of goods	$	4,085,008	10,723,945	907,805	655,361	15,918	16,388,037
Services rendered		-	-	-	922,630	-	922,630
Total	$	**4,085,008**	**10,723,945**	**907,805**	**1,577,991**	**15,918**	**17,310,667**
Timing of revenue recognition							
Products transferred to the customer at a point in time	$	4,085,008	10,723,945	907,805	655,361	15,918	16,388,037
Services transferred over time or by the stage of completion		-	-	-	922,630	-	922,630
Total	$	**4,085,008**	**10,723,945**	**907,805**	**1,577,991**	**15,918**	**17,310,667**

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (including long-term)	$	95,607	134,624	299,082
Accounts receivable (including long-term and related parties)		3,019,685	3,160,210	3,153,168
Less: loss allowance		(27,499)	(31,102)	(31,359)
	$	**3,087,793**	**3,263,732**	**3,420,891**
Contract assets	$	**29,939**	**8,037**	**20,392**
Contract liability	$	**315,022**	**302,373**	**261,352**

1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(d).

2) The amounts of contract liability balance, recognized as revenue as of January 1, 2023 and 2022 at the beginning of the period, were as follows:

		For the years ended December 31	
		2023	2022
Revenue Recognition	$	**268,622**	**222,568**

3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(y) Remuneration to employees and directors

In accordance with the Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the controlling or subsidiaries of the company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company's Board of Directors or its authorized person. The Company estimated its remuneration to employees at $63,591 thousand and $44,651 thousand for the years ended 2023 and 2022, respectively, and estimated its remuneration to directors at $5,962 thousand and $4,186 thousand, respectively.

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2023, if any, shall be accounted for as changes in accounting estimates and recognized in 2024. The actual amounts distributed for 2022 and the estimated amounts for 2022 in the financial statements were the same.

(z) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	For the years ended December 31	
	2023	**2022**
Rental income	$ 2,300	8,574
Dividend income	11,718	13,671
	$ 14,018	**22,245**

(ii) Other gains and losses

The Group's other gains and losses were as follows:

	For the years ended December 31	
	2023	**2022**
Net foreign exchange gains (losses)	$ 36,335	19,211
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	220,357	63,261
Gains (losses) on disposal of property, plant and equipment	(528)	52
Others	6,035	24,649
	$ 262,199	**107,173**

(Continued)

(iii) Finance costs

The Group's financial costs were as follows:

	For the years ended December 31	
	2023	**2022**
Interest on bank loans	$ 63,025	29,222
Interest on lease liabilities	3,402	3,717
	$ 66,427	**32,939**

(aa) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Group' s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Group assesses the ratings based on publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Group' s finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum exposure to credit risk amounted to $4,923,431 thousand, and $4,705,414 thousand, respectively.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Long-term and short-term borrowings	$ 3,099,944	3,148,797	2,872,935	85,803	190,059
Lease liabilities (including non-current)	208,258	213,611	84,949	128,662	-
Notes and accounts payable	2,316,996	2,316,996	2,316,996	-	-
Other payables	446,831	446,831	446,831	-	-
Refund liabilities	18,679	18,679	18,679	-	-
Guarantee deposits	1,731	1,731	-	1,731	-
Derivative financial liabilities					
Outflow	21,994	914,383	914,383	-	-
Inflow	-	(892,389)	(892,389)	-	-
	$ 6,114,433	**6,168,639**	**5,762,384**	**216,196**	**190,059**
December 31, 2022					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	$ 63,144	91,660	-	91,660	-
Long-term and short-term borrowings	1,664,182	1,709,514	1,416,261	84,705	208,548
Short-term notes and bills payable	199,619	200,000	200,000	-	-
Lease liabilities (including non-current)	214,049	219,784	66,220	145,338	8,226
Notes and accounts payable	2,576,618	2,576,618	2,576,618	-	-
Other payables	392,910	392,910	392,910	-	-
Refund liabilities	3,424	3,424	3,424	-	-
Guarantee deposits	1,640	1,640	-	1,640	-
Derivative financial liabilities					
Outflow	13,930	867,076	867,076	-	-
Inflow	-	(853,146)	(853,146)	-	-
	$ 5,129,516	**5,209,480**	**4,669,363**	**323,343**	**216,774**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

		December 31, 2023			December 31, 2022		
		Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets							
Monetary items							
USD/NTD	$	3,676	30.75	113,044	4,666	30.73	143,401
ZAR/NTD		53,289	1.66	88,299	-	-	-
Financial liabilities							
Monetary items							
USD/NTD	$	26,666	30.75	819,974	33,490	30.73	1,029,145

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Group uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD/ZAR against NTD as of December 31, 2023 and 2022, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by $1,802 thousand and $1,651 thousand, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The amounts of exchange gains and losses (including realized and unrealized) of monetary items of the Group which were converted into functional currency, and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange (loss) gain	Average exchange rate	Foreign exchange (loss) gain	Average exchange rate
NTD	$ 46,831	1	19,003	1
ZAR	(8,043)	1.70	220	1.83
USD	(2,453)	31.06	(12)	29.58
	$ 36,335		19,211	

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Variable-rate instrument:		
Financial assets	$ 811,322	781,410
Financial liabilities	(3,099,944)	(1,863,801)
	$ (2,288,622)	(1,082,391)

According to the Group's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's profit before income tax would have decreased or increased by $5,722 thousand and $2,706 thousand for the years ended 2023 and 2022, respectively. This is mainly due to interest rate risk exposures on variable-rate bank deposits, long-term and short-term borrowings and short-term notes and bills payable.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The following sets out carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 378	-	-	378	378
Foreign and domestic unlisted stocks	453,931	-	-	453,931	453,931
Foreign and domestic unlisted equities	239,126	-	-	239,126	239,126
	$ 693,435				
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	**$ 118,189**	-	-	118,189	118,189
Financial assets at amortized cost:					
Cash and cash equivalents	$ 906,461				
Notes and accounts receivable, net (including long-term and related parties)	3,087,793				
Other receivables	13,947				
Refundable deposits	98,993				
Other financial assets	4,613				
	$ 4,111,807				
Financial liabilities at fair value through profit or loss:					
Pre-purchased/Pre-sold forward exchange contracts	**$ 21,994**	-	-	21,994	21,994

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Notes to the Consolidated Financial Statements

	December 31, 2023				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	$ 3,099,944				
Lease liabilities (including non-current)	208,258				
Notes and accounts payable	2,316,996				
Other payables	446,831				
Refund liabilities	18,679				
Guarantee deposits	1,731				
	$ 6,092,439				

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 623	-	-	623	623
Foreign and domestic unlisted stocks	280,153	-	-	280,153	280,153
Domestic unlisted equities	230,691	-	-	230,691	230,691
	$ 511,467				
Financial assets at amortized cost					
Cash and cash equivalents	$ 837,770				
Notes and accounts receivable (including long-term and related parties)	3,263,732				
Other receivables	1,093				
Refundable deposits	85,412				
Other financial assets	5,940				
	$ 4,193,947				

(Continued)

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Notes to the Consolidated Financial Statements

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	$ 13,930	-	-	13,930	13,930
Contingent considerations arising from business combinations	63,144	-	-	63,144	63,144
	$ 77,074				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	$ 1,664,182				
Short-term notes and bills payable	199,619				
Lease liabilities (including non-current)	214,049				
Notes and accounts payable	2,576,618				
Other payables	392,910				
Refund liabilities	3,424				
Guarantee deposits	1,640				
	$ 5,052,442				

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Transfers between Level 1 and Level 2

There were no transfers between level 1 and level 2 of the financial instruments for the years ended 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss		Measured at fair value through other comprehensive income
	Derivative financial assets (liabilities)	**Non-derivative financial assets (liabilities) measured at fair value through profit or loss**	**Equity instruments without an active market**
January 1, 2023	$ (13,307)	447,700	-
Acquisition	-	17,431	74,830
Recognized in profit or loss	(7,569)	227,926	-
Recognized in other comprehensive income	-	-	43,359
Effects of exchange rate changes	(740)	-	-
December 31, 2023	**$ (21,616)**	**693,057**	**118,189**
January 1, 2022	$ (2,043)	235,074	-
Acquisition	-	130,856	-
Recognized in profit or loss	(11,101)	74,362	-
Contingent considerations payments	-	7,408	-
Effects of exchange rate changes	(163)	-	-
December 31, 2022	**$ (13,307)**	**447,700**	**-**

(Continued)

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Notes to the Consolidated Financial Statements

The aforementioned total gains and losses that were recognized in “ other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income”. The gains or losses attributable to the assets and liabilities held on December 31, 2023 and 2022 were as follows:

		For the years ended December 31	
		2023	**2022**
Total gains and losses			
Recognized in profit or loss (recognized as other gains and losses)	$	206,310	61,055
Recognized in other comprehensive income (recognized as unrealized gains and losses on financial asset at fair value through other comprehensive income)	$	43,359	-
	$	**249,669**	**61,055**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Group did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

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Quantified information on other significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-investments in equity instruments without an active market	Comparable companies approach	· Market liquidity discount rate (25.00%~30.00% as of December 31, 2023, 23.63%~27.08% as of December 31, 2022)	· The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income-investments in equity instruments without an active market	Comparable companies approach	· Market liquidity discount rate (17.39% as of December 31, 2023)	The higher the market liquidity discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations	Discounted cash flow method	· Discount rate (8.56%~13.51% as of December 31, 2023, 8.81%~18.35% as of December 31, 2022)	· The higher the discount rate, the lower the fair value

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Notes to the Consolidated Financial Statements

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group’ s measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit (loss) and other comprehensive income:

	Inputs	Current profit (loss) arising from changes in fair value 10% increase	Current profit (loss) arising from changes in fair value 10% decrease	Other comprehensive income arising from changes in fair value 10% increase	Other comprehensive income arising from changes in fair value 10% decrease
December 31, 2023					
Financial assets (liabilities) at fair value through profit or loss					
Investments in equity instruments without an active market	Discount for marketability	$ (62,357)	62,357	-	-
Contingent considerations arising from business combinations	Discount for discount rate	$ -	-	-	-
Financial assets at fair value through other comprehensive income					
Investments in equity instruments without an active market	Discount for marketability	$ -	-	(14,303)	14,303
December 31, 2022					
Financial assets (liabilities) at fair value through profit or loss					
Investments in equity instruments without an active market	Discount for marketability	$ (36,719)	36,719	-	-
Contingent considerations arising from business combinations	Discount for discount rate	$ 2,063	(2,176)	-	-

(Continued)

(ab) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities, so as to minimize risk exposure.

The Board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(ac) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus, retained earnings, and noncontrolling interests. As of December 31, 2023, the Group had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Group's approach to capital management has not changed on each reporting date.

As of December 31, 2023 and 2022, the debt ratios were 56% and 50%, respectively.

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Notes to the Consolidated Financial Statements

(ad) Investing and financing activities not affecting current cash flow

For the years ended 2023 and 2022, the Group's investing and financing activities, not affecting the current cash flow, were as follows:

(i) For the acquisition of right-of-use assets by lease, please refer to Note 6(l).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Long-term borrowings	$ 276,881	(16,473)	-	260,408
Short-term borrowings	1,387,301	1,452,235	-	2,839,536
Short-term notes and bills payable	199,619	(199,619)	-	-
Guarantee deposits	1,640	91	-	1,731
Lease liabilities (including non-current)	214,049	(70,180)	64,389	208,258
Total liabilities from financing activities	**$ 2,079,490**	**1,166,054**	**64,389**	**3,309,933**

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings	$ 293,623	(16,742)	-	276,881
Short-term borrowings	1,284,058	103,243	-	1,387,301
Short-term notes and bills payable	-	199,619	-	199,619
Guarantee deposits	1,577	63	-	1,640
Lease liabilities (including non-current)	247,400	(67,019)	33,668	214,049
Total liabilities from financing activities	**$ 1,826,658**	**219,164**	**33,668**	**2,079,490**

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Qisda Corporation ("Qisda") is both the parent company and the ultimate controlling party of the Group. As of December 31, 2023 and 2022, Qisda both holds 51.41% of the number of ordinary shares outstanding of the Group, and it has prepared the consolidated financial statements for public use.

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Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent of the Group
GRANDSYS INC. (GRANDSYS)	Associate of the Group
Everlasting Digital ESG Co., Ltd. (Everlasting Digital ESG)	Associate of the Group
BenQ Material Corporation. (BenQ Material)	It and the Company have the same ultimate parent company
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
Data Image Corporation (Data Image)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
SIMULA TECHNOLOGY INC. (SIMULA TECHNOLOGY)	It and the Company have the same ultimate parent company
BenQ Asia Pacific Corporation (BenQ Asia Pacific)	It and the Company have the same ultimate parent company
ACE Energy Co., Ltd. (ACE Energy)	It and the Company have the same ultimate parent company
ACE PILLAR CO., LTD. (ACE PILLAR)	It and the Company have the same ultimate parent company
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
BenQ Medical Technology Corporation (BenQ Medical Technology)	It and the Company have the same ultimate parent company
Alpha Networks Inc. (Alpha)	It and the Company have the same ultimate parent company
BenQ AB DentCare Corp. (BenQ AB DentCare)	It and the Company have the same ultimate parent company
Action Star Technology Co., Ltd. (Action Star)	It and the Company have the same ultimate parent company
BENQ HEALTHCARE CORPORATION (BHS)	It and the Company have the same ultimate parent company
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company

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Notes to the Consolidated Financial Statements

Name of related party	Relationship with the Group
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company
LA FRESH INFORMATION CO., LTD. (LA FRESH)	It and the Company have the same ultimate parent company
Webest Solution Corporation (Webest Solution)	It and the Company have the same ultimate parent company
Concord Medical Co., Ltd (Concord)	It and the Company have the same ultimate parent company
DIVA LABORATORIES, LTD. (DIVA)	It and the Company have the same ultimate parent company
E-STRONG MEDICAL TECHNOLOGY CO., LTD. (ESM)	It and the Company have the same ultimate parent company
EASTECH CO., LTD. (EASTECH)	It and the Company have the same ultimate parent company
Mace Digital Corporation (PTMG)	It and the Company have the same ultimate parent company
WEB-PRO Corporation (WPC)	It and the Company have the same ultimate parent company
New Best Hearing International Trade Co., Ltd. (NBHIT)	It and the Company have the same ultimate parent company
Partner Tech Asia Pacific Corp. (PTP)	It and the Company have the same ultimate parent company
BenQ Guru Software Co., Ltd. (GSS)	It and the Company have the same ultimate parent company
Partner Tech Middle East FZCO (PTME)	It and the Company have the same ultimate parent company)
BenQ Guru Holding Limited (GSH)	It and the Company have the same ultimate parent company
BenQ America Corporation (BQA)	It and the Company have the same ultimate parent company
DFI AMERICA, LLC (DFI USA)	It and the Company have the same ultimate parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AUO Corporation (AUO)	Associate of the parent company
Darfon Energy Technology Corp. (Darfon Energy)	Subsidiary of Darfon Electronics
Astro Tech Co., Ltd (Astro Tech)	Subsidiary of Darfon Electronics
DARAD INNOVATION CORPORATION (DARAD INNOVATION)	Subsidiary of Darfon Electronics
AUO Envirotech Inc. (AUO Envirotech)	Subsidiary of AUO

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Name of related party	Relationship with the Group
AUO Digitech Taiwan Inc. (AUO Digitech)	Subsidiary of AUO
AUO Display Plus Corporation (AUO Display Plus)	Subsidiary of AUO
DARWIN PRECISIONS CORPORATION (DARWIN)	Subsidiary of AUO
AUO Education Service Corp. (AUO Education Service)	Subsidiary of AUO
BenQ Foundation	Substantive related party
CHI KAI INTERNATIONAL CO., LTD. (CHI KAI INTERNATIONAL)	Substantive related party (Note 1)
GIANTECH CORP. (GIANTECH)	Substantive related party
RECEIVE-MORE INVESTMENTS NO 9 (PTY) LTD (RECEIVE-MORE INVESTMENTS NO 9)	Substantive related party
AMS HEALTHCARE (PTY) LTD (AMS HEALTHCARE)	Substantive related party
ASML LOGISTICS (PTY) LTD (ASML LOGISTICS)	Substantive related party
4A GROUP (PTY) LTD (4A GROUP)	Substantive related party
CLOUD 9 HOLDINGS (PTY) LTD (CLOUD 9 HOLDINGS)	Substantive related party
METAWORK (PTY) LTD (METAWORK)	Substantive related party
Dolica Corporation (Dolica)	Substantive related party
UTICA 10990 LLC (UTICA)	Substantive related party
Key management personnel	Key management personnel of the Group

Note 1: CHI KAI-INTERNATIONAL is no longer a substantive related party of the Group due to the transfer of the capital on August 15, 2022.

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31	
	2023	**2022**
Parent company	$ 10,229	13,503
Associates	2,625	9,173
Other associates	129,256	89,124
Other related parties	159,588	89,171
	$ 301,698	**200,971**

(Continued)

The selling price offered to related parties approximated the market price, and the credit terms. For the year ended December 31, 2023 were based on terms ranging from advance receipt to 120 days after the end of the month; while the credit terms for the year ended December 31, 2022 ranged from advance receipt to 90 days after the end of the month or the terms stated in the contract. Receivables from related parties were not pledged as collateral, and no allowance was needed to provide for impairment loss after assessment.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended December 31	
	2023	**2022**
Parent company	$ 999	-
Other associates	10,863	8,110
Other related parties	-	28,132
	$ 11,862	**36,242**

Purchase prices and payment terms from related parties were not significant difference from third-party suppliers. The payment terms for the years ended 2023 and 2022 ranged from 30 to 90 days from the end of the month and prepaid to 90 days from the end of the month, respectively. The Group requested a return of purchased goods from its other related parties for the year ended December 31, 2022. The refund receivables amounted to $17,211 thousand had been fully received as of December 31, 2022.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Category of related party	December 31, 2023	December 31, 2022
Accounts receivable (including long-term)	Parent company	$ 212	76,083
Accounts receivable	Associates	520	423
Accounts receivable	Other associates	20,987	13,437
Accounts receivable	Other related parties	39,855	24,277
		$ 61,574	**114,220**

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Other associates	$ 883	62

(v) Lease

1) Lessor

The Group leased out building to its related parties. The amount of rental income were as follow:

	For the years ended December 31	
Lessee	2023	2022
Other associates - DFI	$ -	6,035

The deposit and monthly rental are determined based on nearby office rental rates, and the rent is received monthly. As of December 31, 2022, receivables from the aforementioned transaction had been fully received.

2) Lessee

The Group rented buildings from its ultimate controlling company and entered into 10-years lease contract by reference of the rental price of the nearby offices. For the years ended 2022, the Group recognized the interest expenses amounted to $13 thousand. As of December 31, 2022, the balance of lease liabilities amounted to $0 thousand.

The Group rented buildings from its other related party and entered into 6-years lease contract by reference of the rental price of the nearby offices. For the years ended 2023 and 2022, the Group recognized the interest expenses amounted to $349 thousand and $573 thousand, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $2,009 thousand and $2,233 thousand, respectively.

(vi) Donation

For the years ended December 31, 2023 and 2022, the Group made donations of $2,000 thousand and $3,000 thousand, respectively, to its substantive related party, BenQ Foundation.

(vii) Acquisition of the subsidiary

1) The Group had acquired 35.09% shareholdings in Brainstorm from other associates, DFI, at the total price of $530,075 thousand in October 2023. The price had been paid in full.

2) The Group had fully acquired Metaguru from other associates, GSH, at the total price of $31,000 thousand in December 2022. The price had been paid in full.

(Continued)

(viii) The Group's subsidiary, Brainstorm, obtained financing from financial institution as of December 31, 2023, with its director serving as the joint guarantor.

(ix) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant outstanding balances by related parties were as follows:

	Cost and expense		Other payables	
	For the years ended December 31			
	2023	2022	December 31, 2023	December 31, 2022
Parent Company	$ 819	956	310	128
Associates	5	-	-	-
Other associates	3,381	2,092	167	157
Other related parties	82,482	20,600	639	-
	$ 86,687	23,648	1,116	285

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2023	2022
Short-term employee benefits	$ 81,857	84,903
Post-employment benefits	1,069	1,276
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	$ 82,926	86,179

(8) Pledged assets

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset Name	Liabilities secured by pledged	December 31, 2023	December 31, 2022
Property, plant and equipment	Long-term borrowings	$ 488,192	492,474

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Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies

(a) The promissory notes, issued by the Group for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

	Currency	December 31, 2023	December 31, 2022
Promissory notes issued	NTD	$ 6,132,000	5,846,000
	USD	$ 9,500	4,500

(10) Losses due to major disasters: None

(11) Subsequent events:

Based on the result of the Board of Directors meeting held on January 12, 2024, the Company would pay $192,066 thousand to acquired 5,170 thousand shares of GRANDSYS with the share holding percentage of 19.19%. All statutory registration procedures had been completed before the issuance date of the consolidated financial report and the price had been fully paid.

(12) Others:

(b) The summary of employee benefits, depreciation, depletion and amortization, by function, was as follows:

By function / By item	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	119,945	951,809	1,071,754	102,301	879,298	981,599
Labor and health insurance	7,367	79,377	86,744	6,571	72,306	78,877
Pension	3,874	29,112	32,986	3,414	26,359	29,773
Other employee benefits expense	774	42,007	42,781	1,652	34,256	35,908
Depreciation	3,966	105,240	109,206	3,935	102,487	106,422
Amortization	27	76,437	76,464	26	71,809	71,835

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Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulation for the Group for the year ended December 31, 2023:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing	Note
0	the Company	COREX	Other current assets-other receivables	Yes	156,275	153,750	87,821	6.30%	Short-term loan	-	Working capital	-	None	-	890,197	1,780,394	Notes 1, 2

Note 1: Due to its subsidiary's financing need, the Company provided a short-term loan to its subsidiaries, wherein the amount of loans for individual shall not exceed 20% of the Company's net worth in its latest financial statements, and the total amount of loans provided by the Company shall not exceed 40% of the Company's net worth in its latest financial statements.

Note 2: Related transactions have been eliminated during preparing the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of Guarantor/ Endorse	Counter-party of guarantee and endorsement Name	Counter-party of guarantee and endorsement Relationship	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the Period	Balance for guarantees and endorsements as of reporting date	Actual borrowing amount	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company guarantees/ endorsements to third parties on behalf of subsidiary	Subsidiary guarantees/ endorsements to third parties on behalf of parent company	guarantees/ endorsements to third parties on behalf of companies in Mainland China
0	the Company	COREX	Subsidiary of the Company	Note 1	618,825	611,250	297,595	-	13.73 %	(Note 1)	Y	-	-

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of $890,197 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of $2,225,493 thousand.

(iii) Securities held as balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder Company	Category and name of security	Relationship with company	Account	Ending Balance Shares/Units	Ending Balance Carrying amount	Ending Balance Percentage of Ownership (%)	Ending Balance Fair value	Highest balance during the year Shares/Units (thousands)	Highest balance during the year Percentage of ownership (%)	Note
	Stock:									
the Company	DYNASAFE TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through profit or loss	4,404	453,931	19.15	453,931	4,404	19.15	(Note 1)
〃	CDS Holdings Limited	-	〃	600	-	1.11	-	600	1.11	〃
〃	YOBON TECHNOLOGIES, INC.	-	〃	3	-	0.42	-	3	0.42	〃
〃	Touch Cloud Inc.	-	〃	200	-	1.50	-	200	1.50	〃
〃	Gemini Data, Inc.	-	〃	2,706	-	1.12	-	2,706	1.23	〃
〃	KINGTEL CORPORATION	-	〃	443	-	18.09	-	443	18.09	〃

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Holder Company	Category and name of security	Relationship with company	Account	Ending Balance Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	Highest balance during the year Shares/Units (thousands)	Percentage of ownership (%)	Note
the Company	High Performance Information Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,138	118,189	8.36	118,189	2,138	8.88	〃
	Equity:									
〃	Taiwania Capital Buffalo Fund V, LP.	-	Non-current financial assets at fair value through profit and loss	(Note 2)	197,658	12.78	197,658	(Note 2)	12.78	〃
〃	New Economy Ventures L.P.	-	〃	(Note 2)	41,468	7.36	41,468	(Note 2)	7.36	〃
					811,246		**811,246**			

Note 1: Unlisted company.
Note 2: Limited partnership.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance Shares	Beginning Balance Amount	Purchases Shares	Purchases Amount	Sales Shares	Sales Price	Sales Cost (Note1)	Gain (loss) on disposal	Ending Balance Shares	Ending Balance Amount
the Company	Stock-Brainstorm	Investments accounted for using equity method	DFI	Other associates	-	-	233	530,075	-	-	(6,869)	-	233	523,206

Note 1: Share of profit (loss) lof subsidiaries accounted for using equity method and other related adjustments.

(v) Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details: Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	GLOBAL INTELLIGENCE ENTWORK	Subsidiary of the Company	(Sales)	(111,424)	(1)%	60 days	Price agreed by both sides	No siginificant different with general selling	17,394	1 %	(Note 1)
GLOBAL INTELLIGEN CE ENTWOR K	The Company	The parent company	Purchases	111,424	13 %	〃	-	No siginificant different with general selling	(17,394)	(19)%	(Note 1)
Brainstorm	Dolica	Other related parties	(Sales)	(158,851)	(3) %	90 days from the end of the month	-	No siginificant different with general selling	39,653	7%	

Note 1:Related transactions have been eliminated during preparing the consolidated financial statements.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivable from related parties with amount exceeding the lower of $100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: Please refer to Note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany Transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net sales or total assets
0	the Company	GLOBAL INTELLIGENCE NETWORK	1	Sales	111,424	60 days from the end of the month	0.56%
〃	〃	〃	1	Accounts receivable	17,394	〃	0.15%
〃	〃	〃	1	Rental income	7,463	Payment on 10th of each month	0.04%
〃	〃	〃	1	Other revenue	11,229	60 days from the end of the month	0.06%
〃	〃	EPIC CLOUD	1	Sales	55,541	〃	0.28%
〃	〃	〃	1	Accounts receivable	14,202	〃	0.12%
〃	〃	〃	1	Other revenue	8,097	〃	0.04%
〃	〃	COREX	1	Other receivable	88,299		0.74%
1	GLOBAL INTELLIGENCE NETWORK	the Company	2	Sales	15,737	(Note 3)	0.08%
2	METAGURU	GLOBAL INTELLIGENCE NETWORK	3	Sales	5,286	60 days from the end of the month	0.03%
3	APEO Human Capital	ADVANCEDTEK INTERNATIONAL	3	Sales	15,278	(Note 4)	0.08%

Note 1: No. are filled in as follows:
(i) "0" represents the parent company
(ii) Subsidiaries are numbered starting from "1".

Note 2: Natures of relationship with counterparty are as below:
1.Parent company to subsidiary.
2.Subsidiary to parent company.
3.Subsidiary to subsidiary.

Note 3: The maturity date is one year from the date of using the loan. Upon maturity, the borrower needs to repay the principal and interest to the lender, and it can be repaid at any time during the repayment period.

Note 4: Clearance made within the month and payments received before the end of the month.

Note 5: Disclosure of only the amounts exceeding of $5 million.

Note 6: Related transactions have been eliminated during preparing the consolidated financial statements.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest balance during the year		Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying amount	Shares/	Percentage of Ownership			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	120,001	119,142	10,525	79.73 %	180,736	10,525	79.73 %	9,677	7,691	(Notes 1 and 3)
〃	EPIC CLOUD	Taiwan	Data software and data processing services	55,000	27,500	5,500	100.00 %	61,848	5,500	100.00 %	7,346	7,346	(Notes 1, 3 and 4)
〃	COREX	South Africa	Import and export of electronic products for sale and purchase	251,872	251,872	1	100.00 %	181,325	1	100.00 %	(65,054)	(66,096)	(Notes 1 and 3)
〃	DSIGroup	Taiwan	Market research, management consulting and data processing services	69,983	69,983	1,754	34.99 %	81,103	1,754	34.99 %	(1,227)	(1,092)	(Notes 1 and 3)
〃	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	20.96 %	114,326	5,643	20.96 %	42,837	6,667	(Note 2)
〃	ADVANCEDTEK INTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	38,499	1,153	34.09 %	13,508	4,605	(Notes 1 and 3)
〃	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	5,000	500	29.41 %	2,307	500	29.41 %	(3,459)	(806)	(Note 2)
〃	Metaguru	Taiwan	R&D and sales of computer information systems	31,000	31,000	2,000	100.00 %	28,023	2,000	100.00 %	2,442	2,442	(Notes 1, 3 and 5)
〃	Brainstorm	U.S.A	Wholesale and retail of computers and peripheral devices	530,075	-	233	35.09 %	523,206	233	35.09 %	16,230	(10,285)	(Notes 1 and 3)
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	172	10	0.08 %	172	10	0.08 %	9,677	-	(Notes 1 and 3)
〃	DSIGroup	Taiwan	Market research, management consulting and data processing services	40	40	1	0.02 %	40	1	0.02 %	(1,227)	-	(Notes 1 and 3)
ADVANCEDTEKINTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	2,060	200	100.00 %	2,692	200	100.00 %	169	169	(Notes 1 and 3)
DSIGroup	DKABio	Taiwan	Market research, management consulting and data processing services	20,000	20,000	2,000	100.00 %	6,962	2,000	100.00 %	(5,488)	(5,488)	(Notes 1 and 3)

Note 1: Subsidiary of the Company.
Note 2: Associates of the Company.
Note 3: The equity transactions on the left have already been eliminated during preparing the consolidated financial statements.
Note 4: On October 4, 2023, pursuant to the resolutions approved during the board of directors, the investee company performs a capital reduction to offset the accumulated deficit. The amounts of capital reduction and reduced shares amounted to $22,500 thousand and 2,250 thousand shares, respectively. And the investee company increased its capital by $50,000 thousand and issued 5,000 thousand new shares, from cash. The date of capital increase was October 12, 2023. The relevant statutory registration procedures have since been completed.
Note 5: On February 20, 2023, pursuant to the resolutions approved during the board of directors, the investee company increased its capital by $2,881 thousand and issued 288 thousand new shares, from retained earnings. The date of capital increase was March 17, 2023. The relevant statutory registration procedures have since been completed.

(Continued)

(c) Information on investment in Mainland China: None

(d) Major Shareholders:

Unit: Shares

Shareholding / Major shareholder's name	Shares	Percentage
Qisda	96,841,239	51.41 %

(14) Segment information:

(a) General information

The Group has four reportable product line segments: ICT Infrastructures, Computing & Data Utilization, Digitalization, and Clouds, Software and Services. The ICT Infrastructures segment distributes and resells products from Cisco and other brands; the Computing & Data Utilization segment distributes and resells products from IBM, Dell, EMC, other brands, and own products from Skytech Gaming; the Digitalization segment distributes and resells products from Red hat, Oracle, and other brands; and the Clouds, Software and Services segment distributes and resells cloud products from Google and other brands, provides technical support, after-sales services and market research, as well as survey services. It also generates revenue incurred from the installation and support of software and hardware, foreign domain integration, as well as market survey, information system integration, design, import and consulting.

The Group's reported segments consist of strategic business units which provide different products and services. Since each strategic business unit requires different technology and marketing strategies, it must be administered separately.

(b) Information for reportable segment profit or loss, segment assets and their measurement and Reconciliations

The Group did not allocate operating expenses, income tax expense, and non-operating income and expenses to reportable segments. The reported amount is the same as the amount of the financial statements used by operating decision makers.

The measurement of the profit or loss of the Group's operating segments was based on gross profit from operation, which has also been taken as the basis of performance evaluation. The accounting policies for the operating segments are the same as those in the summary of significant accounting policies described in note 4. Besides, sales and transfers between the segments are regarded as second party transactions and are measured based on current market prices.

Other segments of the Group mainly sell communications equipment, new energy product and provide education training services. For the years ended December 31, 2023 and 2022, the aforementioned segments did not reach the quantitative thresholds of a reportable segment.

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The Group's operating segment information and reconciliation are as follows:

	For the year ended December 31, 2023							
		ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue								
Revenue from external customers	$	4,380,393	11,894,411	876,857	2,345,635	316,424	-	19,813,720
Intersegment revenues		28,373	97,572	5,574	70,618	-	(202,137)	-
Total revenue	$	4,408,766	11,991,983	882,431	2,416,253	316,424	(202,137)	19,813,720
Gross profit (loss)	$	565,066	1,440,347	148,308	600,994	64,373	(39,096)	2,779,992

	For the year ended December 31, 2022							
		ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue								
Revenue from external customers	$	4,085,008	10,723,945	907,805	1,577,991	15,918	-	17,310,667
Intersegment revenues		11,130	91,451	4,616	49,905	-	(157,102)	-
Total revenue	$	4,096,138	10,815,396	912,421	1,627,896	15,918	(157,102)	17,310,667
Gross profit (loss)	$	438,117	1,209,664	90,214	505,188	2,970	(21,834)	2,224,319

(c) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

Revenue from the external customers:

	For the years ended December 31		
Geographic information		**2023**	**2022**
Taiwan	$	12,725,033	11,518,738
USA		6,257,314	5,197,642
Africa		711,643	562,081
Others		119,730	32,206
Total	$	19,813,720	17,310,667

(Continued)

Non-current assets:

Geographic information	December 31, 2023	December 31, 2022
Taiwan	$ 1,271,308	1,261,568
USA	621,671	707,700
Africa	117,830	127,418
Total	**$ 2,010,809**	**2,096,686**

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets, but excluding financial instruments and deferred income tax assets.

(d) Major customers

The Group' s revenues from a single customer did not exceed 10% of operating revenues in the statements of comprehensive income for the years ended December 31, 2023 and 2022, so the Group does not disclose any information on major customers.