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2023

Annual Report (Translation)

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THIS IS A TRANSLATION OF THE ANNUAL REPORT FOR THE 2023 ANNUAL SHAREHOLDERS' MEETING OF FOXCONN TECHNOLOGY CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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One. Letter to Shareholders

Dear Shareholders:

2023 was again a year of challenges and expected weakening fundamentals amid global volatility from regional conflicts and unpredictability in the financial markets. However, for the technology industry, the emergence of "artificial intelligence" captured the attention and imagination of many, driving allocation of resources to technologies and production capacity required by this emerging industry. For Foxconn Technology Co., Ltd., we continue to fulfill our mission as an ODM partner to our global customer base, manufacturing and providing product and expertise enabling high-value technology products that generate a positive social impact.

The industry enjoyed explosive growth amid stay-at-home demand during the pandemic. However, as demand returned to normal levels after the pandemic, the related shortage of key components has also eased. It is important to separate cyclical trends and opportunities for organic growth. After experiencing the explosive growth during the COVID-19 pandemic, the sales volume of game consoles in the post-pandemic era is expected to be normalized, and the related material shortage will also ease. We believe that the synergy between hardware and software for consumer electronics will continue to enable market size and a profitable business model. Identifying the difference between cyclical and organic growth, we continue to focus on organic growth opportunities that can contribute to future business growth. 2023 was another year of evolution for us, where we continue to deploy capital and build expertise in new target sectors (including products of various advanced material applications, healthcare, robots, and artificial intelligence). We aim to take advantage of such investment opportunities and establish required expertise.

For example, we have refined our advanced material application and surface treatment technologies. Researching and developing various materials and forming solutions. For composite materials this includes the pultrusion of long-lasting and bending-resistant glass fiber composite materials, and the application of thermoforming of high-strength carbon fiber composite materials. For plastic molding materials, the Company is also researching technologies such as composite panels and compression molding materials to replace the high-gloss glass commonly seen in the market now. In terms of surface treatment technology for mechanical parts, we are developing special laser embossing, high-gloss magnesium alloy metal coating, in-mold and out-mold decoration technology, ROT material application technology, among others, to meet the special needs of future product development and customization.

Given the current conditions of international trade and the impact of the post-pandemic era, the manufacturing of metal mechanical parts has begun to reshuffle and the manufacturing locations have also diversified. The nature of metal mechanical parts requires continuous improvement of production efficiency and quality standards to meet customer needs and improve market competitiveness. We also gradually deploy more globalized production bases to cooperate with

customers' China+1 plans and expand production bases outside of China, to reduce risks of shipment to the US and Europe, lower tax costs, while increasing production efficiency and flexibility. Looking back on 2023, the management team enhanced operational efficiency and improved the international quality of employees. This year, SAP will be introduced to increase operational efficiency. Concurrently, new staff members with international experiences are actively recruited to cope with future development.

I. 2023 Operating Performance Report:

(I) Business plan implementation results:

The profit before tax was NT\$5.348 billion in 2023, down by NT\$1.241 billion or 18.83% from NT\$6.589 billion in 2022. Net income attributable to owners of the parent was NT\$4.261 billion in 2023, down by NT\$5 million or 0.12% from NT\$4.266 billion in 2022. The earnings per share was NT\$3.01.

Please refer to the following table for financial information and year-over-year comparison:

Item	Year 2023	Year 2022	% of growth
Net operating income	74,533,131	90,469,506	(18%)
Operating cost	(68,806,707)	(83,584,939)	(18%)
Gross profit from operations	5,726,424	6,884,567	(17%)
Operating expenses	(4,258,374)	(4,032,523)	6%
Net Operating Income	1,468,050	2,852,044	(49%)
Non-Operating Income	3,880,091	3,737,067	4%
Profit before income tax	5,348,141	6,589,111	(19%)
Tax expense	(1,034,095)	(2,390,946)	(57%)
Consolidated Profit or Loss	4,314,046	4,198,165	3%
Parent company Net Profit	4,260,720	4,266,446	(0%)
Minority Interest Profit or loss	53,326	(68,281)	178%

(II) Budget implementation:

There is no financial forecast for 2023, so there is no budget achievement status.

(III) Financial revenue/expenditure and profitability analysis:

Information on Consolidated Statements of Cash Flow

Unit: NT\$ thousand

Item	Year 2023	Year 2022	Change in amount
Net cash inflow (outflow) from operating activities	(3,545,781)	9,069,776	(12,615,557)
Net cash inflow (outflow) from investing activities	(25,366,535)	11,089,943	(36,456,478)
Net cash inflow (outflow) from financing activities	(1,443,402)	(16,323,726)	14,880,324

(IV) Profitability analysis:

Consolidated financial position analysis

		Year 2023	Year 2022
Profitability	Return on assets (%)	3.16%	2.68%
	Return on equity (%)	4.14%	3.91%
	Net profit before tax to paid-in capital ratio (%)	37.81%	46.58%
	Net profit rate (%)	5.79%	4.64%
	Earnings per share (NTD)	3.01	3.02

(V) R&D:

In response to ESG trends and new developments in AI, Foxconn Technology Co., Ltd. positions itself as the technical solution partner for customers, and focuses more on technology developments and the mass production roadmap. The Company's R&D resources emphasize technology and capacity optimization of key components and mechanical parts, while responding to the development needs of customers for sustainable products, with the aim to be a professional ODM partner for clients. R&D will be directed towards:

1. From a focus on hardware, shifting to become an integrated solution provider: R&D in the past has focused only on hardware. In the future, both software and hardware will be emphasized; production technology upgrades and the development of emerging technologies are the future of Foxconn Technology Co., Ltd.'s R&D, as well as the key of talent recruitment.
2. Emphasis on sustainability: looking for opportunities to invest in advanced materials, and manufacturing and production methods that are more environmental and sustainable. We are also committed to reducing the negative impact of electronic products on the environment.
3. Cross-border cooperation: In the future, the Company will establish bases in different regions, such as the United States and Japan, and carry out academic-research cooperation with well-known local universities to deploy international R&D talents and technologies.

Regarding the current R&D direction of Foxconn Technology Co., Ltd., the application of advanced materials, healthcare, robotics and artificial intelligence (AI), and automated equipment will be deployed.

II. 2024 annual business plan summary:

(I) Operating guidelines

The two major economies, the U.S. and China, are troubled by unfavorable factors of insufficient consumption and slower investments. The fragmentation of regional economics has triggered geopolitical risks comprehensively. Thus, the economic outlook is full of uncertainty. The business environment is still very unpredictable with very low visibility, and not very friendly to the development of enterprises. In the face of these uncertainties, Foxconn Technology Co., Ltd. will adopt the following business policies to ensure the competitiveness of Foxconn Technology Co., Ltd. in the industry:

1. Position exposure to futuristic and forward-looking technologies and industries, such as industrial automation, AI applications, and robotics.
2. Develop investments and mergers and acquisitions opportunities, invest in advanced technology industries, with diversified operations.
3. Adjust the workforce structure to increase employee productivity and output value.
4. Continue to execute organizational reengineering and promote the company's transformation plan. Improve professional skills in investment and M&A, and effectively use the Company's capital resources to develop commercial applications of advanced technologies.

(II) Business targets and key strategies in production and marketing:

The global economic growth in 2024 is expected to show "weakness," and the international community will still encounter various geopolitical conflicts and multilateral tensions. Therefore, the Company will adopt the following strategies and policies, hoping to achieve better results in terms of revenue and profitability:

1. Sales strategy: in addition to strengthen the existing business, the Company will diversify its business towards different end markets and customers to diversify risks.
2. Production strategy: integrate the production capacity of all factories. Consider production capabilities by industries, products, and technologies and allocate overall capacity as appropriate. Improve yields through process R&D, increase capacity utilization rate, and strengthen capacity utilization and equipment renewals.
3. R&D strategy: R&D of futuristic and forward-looking technologies and industries. In addition to the Company's own R&D, use external resources for joint R&D to enable co-prosperity.

(III) External competitive environment and overall business environment

Currently, the global economy still faces many challenges, such as the escalation of the Red Sea crisis, the green (environmental) subsidy race turning into a global trade war, extreme weather events disrupting the global supply chain, and increasing geopolitical risks. At present, the overall external operating environment is cautiously optimistic. If the China-US trade war continues to intensify, it will result in a global economic downturn and a decline in consumption momentum, further complicating the supply and demand of various technology products. In addition, international trade protectionism coupled with rising labor costs, will be difficult to reduce the cost of product manufacturing. The Company will take the following countermeasures in response to these trends: 1. Consider setting up manufacturing plants in different economies to increase manufacturing flexibility and cope with potential geopolitical conflicts. 2. Develop futuristic and forward-looking technologies and industries, with diversified operations and diversified revenue momentum, for diversification of overall operating risks.

The Company's long-term investment in the R&D and sustainable manufacturing of light metal die-casting technologies and sustainable manufacturing, continues to expand the customer base among international major manufacturer in the automotive industry. The aging population has led to an increase in the demand for healthcare industry services. This is not only a major challenge to

Taiwan's medical system, but an important issue to countries around the world. How to apply AI technology and various health electronic products is also an important business opportunity for the industry in the future.

Foxconn Technology Co., Ltd. continues to promote the concept of sustainable operation, combining environmental, social and corporate governance matters, to be able to properly plan business strategies, effectively supervise strategy implementation, protect stakeholders, and disclose relevant information in a timely manner, thereby strengthening investors' confidence. The Company emphasizes R&D of new materials and technologies, seeking to contribute to environmental applications and achieve business results. We strive to fulfill our corporate citizenship duties by amending the Company's regulations in accordance with the Company Act as well as the Securities and Exchange Act in a timely manner, to comply with corporate governance, while actively participating in social welfare for the well-being of the Company and society.

Foxconn Technology Co., Ltd. would like to express its sincere gratitude to the shareholders for their long-term support to the management team. The Company would also like to thank its employees for being hard working and willing to invest in improvements along the way of corporate transformation. The gratitude is also extended to all suppliers and partners for their efforts to ensure the smooth operation of the production chain. In the future, Foxconn Technology Co., Ltd.'s management teams expect to work with everyone to respond to shareholder concerns and expectations with the most eye-catching revenue and earnings. Thank you!

Chairman Chun-Fu Lu

Two. Company Overview

I. Establishment date: April 26, 1990

Listing date: October 8, 1996

II. Organization and operations

- 1990 1. Q-RUN Technology Co., Ltd. was established with paid-in capital of NT\$25 million.
2. Paid-in capital was increased from NT\$25 million to NT\$40 million.
- 1991 The Company successfully developed the first 20" ultra-high resolution, multi-frequency, dual focus, auto scan non-interlaced color display (SRC-1901) in Taiwan.
- 1992 Paid-in capital was increased from NT\$40 million to NT\$100million. Burrard Investment Pte Ltd. Singapore and Chung-Tien Lin came as shareholders of the Company.
- 1993 A contract was signed with NCD Co., Ltd, and the Company was entrusted to develop a 15" high-resolution black-and-white terminal (SRT-1501), and successfully completed the technology transfer.
- 1994 1. The Company purchased the plant of 3823 ping, at No. 3 Zhongshan Road, Tucheng City, Taipei County, and established the Tucheng Factory to meet the needs of the company's rapid growth.
2. Securities and Exchange Commission, Ministry of Finance approved the public offering of the Company's shares.
- 1995 1. The Company developed and manufactured the first multimedia computer, MONIPUTER (PM1550), with a rotating base and a fax machine, data machine, answering machine, image decompression (MPEG) card, sound card and TV function, which adopted INTEL Pentium 586 CPU. This added greatly to the niche for the emerging multimedia market.
2. Paid-in Capital was increased to NT\$436 million.
3. SRC-1502 was selected the best 15" models by the one of the top three German magazines, WIN.
- 1996 1. The Company arranged capital increase from surplus and capital reserve and increased the paid-in capital to NT\$596.72 million.
2. Securities and Exchange Commission approved the listing of shares for sale.
- 1997 Paid-in capital was increased to NT\$877.75 million.

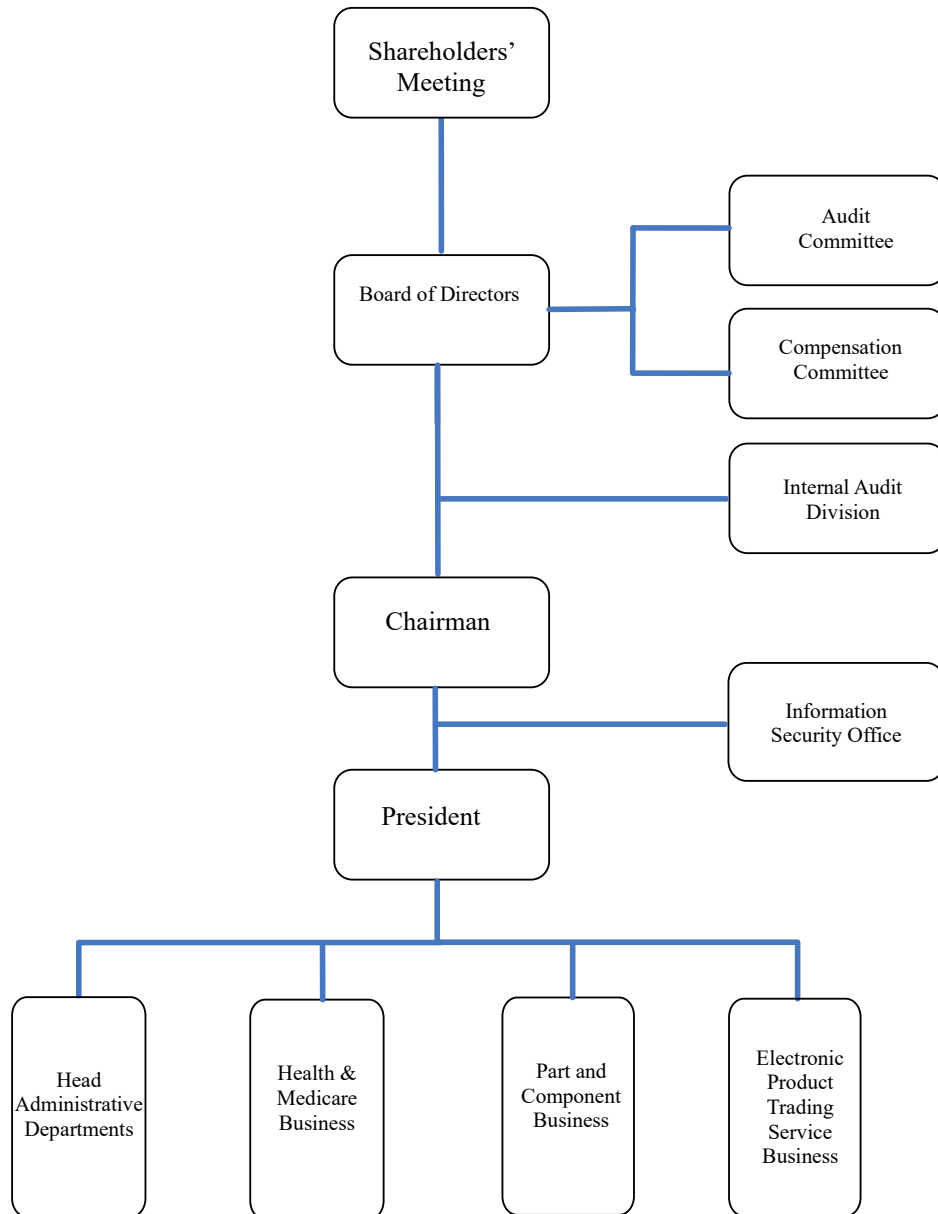
- 1998
 1. The Company obtained TÜV Rheinland certification ISO 14001, environmental management system.
 2. The Company conducted a cash capital increase, and the paid-in capital was increased to NT\$1.457 billion.
- 1999
 1. R&D department was established to dedicate to system development of desktop computers and video products.
 2. The Company signed a purchase contract with Compaq Computer Corporation, and the Company sold the finished products of desktop computer to Compaq.
- 2000 The Company's R&D developed Analog Board, Down Converter Board and Video Board and conducted PCB assembly of iMAC.
- 2001 The Company conducted a cash capital increase, and the paid-in capital was increased to NT\$2.125billion.
- 2002 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$2,240,499,180.
- 2003 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$2.484 billion.
- 2004
 1. On March 1, 2004, Foxconn Technology was merged into the Company, and the Surviving company was renamed to "Foxconn Technology Corporation Limited". The paid-in capital was increased to NT\$4.56876 billion.
 2. The Company arranged capital increase from surplus and increased the paid-in capital to NT\$5.65 billion.
- 2005 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$5.65 billion.
- 2006 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$6,537,872,500.
- 2007
 1. 2006 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$7,589,553,370.
 2. Unsecured domestic convertible corporate bonds were issued, totaling to NT\$12 billion.
- 2008 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$8,479,008,700.
- 2009 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$9,720,488,740.
- 2010 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$11,129,901,720.

- 2011 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$11,727,199,810.
- 2012 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$12,370,159,720.
- 2013 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$13,064,902,250.
- 2014 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$13,767,258,270.
- 2015 The Company arranged capital increase from surplus and increased the paid-in capital to NT\$13,950,239,520.
- 2016 1. The Company arranged capital increase from surplus and increased the paid-in capital to NT\$14,144,851,920.
2. The Company invested JPY56.88320 billion in Sharp Corporation through its subsidiary company, Foxconn Technology Pte., Ltd.
- 2017 FuZhun Precision Industry (Shenyang) Co., Ltd. was established and Shenyang Plant was built.
- 2018 The subsidiary company, FUZHUN PRECISION INDUSTRY (SHEN ZHEN) CO.,LTD. and FUYU PRECISION COMPONENTS (KUNSHAN) CO., LTD acquired Champ Tech Optical (Foshan) Corporation.
- 2019 Appointment of Tzu-Hung Li as head of corporate governance.
- 2022 1. HongFuJin Precision Industrial (Jincheng) Co., Ltd. was established and Jincheng Plant was built.
2. Set up a CISO.

Three. Corporate Governance

I. Organization of the Company

(I) Organization chart



(II) Department Function Description:

President	President is responsible for working out business objectives, taking charge of the implementation of overall businesses, guiding and supervising the departments to deal with their respective businesses.
Audit Offices	Audit internal regulations and rules and put forward proposals for improvement.
Information Security Office	Develop security measures, tools and procedures for company information to protect the company's important information assets from threats and intrusions.
Head Administrative Departments	Responsible for comprehensive management of the company's investment, finance & accounting, shareholder services, HR, legal, IT, general affairs, labor safety, Health and hygiene and other businesses.
Health & Medicare Business	Medical device businesses.
Electronic Products Trading & Service Business	Consumer electronics products and trading services.
Mechanical Parts & Components Business	Mechanical parts and components for IT products.

(III) Directors' name, main education background and work experience, date of election (assumption of duty), tenure, shares held, and shares held by spouse & minors:

April 2, 2024

Title	Nationality or Place of Registration	Name	Gender/ Age	Date of Election (Assumption of Duty)	Tenure	First Elected Date	Shares Held when Elected		Current Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Main Education Background and Work Experience	Concurrent Positions in the Company and Other Companies	Spouse or Immediate Family Holding Managerial Position		
							Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)			Title	Name	Relationship
Chairman	R.O.C.	Yonglin Capital Holding Co., Ltd.	-	20211020	3	20211020	10,000	0.00	11,707,000	0.83	0	0.00	0	0.00	None	Director of Retain Biotech Corp.	None	None	None
	R.O.C.	Representative: Chun Fu Lu	Male 51-60	20211020	3	20211020	0	0.00	0	0.00	0	0.00	0	0.00	-Master of EMBA program, Chinese University of Hong Kong -Master of EMBA program, National Sun Yat-sen University -CFO and spokesperson of Foxsemicon Integrated Technology Inc.	Director of EirGenix, Inc. Chairman of FTC Health Corporation Chairman of Q-Run Investment Co., Ltd. Chairman of ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD. Chairman of Refront IoMT Corp. Director of Hon Fujin Precision Industry (Taiyuan) Co., Ltd. Director of Hon Fujin Precision Industry (Jincheng) Co., Ltd. Director of Sotera Wireless, Inc. Director of Zap Medical System Ltd. Director of Q-RUN HOLDINGS LIMITED Director of Foxconn Technology Pte. Ltd. Director of FTC Japan Co., Ltd. Director of FTC Technology Vietnam Company Limited Director of Atkinson Holdings Limited Director of Double Wealth Profits Limited Director of Eastern Star Limited Director of Foxconn Precision Components Holding Company Limited Director of Gold Glory International Limited Director of HIGH TEMPO INTERNATIONAL LIMITED Director of Kenny International Limited Director of Precious Star International Limited Director of Q-Run Far East Corporation Director of Topfry Industrial Limited Director of World Trade Trading Limited	None	None	None
Director	R.O.C.	Yonglin Capital Holding Co., Ltd.	-	20211020	3	20211020	10,000	0.00	11,707,000	0.83	0	0.00	0	0.00	None	Director of Retain Biotech Corp.	None	None	None
	R.O.C.	Representative: Wu Kuang Chen	Male 51-60	20220617	3	20220617	137,584	0.01	137,584	0.01	0	0.00	0	0.00	- Master's degree, Institute of R&D and Technology Management, National Chin-Yi University of Technology - vice president of Hon Hai Precision Industry Co., Ltd.	Chairman of HongFuJin Precision Industrial (Taiyuan) Co., Ltd. Chairman of HongFuJin Precision Industrial (Jincheng) Co., Ltd. Director of Foxconn Technology Pte. Ltd Director of Sotera Wireless, Inc. Director of FTC Japan Co., Ltd.	None	None	None

April 2, 2024

Title	Nationality or Place of Registration	Name	Gender	Date of Election (Assumption of Duty)	Tenure	First Elected Date	Shares Held when Elected		Current Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Main Education Background and Work Experience	Concurrent Positions in the Company and Other Companies	Spouse or Immediate Family Holding Managerial Position		
							Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)			Title	Name	Relationship
Independent Director	R.O.C.	Yao-Ching Chen	Male 71~80	20211020	3	20130626	0	0.00	0	0.00	0	0.00	0	0.00	-Bachelor's Degree in Cooperative Economics and Social Entrepreneurship, Feng Chia University -Chief Comptroller and Vice General Procurement Manager of Ford Lio Ho Motor Co., Ltd. -Chairman of YouQuan Trading Co., Ltd.	Audit Committee Member of FOXCONN TECHNOLOGY Co., Ltd. Compensation Committee Member of FOXCONN TECHNOLOGY Co., Ltd.	None	None	None
Independent Director	R.O.C.	Wei Kuo Su	Male 51~60	20211020	3	20211020	0	0.00	0	0.00	0	0.00	0	0.00	-Master of EMBA program, -- National Chengchi University -Senior assistant manager of China Life Insurance Co., Ltd -Senior attorney of Deloitte & Touche CPA Firm	Audit Committee Member of Foxconn Technology Co., Ltd. Compensation Committee Convener of Foxconn Technology Co., Ltd. Leading attorney at Anluo Law Firm Independent Director of YEH-CHIANG TECHNOLOGY CORP.	None	None	None
Independent Director	R.O.C.	Ching Heng Wu	Male 51~60	20211020	3	20211020	0	0.00	0	0.00	0	0.00	0	0.00	-Bachelor' s degree in Department of Business and Secretarial Sciences, Tamsui Institute of Business Administration -Supply Chain Director of Shanghai Chongbentang Agricultural Technology Co., Ltd. -General Manager of Runbang Industrial Co., Ltd	Audit Committee Convener of Foxconn Technology Co., Ltd. Compensation Committee Member of Foxconn Technology Co., Ltd. Director of Foundation of Taiwan Organization for Philanthropic Education Director of HONG XU TECH CO., LTD. Chief Investment Officer of Blue Whale Capital Ltd	None	None	None

(IV) Major shareholders of institutional shareholders

April 2, 2024

Name of Institutional Shareholder	Name of Major Shareholders	Percentage of
Yonglin Capital Holding Co., Ltd.	Tai-ming Gou	100%
	Hongren Zhuang	0%

(V) Principal shareholder of corporate shareholders with a juridical person as its major shareholder : NA

(VI) Professional knowledge and independence check matrix of directors

Criteria Name	Professional Qualifications and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chun-Fu Lu	EMBA from Chinese University of Hong Kong and EMBA from Sun Yat-sen University. CFO and Spokesperson with Foxsemicon Integrated Technology Inc. from August 2012 to March 2021. Professional expertise and extensive experience in management, finance & accounting and investment. Currently serving as Chairman of Foxconn Technology Co., Ltd. Not circumstances as described in Article 30 of the Company Act.	None of the director Jun-Fu Lu, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; serving as a director, supervisor or employee of other companies with the Board seats or more than half of the voting shares under control of one person; or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders ; or a spouse or a relative within two degrees of consanguinity to any director.	0
Wu-Kuang Chen	Master's degree, Institute of R&D and Technology Management, National Chin-Yi University of Technology Served as Senior Vice President of Hon Hai Precision Industry Co., Ltd. Professional expertise and extensive experience in management, manufacturing. Currently serving as Director of Foxconn Technology Co., Ltd. Not circumstances as described in Article 30 of the Company Act.	None of the director Wu-Kuang Chen, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; serving as a director, supervisor or employee of other companies with the Board seats or more than half of the voting shares under control of one person.; or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names ;or a spouse or a relative within two degrees of consanguinity to any director.	0
Yao-Ching Chen	Bachelor's degree from Department of Cooperative Economics, Feng Chia University. Previously worked for Ford Lio Ho Motor Company from December 1973 to April 2005, as Finance Director and Vice President in Procurement. Former Chairman of Spring Trading Co., Ltd. Currently a member of the Audit Committee and the Compensation Committee with Foxconn Technology Co., Ltd. Not circumstances as described in Article 30 of the Company Act	None of the independent director Yao-Ching Chen, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; serving as a director, supervisor or employee of other companies; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	0
Wei-Kuo Su	EMBA, National Chengchi University. Previously serving as Senior Assistant VP, Legal Affair Department at China Life Insurance Co. Ltd. from September 2009 to March 2021 and before that, a lawyer with DTT Attorneys-at-Law in 2007-2009. Expertise and experience in finance, insurance and law and with an attorney license. Currently a member of the Audit Committee and the convenor of the Compensation Committee with Foxconn Technology Co., Ltd.; Managing Attorney with Anlue Law Office; and an independent director with Yeh-Chiang Technology Corp. Not circumstances as described in Article 30 of the Company Act	None of the independent director Wei-Kuo Su, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	1

Ching-Heng Wu	Graduate with a major in secretarial science from Tamsui Institute of Business Administration. Previously serving as a supply chain director in the marketing department of Shanghai Chongbentang Agricultural Technology Co., Ltd. from August 2011 to October 2015 and General Manager with Prosperity Enterprise from May 2009 to August 2011. Professional expertise and extensive experience in finance, investment, branding, channel management, accounting and marketing. Currently serving as the convener of the Audit Committee and a member of the Compensation Committee with Foxconn Technology Co., Ltd.; Director of Foundation of Taiwan Organization for Philanthropic Education; Director of HONG XU TECH CO., LTD. and Chief Investment Officer of Blue Whale Capital Ltd. Not circumstances as described in Article 30 of the Company Act	None of the independent director Ching-Heng Wu, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; serving as a director, supervisor or employee of other companies; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	0

(VII) Board diversity and independence

1. Board diversity

The Company has established “Corporate Governance Practical Principles” to ensure boards’ diversity and its implementation.

The Company has established “Corporate Governance Practical Principles” to ensure that board members should be equipped with the knowledge, skills and literacy required for performing duties. To achieve robust corporate governance, the Board of Directors should possess the following capabilities:

- I. Operational judgement
- II. Accounting and financial analysis
- III. Business management
- IV. Crisis management
- V. Industry knowledge
- VI. International market outlook
- VII. Leadership
- VIII. Decision-making

The Company’s Board of Directors comes from a diversity of backgrounds has work experiences in finance, investment, health & medicare, brand and channel development. This achieves the guidelines on diversity and the robustness of the board structure. The diversity of the board members is described as follows:

Title	Director	Composition			Tenure of independent directors		Industry experience				Professional competences			
		Nationality	Gender/ Age	Concurrently serving as an employee	<3 years	>3 years	Operation and Management	Finance and Investment	Branding and Channels	Manufacturing	Finance and Accounting	Law	Marketing	Operational judgement
Chairman	Chun-Fu Lu	R.O.C.	Male 51~60	✓			✓	✓			✓			✓
Director	Wu-Kuang Chen	R.O.C.	Male 51~60	✓			✓			✓	✓			✓
Independent Director	Yao-Ching Chen	R.O.C.	Male 71~80			✓	✓		✓		✓			
Independent Director	Wei-Kuo Su	R.O.C.	Male 51~60		✓			✓				✓		
Independent Director	Ching-Heng Wu	R.O.C.	Male 51~60		✓			✓	✓		✓		✓	

All of our directors are Taiwanese nationals. Independent directors account for 60% of the board. Among all the directors, one is aged above 70 and four between 50 and 59. Two directors (40% of the board) is also the Company’s employees. Two independent directors have served between one and three years, one more than three years.

Specific management objectives of the diversity policy: The Company emphasizes gender equality in the board composition by targeting at least one female director on the board and plans to add female director for the 13rd board to achieve this goal.

The Board of Directors has formulated a diversified policy regarding the composition of members in the Company's corporate governance code of practice. This policy has been disclosed on the Company’s website and on the Market Observation Post System.

2. Board independence

The Board of Directors has five directors, including three independent directors (60%). The Company has obtained the written statement of independence from each independent director, to confirm that the director and the director's direct relatives were not involved in the circumstances described in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years prior to the appointment or during the tenure and that the number of independent directorships assumed with other companies meets the restrictions stated in Article 4. Currently, only the independent director Su Wei-Kuo also serves as an independent director for another public company. None of the independent directors or their direct relatives holds shares of Foxconn Technology Co., Ltd.

After the assessment of the circumstances described in this section, the Company believes all the independent directors are independent. In addition, more than half of the board are independent directors. This enhances the quality of oversight from the Board of Directors and mitigates the possibility of conflicts of interest.

(VII) Key Managers

2 April 2024

Title	Nationality	Name	Date of Election (Assumption of Duty)	Gender/ Age	Shareholding		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Main Education Background and Work Experience	Concurrent Positions in Other Companies	Spouse or Immediate Family Holding Managerial Position		
					Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)	Number	Percentage of Shareholding (%)			Title	Name	Relationship
General Manager	R.O.C.	Wu-Kuang Chen	2021.12.24	Male 51~60	137,584	0.01	0	0.00	0	0.00	Master of Institute of Innovation Technology and Information Management National Chin-Yi University of Technology Senior Vice President of HON HAI PRECISION IND. CO., LTD.	Chairman of HongFuJin Precision Industrial (Taiyuan) Co., Ltd. Chairman of HongFuJin Precision Industrial (Jincheng) Co., Ltd. Director of Foxconn Technology Pte. Ltd Director of Sotera Wireless, Inc. Director of FTC Japan Co., Ltd.	None	None	None
Vice President	R.O.C.	Chun-Fu Lu	2022.03.16	Male 51~60	0	0.00	0	0.00	0	0.00	Master of EMBA program, Chinese University of Hong Kong Master of EMBA program, National Sun Yat-sen University CFO and spokesperson of Foxsemicon Integrated Technology Inc.	Director of EirGenix, Inc. Chairman of FTC Health Corporation Chairman of Q-Run Investment Co., Ltd. Chairman of ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD. Chairman of Refront IoMT Corp. Director of Hon Fujin Precision Industry (Taiyuan) Co., Ltd. Director of Hon Fujin Precision Industry (Jincheng) Co., Ltd. Director of Sotera Wireless, Inc. Director of Zap Medical System Ltd. Director of Q-RUN HOLDINGS LIMITED Director of Foxconn Technology Pte. Ltd. Director of FTC Japan Co., Ltd. Director of FTC Technology Vietnam Company Limited Director of Atkinson Holdings Limited Director of Double Wealth Profits Limited Director of Eastern Star Limited Director of Foxconn Precision Components Holding Company Limited Director of Gold Glory International Limited Director of HIGH TEMPO INTERNATIONAL LIMITED Director of Kenny International Limited Director of Precious Star International Limited Director of Q-Run Far East Corporation Director of Topfry Industrial Limited Director of World Trade Trading Limited	None	None	None
Accounting Director	R.O.C.	Yen-Jen Pan	2022.11.08	Male 51~60	0	0.00	0	0.00	0	0.00	Department of Accounting, Soochow University CPA, Taiwan, ROC. Director of Accounting Department of Primax Electronics Co., Ltd. CFO of TYMPHANY ACOUSTIC TECHNOLOGY LIMITED Director of Finance and Accounting Department, ELITE MATERIAL CO., LTD	Director of New Glory Holdings Limited Director of AcroViz Inc. Supervisor of Refront IoMT Corp. Supervisor of Foxconn Japan Co., Ltd Supervisor of PKM Corporation	None	None	None
Financial Director	R.O.C.	Tzu-Hung Li	2015.04.01	Male 51~60	80	0.00	0	0.00	0	0.00	MBA, University of Alabama, U.S.A. Chief of Finance Division, Hon Hai Precision Industry Co., Ltd. Senior Manager of Financial Director, Integrated Silicon Solution Inc. Financial Manager of ShiShin Electronic Co., Ltd.	Director of FuTaiKang Precision Components (Shenzhen) Co., Ltd. Supervisor of FuNeng New Energy Technology Services Co., Ltd. Supervisor of Qingdao Hygen Innovative Alloy Materials Co., Ltd Director of HongFuJin Precision Industrial (Taiyuan) Co., Ltd Director of HongFuJin Precision Industrial (Jincheng) Co., Ltd.	None	None	None

(VIII) Remuneration paid to Directors, General Manager and Vice General Manager(s) in the most recent fiscal year

1. Compensation to Director or Independent Director

Unit: NTD thousand

Title	Name	Remunerations of Directors										Sum of A, B, C and D as a percentage of net income	Compensation to Directors Also Serving as Company Employees								Sum of A, B, C, D, E, F and G as a percentage of net income		Compensation from Affiliates Other than Subsidiaries or Parent Company
		Remunerations (A)		Pensions (B)		Director Earnings Distribution (C)		Business Expenses (D)		Salary, Bonuses, and Special Allowance (E)			Pensions (F)		Employee Earnings Distribution (G) (Note)								
		Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies		Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	
Director	Yonglin Capital Holding Co., Ltd.	-	-	-	-	-	-	-	-	-	-	14,184	14,184	145	145	-	-	-	-	0.3363%	0.3363%	25	
	Representative: Chun Fu Lu																						
Director	Yonglin Capital Holding Co., Ltd.	-	-	-	-	-	-	-	-	-	-	14,184	14,184	145	145	-	-	-	-	0.3363%	0.3363%	25	
	Representative: Wu Kuang Chen																						
Independent Director	Yao-Ching Chen	1,800	1,800	-	-	-	-	72	72	0.0439%	0.0439%	-	-	-	-	-	-	-	-	0.0439%	0.0439%	-	
Independent Director	Wei-Kuo Su																						
Independent Director	Ching-Heng Wu																						

Please state the policy, system, standards and structure of independent directors' remuneration, and describe the correlation with the amount of remuneration according to the responsibilities, risks, and investment time:

(1) Remuneration policy, systems, standards and structure

A. Independent director remuneration and attendance fees are proposed and processed according to "Director remuneration allocation policies".

B. Independent director attendance fees: according to business execution expenses, and calculated based on the attendance of board, audit committee, and compensation committee meetings.

(2) Correlation with the amount of remuneration according to the responsibilities, risks, and investment time

A. The Company's Articles of Incorporation does not specify director remuneration.

B. Independent directors' compensation is issued on a monthly basis.

C. The attendance fee is based on the actual number of attendances as the standard for issuance, and no variable or other remuneration is paid.

D. In order to maintain balance between sustainable and risk management, the Company reviews "Director remuneration allocation policies" on a yearly basis.

Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the most recent financial statements: None

Note: NT\$255,874 thousands is set aside for employee remuneration for 2023 according to the resolution of the Board of Directors. It was calculated used last year's actual allocation ratio.

Remuneration bracket table

Range of Remuneration Paid to Directors	Name of Directors			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	Foxconn Technology	All consolidated companies H	Foxconn Technology	Parent company and all the investees
Less than NT\$1,000,000	Yonglin Capital Holding Co., Ltd. Chun Fu Lu and Wu Kuang Chen, Yao-Ching Chen, Wei-Kuo Su and Ching-Heng Wu	Yonglin Capital Holding Co., Ltd. Chun Fu Lu and Wu Kuang Chen, Yao-Ching Chen, Wei-Kuo Su and Ching-Heng Wu	Yonglin Capital Holding Co., Ltd., Yao-Ching Chen, Wei-Kuo Su and Ching-Heng Wu	Yonglin Capital Holding Co., Ltd., Yao-Ching Chen, Wei-Kuo Su and Ching-Heng Wu
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)	-	-	-	-
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	-	-	-	-
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)	-	-	-	-
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	-	-	Chun Fu Lu, Wu Kuang Chen	Chun Fu Lu, Wu Kuang Chen
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)	-	-	-	-

NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)	-	-	-	-
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)	-	-	-	-
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	6	6	6	6

2. Remuneration paid to General Manager and Vice General Manager(s)

Unit: NTD thousand

Title	Name	Salary (A)		Pensions (B)		Bonuses and Special Allowance (C)		Employee Earnings Distribution (D) (Note)				Sum of A, B, C and D as a percentage of net income (%)		Compensation from Affiliates Other than Subsidiaries or Parent Company
		Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies	Foxconn Technology		All consolidated companies		Foxconn Technology	All consolidated companies	
								Cash	Stock	Cash	Stock			
General Manager	Wu-Kuang Chen	4,275	4,275	145	145	9,909	9,909	-	-	-	-	0.3363%	0.3363%	None
Vice President	Chun Fu Lu													

Note: The Board of Directors approved the distribution of employees' remuneration for a total of NT\$ 255,874 thousand for 2023, estimated according to the actual distributed amount of the prior year.

Remuneration bracket table

Range of Remuneration Paid to General Managers and Vice General Manager(s)	Name(s) of General Manager and Vice General Manager(s)	
	Foxconn Technology	All consolidated companies E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)	-	-
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	-	-
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)	-	-
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	Wu-Kuang Chen, Chun Fu Lu	Wu-Kuang Chen, Chun Fu Lu
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)		
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)	-	-
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)	-	-
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)	-	-
NT\$100,000,000 and above	-	-
Total	2	2

3. Employees' profit sharing bonus paid to managerial officers:

Unit: NTD thousand

	Title	Name	Stock	Cash (Note)	Total	Total as a percentage of after-tax income
Managerial Officers	General Manager	Wu-Kuang Chen	0	5,348	5,348	0.1255
	Vice President	Chun Fu Lu				
	Financial Director	Tzu-Hung Li				
	Accounting Director	Yen-Jen Pan				

Note: As of the print date of the annual report, the list of employees to be distributed with remuneration is not yet decided. The proposed amount is the estimate based on the actual distributed amount for 2022.

4. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and vice general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years

Title \ Item	Total compensation as a percentage of after-tax income			
	2023 (Note)		2022	
	Foxconn Technology	All consolidated companies	Foxconn Technology	All consolidated companies
Director	0.3802%	0.3802%	0.3259%	0.3259%
General Manager and Vice General Manager(s)	0.3363%	0.3363%	0.2778%	0.2778%

Note: As of the print date of the annual report, the list of employees to be distributed with remuneration is not yet decided. The proposed amount is the estimate based on the actual distributed amount for 2022.

5. The policies for payment of remuneration and its linkage to business performance and future risk exposure

- (1) The Company's Articles of Incorporation do not specify directors' remuneration. None of the directors receives compensation.
- (2) The remuneration and transportation allowances of directors (including independent directors) is determined according to "Rules Governing the Remuneration of Directors and Procedures for Remuneration Disbursement" as approved by the Board of Directors.
- (3) Directors (including independent directors) receive fixed remuneration and transportation allowances. The Company does not offer variable remuneration.
- (4) For directors or their representatives who are employees, or employees who are with affiliated companies or enterprises having investment relationships with the Company, no remuneration or transportation allowances shall be paid.
- (5) The salaries of managerial officers include fixed salary, performance bonus, and remuneration to employees. Among these, salary references the level of the same industry and titles, rank, academic (economic) qualifications, professional capabilities and responsibilities. Bonuses are distributed according to the contribution of each business group to the Company's profit. Remuneration to employees is determined based on the performances of individual managers.
- (6) According to Article 18 of the Company's Articles of Incorporation, 4%~6% of the annual profit (if any) should be distributed as employees' remuneration. The periodical review of managers' salaries and remuneration shall be based on the Company's Regulations Governing All Compensations to Managers. The distribution is allocated to business units according to contribution to the Company's profits measured with internal performance criteria and profit and loss management reports. Furthermore, the remuneration system for managerial officers may be reviewed at any time and in a timely manner depending on actual operating conditions and relevant laws and regulations.

II. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

During the most recent year (2023), the Board of Directors convened 5 meetings.
The attendance record of individual directors is as follows:

Title	Name	Meetings Attended Personally	Meetings Attended by Proxy	% of Meeting Attended Personally	Remarks (Note)
Chairman	Yonglin Capital Holding Co., Ltd. Representative: Chun Fu Lu	5	0	100%	
Director	Yonglin Capital Holding Co., Ltd. Representative: Wu Kuang Chen	5	0	100%	
Independent Director	Yao-Ching Chen	5	0	100%	
Independent Director	Wei Kuo Su	5	0	100%	
Independent Director	Ching Heng Wu	5	0	100%	

Other issues to be noted:

- I. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:
 - (I) Issues specified in Article 14-3 of the Securities and Exchange Act are listed as follows:
 1. Approved by the 11th meeting of the 12th board on March 14, 2023
 - (1) Release restrictions on the prohibition of directors' participation in competing businesses.
 - (2) The plan to appoint PricewaterhouseCoopers Taiwan to audit the 2023 financial report; assessment of external auditors' independence; and audit fees
 - (3) Increase investment amount of GTM Capital Healthcare Fund L.P. private equity fund.
 2. Approved by the 12th meeting of the 12th board on April 20, 2023:
 - (1) Release restrictions on the prohibition of directors' participation in competing businesses.
 - (2) Change in investment amount of GTM Capital Healthcare Fund L.P. private equity fund.
 3. Approved by the 14th meeting of the 12th board on Aug 9, 2023:
 - (1) Formulate the internal control rules of the company's investment cycle: pre-investment management procedures.
 4. Approved by the 15th meeting of the 12th board on Nov. 13, 2023:
 - (1) Proposal to increase capital of subsidiary ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.
 - (II) Other issues opposed by independent directors or about which directors have reservations that have been noted in the record or declared in writing: None.
- II. In situations where independent directors recuse themselves due to conflict of interest, the director's name, content of the resolution, reason for recusal, and his or her voting participation should be properly recorded:
 - (1) On March 14, 2023, regarding the proposal on managers' 2022 Performance Bonus Suggestion, Director Chun Fu Lu and Wu-Kuang Chen, abstained from voting on the case, and the remaining directors who attended the proposal passed the proposal without objection.
 - (2) On March 14, 2023, regarding the proposal on ratifying managers' 2022 Year-end bonus and performance bonus, Director Chun Fu Lu and Wu-Kuang Chen, abstained from voting on the case, and the remaining directors who attended the proposal passed the proposal without objection.
- III. For information on the evaluation cycle and period, evaluation scope, method and evaluation content of

the board self-evaluation, please refer to Page 23 Board Evaluation Implementation Status.

- IV. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. Establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements: The Company has a Compensation Committee and an Audit Committee in place which assist directors to supervise the Company's operations.

(II) The Board of Directors Evaluation and Implementation

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Method	Content of Evaluation
Annually	2023/01/01 to 2023/12/31	Including the performance evaluation of the board of directors, directors and functional committees	Self evaluation of the performance of board of directors, directors and functional committees	1. The items for the self- evaluation of the board of directors include the following aspects: (1) The degree of participation in the company's operations. (2) Improvement of board decision quality. (3) The composition and structure of the board of directors. (4) The selection and continuing education of directors. (5) Internal control. 2. The items for the self- evaluation of the individual directors include the following aspects: (1) Understanding of the Company's goals and mission. (2) Awareness of directors' duties. (3) The degree of participation in the company's operations. (4) Internal relationship management and communication. (5) Continuing education of directors. (6) Internal control. 3. The items for the self- evaluation of the functional committees include the following aspects: (1) The degree of participation in the company's operations. (2) Awareness of the functional committees' responsibilities. (3) Improvement of board decision quality. (4) Functional committee composition and member selection. (5) Internal control.

The results of the performance evaluation of the board of directors have been submitted to the board of directors and functional committees on March 13, 2024, and will be used as a reference for the remuneration and nomination of individual directors. The performance evaluation results of the board of directors in 2023 are as follows:

1. Evaluation method: out of 5 points, those with an average score of 4 points or more, the self-assessment result is "excellent", and those with an average score of 3 points or more but less than 4 points, the self-assessment result is "good", and the average score is less than 3 For those who score, the self-assessment result is "to be strengthened".
2. The overall average score of the self-performance evaluation of the board of directors is 4.96 points; the overall average score of the self-performance evaluation of board members is 4.94 points; the overall performance evaluation results of the board of directors are still effective.
3. The overall average score for the Audit Committee's self-performance assessment was 4.97.
4. The overall average score for the Compensation Committee's self-performance evaluation is 4.70.

(III) Operations of the Audit Committee:

During the most recent year (2023), the Audit Committee convened 6 meetings. The attendance record of independent directors is as follows:

Title	Name	Meetings Attended in Person	Meetings Attended by Proxy	% of Meetings Attended in Person (%)	Remarks (Note)
Independent Director	Yao Ching Chen	6	0	100%	
Independent Director	Wei Kuo Su	6	0	100%	
Independent Director	Ching Heng Wu	6	0	100%	

Other issues to be noted:

- I. In the event of either of the following situations, dates, sessions, proposal contents, resolutions of the Audit Committee, and Company responses to their opinions should be noted:
 - (I) Issues specified in Article 14-5 of the Securities and Exchange Act: page 26 for details.
 - (II) Other matters not passed by the Audit Committee, which were then agreed upon by two-thirds of the entire membership of the Board of Directors: None.
- II. In situations where independent directors recuse themselves due to conflict of interest, the independent director's name, content of the resolution, reason for recusal, and his or her voting participation should be properly recorded: None
- III. Communication between Independent Directors, head of internal audit, and CPAs (including communication methods and results for material issues and the Company's finances and businesses):
 1. Communication policy for Independent Directors and head of internal audit:
 - (1) Head of internal auditors shall submit an audit report and correction follow-up report at the end of each month to the Independent Directors, stating the status of annual audit plan execution and follow-up on internal control corrections.
 - (2) Work progress shall be reported to the Director at least once a quarter. In event of material and abnormal events, reports will be made and submitted to independent directors. There was no such abnormal event in 2023.

Up to now, communication between Independent Directors and head of internal audit is good.
 2. Summary of previous communications between Independent Directors and the head of internal audit:

Audit Committee Meeting Time	Items Discussed	
2023/03/14	Highlights	1. Internal audit report (2022Q4) 2. Approval of 2022 statement of internal control.
	Discussion Results	After review or approval by the Audit Committee, the Independent Directors posed no adverse opinions.
2023/05/10	Highlights	Internal audit report (2023Q1)
	Discussion Results	After review or approval by the Audit Committee, the Independent Directors posed no adverse opinions.
2023/08/09	Highlights	1. Internal audit report (2023Q2) 2. Formulate the internal control rules of the company's investment cycle: pre-investment management procedures.
	Discussion Results	After review or approval by the Audit Committee, the Independent Directors posed no adverse opinions.
2023/11/13	Highlights	1. Internal audit report (2023Q3) 2. Formulation of 2024 annual audit plan
	Discussion Results	After review or approval by the Audit Committee, the Independent Directors posed no adverse opinions.

3. Communication policy for independent directors and CPAs

(1) In addition to at least 4 meetings on corporate governance each year, independent directors and CPAs

auditors communicate and discuss in writing when necessary. The scope of communication includes the independence and relevant responsibilities of independent auditors in auditing consolidated financial statements; matters in relation to audit planning; material deficiencies identified in audits (including significant flaws in entry adjustments and internal control); contents of reviewed reports; and review results of interim financial statements.

- (2) The Audit Committee completes review reports by referring to the audited Company's consolidated financial statements and audit opinions.

4. Summary of previous communications between Independent Directors and the CPAs:

Pre-Meeting Time	Discussion Status	
2023/03/14	Highlights	1. The accountant explained the content of the consolidated financial statements after the audit in 2022, the major findings of the audit (including adjusting entries and key audit items, etc.), and the content of the audit report. 2. The CPAs explained, discussed, and communicated with the meeting attendees on the questions they raised.
	Discussion Results	The Audit Committee already passed the 2022 financial report and submitted it to the Board of Directors for approval and announced and declared to the competent authority on schedule.
2023/05/10	Highlights	1. The CPAs explained at the corporate governance meeting the content of the reviewed consolidated financial statements for the 1st quarter of 2023 and the review report. 2. The CPAs explained, discussed, and communicated with the meeting attendees on the questions they raised.
	Discussion Results	The Audit Committee already passed the 1Q23 financial report and submitted it to the Board of Directors for approval and announced and declared to the competent authority on schedule.
2023/08/09	Highlights	1. The CPAs explained at the corporate governance meeting the content of the reviewed consolidated financial statements for the 2nd quarter of 2023 and the review report. 2. The CPAs explained, discussed, and communicated with the meeting attendees on the questions they raised.
	Discussion Results	The Audit Committee already passed the 2Q23 financial report and submitted it to the Board of Directors for approval and announced and declared to the competent authority on schedule.
2023/11/13	Highlights	1. The CPAs explained at the corporate governance meeting the content of the reviewed consolidated financial statements for the 3rd quarter of 2023 and the review report. 2. The CPAs explained the audit report on the 2023 consolidated financial statements and the preliminary thoughts on the important review items to be communicated. 3. The CPAs explained, discussed, and communicated with the meeting attendees on the questions they raised.
	Discussion Results	The Audit Committee already passed the 3Q23 financial report and submitted it to the Board of Directors for approval and announced and declared to the competent authority on schedule.

IV. Key focus and operation status of the Audit Committee:

(1) Key focus in 2023

1. Communicating according to the audit plans with the Company's internal auditors about the results of internal audit reports on a regular basis.
2. Communicating with the Company's auditing accountants about the audit on consolidated financial statements of each quarter or audit results on a regular basis.
3. Reviewing financial reports
4. Review of the amendment of the internal control system

5. Appointing auditing accountants.
6. Reviewing the independence and service fees of CPAs.
7. Legal compliance

(II) Operation status in 2023

Board of Directors Date/Term	Proposal content and subsequent handling	Items listed in Article 14-5 of the Securities and Exchange Act	Objections, reservations or major suggestions from independent directors
2023/03/14 3rd Term 10th meeting	1. Statement of internal control system of 2022.	✓	None
	2. Financial Reports of 2022	✓	None
	3. 2022 business report and 2023 operating plan	-	None
	4. The plan to appoint PricewaterhouseCoopers Taiwan to audit the 2023 financial report; assessment of external auditors' independence; and audit fees	✓	None
	5. Pre-approval of accounting firms and its related enterprises providing non-assurance services to the company and its subsidiaries	-	None
	6. Increase investment amount of GTM Capital Healthcare Fund L.P. private equity fund.	✓	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		
2023/03/14 3rd Term 11th meeting	1.Planning of the distribution of 2022 earnings	-	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		
2023/04/20 3rd Term 12th meeting	1.Change in investment amount of GTM Capital Healthcare Fund L.P. private equity fund.	✓	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		
2023/05/10 3rd Term 13th meeting	1. Consolidated Financial Reports of 2023Q1	-	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		
2023/08/09 3rd Term 14th meeting	1. Consolidated Financial Reports of 2023Q2	-	None
	2 Formulate the internal control rules of the company's investment cycle: pre-investment management procedures	✓	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		
2023/11/13 3rd Term 15th meeting	1. Consolidated Financial Reports of 2023Q3	-	None
	2. Add non-assurance services that accounting firms and its related enterprises providing to the company	-	None
	3. Formulation of 2024 annual audit plan	✓	None
	4. Proposal to increase capital of subsidiary ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.	✓	None
	Resolution by the Audit Committee: Agreed by all attending members of the Audit Committee The company's handling of the opinions of the audit committee: all the directors present agreed to pass.		

In order to perform its duties, the Audit Committee has the right to conduct any appropriate audits and investigations in accordance with its organizational regulations. Furthermore, it has direct communication channels with the Company's internal auditors, CPAs, and all employees. The Audit Committee also has the right to hire and supervise lawyers, accountants, or other consultants to assist the Audit Committee in performing its duties. Please refer to the company's website for the Audit Committee's organizational procedures.

(IV) Discrepancies between Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies:

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has set a corporate governance code of practice, for the protection of shareholders' rights, to strengthen the functions of the Board of Directors, respect the interests of stakeholders, enhance the transparency of information and relevant rules. Please refer to the Company's website for detailed information.	None
II. Equity structure and shareholder rights				
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	✓		(I) The Investor Relations Department has been established to handle shareholder proposals or disputes.	None
(II) Does the Company maintain a list of major Company shareholders and the ultimate owners of these shareholders?	✓		(II) The Company maintains a list of major Company shareholders and the ultimate owners of these shareholders and discloses this information pursuant to the laws.	None
(III) Has the Company built and executed a risk management mechanisms and "firewall" between the Company and its affiliates?	✓		(III) The Company has established appropriate internal risk control mechanisms and firewalls, in pursuant to the rules for specific companies or groups related business operations and financial transactions, supervision measures for subsidiaries, Procedures for Handling Endorsement/Guarantee, loans to others and guidelines for acquisition or disposal of assets, and other internal guidelines. Business relations between affiliated enterprises have been evaluated by an independent third party to prevent violations of unlawful transactions.	None
(IV) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	✓		(IV) The Company has established "Procedure on Insider Trading Prevention and Control" to prevent insider trading.	None

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
III. Composition and responsibilities of the Board of Directors				
(I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		(I) The Company has established “Corporate Governance Practical Principles” to ensure boards’ diversity and its implementation. The company’s Board of Directors (including Independent Directors) has adopted nomination system. The Company’s Board of Directors comes from a diversity of backgrounds has work experiences in finance, investment, health & medicare, brand and channel development. This achieves the guidelines on diversity and the robustness of the board structure. All of our directors are Taiwanese nationals. Independent directors account for 60% of the board. Among all the directors, one is aged above 70 and four between 51 and 60 years old. Two director (40% of the board) is also the Company’s employees. Two independent directors have served between one and three years, one more than three years. The Company also emphasizes gender equality in the board composition by targeting at least one female director on the board and plans to add female director for the 13rd board to achieve this goal. The Board of Directors has formulated a diversified policy regarding the composition of members in the Company's corporate governance code of practice. This policy has been disclosed on the Company’s website and on the Market Observation Post System. Please refer to page 13-14 for the professional knowledge and independence of board members.	None
(II) Has the Company establish other functional committees besides the Compensation Committee and Audit Committee of its own accord?	✓		(II) The Company has established an Audit Committee and a Compensation Committee, as well as Sustainable Development Committee. Other functional committees will be established based on future needs.	None
(III) Has the Company formulated the guidelines on reviews and assessment methods of the board’s performance, conducted annual performance reviews, reported the results to the board, and incorporated the results into the remuneration of individual directors and the nomination for re-elections?	✓		(III) The Board of Directors on March 30, 2020 approved the Guidelines on Board Performance Reviews. Currently, the unit responsible for meetings carry out self-inspections each year on the Rules and Regulations of Board Meetings and operational management, to ensure the board functioning adherent to relevant laws and regulations. The 2023 Board Performance Review was completed on March 13, 2024 and reported to the Board and Functional Committees.	None

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
(IV) Does the Company assess the independence of external auditors on a regular basis?	✓		(IV) The Company regularly assesses the performance and independence of the CPAs through the Board of Directors every year. In the Board of Directors' discussion of the appointment and assessment of independence of CPAs, it is necessary to present for each recommended CPA his/her resume and independence statement (of Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountants) and AQIs. It is confirmed that the accountant has no other financial interests or business relationship with the company except for the fees of visa and financial and tax cases, and the family members of the accountant do not violate the independence requirements. With reference to the AQI index information, it is confirmed that the accountant and the firm are in the process of checking experience and The number of training hours is better than the average level of the industry, and in the last 3 years, it will continue to introduce digital audit tools to improve audit quality. The evaluation results of the latest year have been discussed and approved by the Audit Committee on March 13, 2024, and submitted to the board of directors on March 13, 2024 for approval of the independence and suitability assessment of accountants. Items Assessed 1. Does the CPA have direct or material financial interest with the Company? 2. Does the CPA have loans or guarantees with the Company's Directors or Supervisors? 3. Does the CPA have a close business relationship with the Company? 4. Does the CPA have a potential employment with his/her audit customer?	None
IV. Has the TWSE/TPEX listed company appointed suitable full-time (part-time) personnel or units of an appropriate number for corporate governance and designated a corporate governance officer in charge of corporate governance affairs (including but not limited to preparation of materials required by directors and supervisors for performing tasks; assistance to directors and supervisors in legal compliance; organization of board meetings and shareholders' meetings as required by laws; and production of board	✓		To fulfill corporate governance and ensure the Board of Directors to exercise its functions to protect the right of investors, the Company has allocated suitable personal of an appropriate number for corporate governance and on May 13, 2019 the Board of Directors approved the appointment of the finance manager Tzu-Hung Li as head of corporate governance in charge of corporate governance affairs. Senior Director Tzu-Hung Li has over three years of experience as a finance manager in public companies. His main duties are as follows: 1. Handling of matters related to the board meeting and shareholders' meeting pursuant to the law: (1) Proposed the agenda of the Board of Directors meeting and to notify the directors seven days prior to the designated date of meeting. Convene the meeting and provide information for the meeting. Notify the Board members to abstain from certain motions if conflict of interest is anticipated before the meeting. (2) Process filing of Shareholders' Meeting and to produce meeting notice within the legally-	None

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
meeting and shareholders' meeting minutes)?			stipulated deadline, meeting agenda, meeting minutes and annual reports. 2. Preparation of complete board meeting minutes and shareholders' meeting minutes: The board meeting minutes and shareholders' meeting minutes shall be prepared within 20 days after the meeting. 3. Assistance of the director's inauguration and continuing education: The Company assists Directors in continuing education plans and training schedules according to the nature of the Company's industry, and the directors' education background and work experience. 4. Providing information needed by the Board of Directors to carry out its functions: (1) Regularly notify Board members on the latest legal amendments and developments regarding company management and corporate governance. (2) Inspect level of information secrecy and provide company information needed by the Board, maintaining smooth bi-lateral communications between directors and various business managers. (3) Pursuant to the corporate governance code of practice, when independent directors need meet with internal audit supervisors in private to understand the Company's financial status, the designated personnel shall assist to arrange such meetings. 5. Assisting the Directors in legal compliance: (1) Report implementations of corporate governance to the Board, to ensure that the Company's Shareholders' Meeting and Board are in compliance with relevant laws and corporate governance practice principles. (2) Assist or remind the Board to comply with relevant legal regulations when performing relevant duties or while making resolutions, and to propose opinions before the Board forms an illegal resolution. (3) Responsible for reviewing the announcement for material decisions made by the Board to ensure the content of the announcement is in compliance with the law. 2023 key tasks were as follows: 1. Five board meetings, six Audit Committee meetings and two Compensation Committee meetings. 2. One general shareholders' meeting. 3. Continuing education of board members (see page 35 of the annual report). 4. Continuing education of the head of corporate governance (see page 35 of the annual report).	

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		The Company has established "Stakeholder Division" and provided contact information MOPS and Company website to respond to major stakeholders' concerns regarding corporate social responsibilities.	None
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company authorized "Fubon Securities Co., Ltd." as stock service agency to handle shareholder transactions.	None
VII. Information Disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	✓		(I) The Company has placed financial and corporate governance information of each year on its website.	None
(II) Does the Company adopt other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(II) The Company has an English website to disclose relevant information. The Company has a spokesperson(s), investor relations department and shareholder services related department(s) to disclose relevant information.	None
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and the monthly operating status report before the stipulated deadlines?	✓		(III) Starting in June 2019, the Company has been reporting revenues of the prior month on the fifth of each month (before the statutory deadline).	None

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
VIII. Is there any other important information that can help to understand the Company's corporate governance functioning? (including but not limited to employees' rights; employees' care; investor relations; supplier relations; stakeholders' rights; further education for directors and supervisors; implementation of risk management policies and risk measurement criteria; implementation of customer policies; and purchase of liability insurance for directors and supervisors)	✓		(I) Interests and wellness of employees: Based on the Company's concept of human-centered approach toward human resource, the Company spares no effort in creating employee welfare and providing a safe and healthy working environment. The Company regards employees as the most valuable asset. The Company's success lies in attracting and retaining talents of diverse fields to work as a team. Each employee is assessed based on his/her qualifications and skills, regardless of his/her personal traits. The company fully supports all the principles of hiring and abides by the labor laws of the countries where the business is located. To comply with the amendments of the labor policies and promote gender equality, the Company has established "Guidelines for the Prevention and Management of Sexual Harassment" to preserve gender equality in employment and one's dignity, and provide for the behavior of employees in the workplace. Pertaining to the protection of the confidentiality of employees' basic information, to meet the organizational needs and preserve employee privacy, such information should not be disclosed under any circumstances, unless required by the government regulations. (II) Investor Relations: The Investor Relations Department was set up to specifically deal with shareholder proposals. (III) Supplier Relationship: Good relations with suppliers are maintained all times, and signing of the Integrity Commitment is required. (IV) Interests and Rights of Stakeholders: In order to protect the interests of the Company and its stakeholders, purchase contracts are signed with all suppliers to clearly define the trading and cooperation relationship between the parties to protect the legitimate rights and interests of both parties. (V) Continuing Education of Directors: The directors of the Company are qualified with professional industrial knowledge and practical experience in operation management. Please refer to Page 35 for more information on their continuing education. (VI) Execution of risk management policy and risk measuring standards: The management of various operational risks shall be managed by the relevant management unit according to the nature of its business, and the existing or potential risks of each business operation shall be reviewed by the audit office. The audit office shall prepare an implementation risk-oriented annual audit plan. The risk management of each department are as follows: All Divisions: Responsible for business decision-making planning, assessing medium- and long-term investment benefits to reduce strategic risks.	None

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
			Finance Department: Responsible for financial planning and fund scheduling, and establishment of hedging mechanisms to reduce business operational risks. System information Department: Responsible for network information security control, protection measures and responsible for network planning, construction, operation and maintenance, and continuously inspecting network quality to reduce network operation risks and information security risks. Accounting Department: Responsible for the revision of the accounting system, budgeting, collection and analysis of execution cost data, and providing correct and immediate financial information to assess operational performance and operational risk. (VII) Recusal of Directors due to conflict of interest: The Company's directors recuse themselves in all cases regarding conflict of interest. (VIII) Liability insurance for the Company's Directors: Liability insurance has been covered for Directors. (IX) Qualification of personnel associated with financial transparency: The company's accounting and auditing personnel have professional knowledge and practical experience. They have not obtained the relevant licenses specified by the competent authority. Relevant personnel will be encouraged and planned to obtain relevant licenses in the future.	

Items Assessed	Implementation Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
IX. Please explain improvements that have been made as well as priorities and measures to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center:				
(I) The company's 2023 improved evaluation index items are as follows:				
(1) More than half of the company’s directors and the convener of the audit committee attended the 2023 regular shareholders’ meeting in person, and the attendance list was disclosed in the minutes.				
(2) The company uploaded the English version of the annual report 16 days before the regular shareholders’ meeting.				
(3) The company formulates (and discloses on the company website) internal regulations that prohibit directors, employees and other insiders from using undisclosed information in the market to buy and sell securities. The content includes (but is not limited to) that directors are not allowed to trade FTC stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, and disclose the execution situation.				
(4) The company records the important content of shareholders’ questions and the company’s replies in the minutes of shareholders’ regular meetings.				
(5) Upload the entire uninterrupted audio and video of the 2023 shareholders’ meeting after the meeting.				
(6) The company uploaded the English version of the annual financial report 16 days before the regular shareholders’ meeting.				
(7) The company is invited to hold at least two legal person briefing meetings, and the interval between the two legal person briefing meetings at the beginning and end of the year being rated is more than three months.				
(II) The company’s priority matters and measures to strengthen corporate governance are as follows:				
(1) Disclosure of the board of directors’ supervision of sustainable development promotion.				
(2) Formulate Rules Governing Financial and Business Matters Between this Corporation and its Related Parties.				
(3) The company’s board of directors must include at least one director of different genders.				
(4) The sustainability report prepared by the company is submitted to the board of directors for approval.				

Continuing education for the Company's directors in 2023 was as follows:

Title	Name	Date	Organizer	Course	Hours
Director	Chun-Fu Lu	2023/08/02	Taiwan Association of Certified Valuation Analysts	The evaluation and analysis of corporate sustainability	3
		2023/08/03	Taiwan Corporate Governance Association	Business Management and Crisis Management	3
Director	Wu-Guang Chen	2023/05/26	Taiwan Investor Relations Institute	Seeing ESG Development Trends from Shareholder Activism	3
		2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023/08/03	Taiwan Corporate Governance Association	Business Management and Crisis Management	3
Independent Director	Yao-Ching Chen	2023/04/26	Corporate Operating and Development Association(ROC)	Local Innovation joins hands with enterprises to create a new milestone in ESG	3
		2023/05/11	Taiwan Academy of banking and Finance	Future financial depiction of the virtual and real integration of the metaverse	3
Independent Director	Wei Kuo Su	2023/04/27	Taiwan Stock Exchange Corporation	Explanation Session of sustainable development action plans for listed companies	3
		2023/05/26	Taiwan Investor Relations Institute	Seeing ESG Development Trends from Shareholder Activism	3
		2023/06/30	Taiwan Investor Relations Institute	Strategies for business operations and news crisis management	3
		2023/08/03	Taiwan Corporate Governance Association	Business Management and Crisis Management	3
Independent Director	Ching-Heng Wu	2023/04/26	Corporate Operating and Development Association (ROC)	Local Innovation joins hands with enterprises to create a new milestone in ESG	3
		2023/04/27	Taiwan Stock Exchange Corporation	Explanation Session of sustainable development action plans for listed companies	3

Continuing education for the Company's head of corporate governance in 2023 was as follows:

Title	Name	Date	Organizer	Course	Hours
Corporate Governance Manager	Tzu-Hung Li	2023/01/13	Accounting Research and Development Foundation	Legal liability and case analysis related to the company's "competition for management rights"	3
		2023/02/06	Accounting Research and Development Foundation	ESG information disclosure trends and related regulations	3
		2023/02/07	Accounting Research and Development Foundation	Key analysis of IFRS ISSB S1 and S2 standards	3
		2023/05/31	Accounting Research and Development Foundation	Establish ESG sustainable strategies to improve competitiveness	3

(V) Organization, responsibilities and operation status of the Compensation Committee:

1. Information on members of the Compensation Committee

Criteria Name	Professional Qualifications and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee
Wei-Kuo Su (convener)	EMBA, National Chengchi University. Previously serving as Senior Assistant VP, Legal Affairs Department at China Life Insurance Co. Ltd. from September 2009 to March 2021 and before that, a lawyer with DTT Attorneys-at-Law in 2007-2009. Expertise and experience in finance, insurance and law and with an attorney license. Currently a member of the Audit Committee and the convener of the Compensation Committee with Foxconn Technology Co., Ltd.; Managing Attorney with Anlue Law Office; and an independent director with Yeh-Chiang Technology Corp. Not circumstances as described in Article 30 of the Company Act	None of the independent director Wei-Kuo Su, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	1
Yao-Ching Chen	Bachelor's degree from Department of Cooperative Economics, Feng Chia University. Previously worked for Ford Lio Ho Motor Company from December 1973 to April 2005, as Finance Director and Vice President in Procurement. Former Chairman of Spring Trading Co., Ltd. Currently a member of the Audit Committee and the Compensation Committee with Foxconn Technology Co., Ltd. Not circumstances as described in Article 30 of the Company Act	None of the independent director Yao-Ching Chen, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; serving as a director, supervisor or employee of other companies; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	0
Ching-Heng Wu	Graduate with a major in secretarial science from Tamsui Institute of Business Administration. Previously serving as a supply chain director in the marketing department of Shanghai Chongbentang Agricultural Technology Co., Ltd. from August 2011 to October 2015 and General Manager with Prosperity Enterprise from May 2009 to August 2011. Professional expertise and extensive experience in finance, investment, branding, channel management, accounting and marketing. Currently serving as the convener of the Audit Committee and a member of the Compensation Committee with Foxconn Technology Co., Ltd.; Director of Foundation of Taiwan Organization for Philanthropic Education; Director of HONG XU TECH CO., LTD and Chief Investment Officer of Blue Whale Capital Ltd.. Not circumstances as described in Article 30 of the Company Act	None of the independent director Ching-Heng Wu, his spouse or any relative within two degrees is currently serving as a director, supervisor or employee of the Company or its affiliates; owning shares of the Company; serving as a director, supervisor or employee of other companies; or has provided services in business, law, finance or accounting during the past two years to the Company or its affiliates.	0

2. Operations of the Compensation Committee

(1) There are 3 members in the Company's Compensation Committee.

(2) Current Term: From October 20, 2021 to October 19, 2024. During the most recent year and as of the print day of the annual report, the Compensation Committee convened two meetings. Member qualifications and attendance records are as follows:

Title	Name	Meetings Attended in Person	Meetings Attended by Proxy	% of Meetings Attended in Person	Remarks
Convener	Wei Kuo Su	2	0	100%	
Member	Yao-Ching Chen	2	0	100%	
Member	Ching Heng Wu	2	0	100%	

Other issues to be noted:

I. Compensation Committee's suggestions that are not accepted or amended by the the Board of Directors: None

II. The resolutions of the Compensation Committee which Committee member has oppositions or reservations: None.

III. Discussion items and resolutions by the Compensation Committee in 2023 and the Company's handling of members' opinions

Meeting date	Discussion	Resolution	The handling of the Company's opinion towards committee members.
5th Term 5th meeting 2023.03.14	1.The company's proposal on managers' 2022 Performance Bonus Suggestion. 2. Ratification of the year-end bonuses and performance bonuses to managers for 2022.	Approved by all committee members.	Submitted to the board meeting and approved by all attending Directors.
5th Term 6th meeting 2023.11.13	1. Ratification of the distribution of remuneration to managers and employees for 2022. 2. Review of directors' remuneration and remuneration distribution methods 3. Revise and review policies, systems, standards and structures for manager performance evaluation and salary remuneration	Approved by all committee members.	Submitted to the board meeting and approved by all attending Directors.

(VI) Difference and the reason for such a difference between the fulfilment of corporate social responsibility and the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies

Items Assessed	Implementation Status		Explanation	Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No		
I. Has the Company designated personnel to implement Sustainable Development policy with senior management authorized by the Board of Directors to manage them? Do they prepare status reports to the Board of Directors?	✓		The company formally established the Corporate Social Responsibility Committee (currently called the "Sustainable Development Committee" or the "Committee") in 2014 to serve as the highest level of sustainable management organization in the company. The chairman shall serve as the chair of the Committee, and the general managers and the senior managers of each factory shall serve as directors and deputy directors of the Committee, respectively. The goal is to set the company's sustainable strategic directions and guide the relevant projects. The company also has a CSR sub-committee and a director-general for each business group, which are in charge of the company's relevant sustainability policies and supervised by the Committee. The CSR Committee holds an annual CSR meeting at the end of each year to identify sustainable issues of concern to the company's operations and stakeholders, formulate corresponding strategies, and create CSR work plans for the next year. The plans shall be promoted and implemented by the director-general for each business group. The Committee shall conduct regular annual CSR internal audits for each plant. Each business group branch must also regularly issue reports to the Committee to assess operational performance and ensure that sustainability policies are fully implemented in the company's daily operations. The CSR Committee shall report the sustainable development implementation results and future work plans to the Board of Directors at least once a year. In 2023, four meetings were held to report to the board of directors. The content of the proposal includes (1) greenhouse gas accounting and verification implementation progress tracking; (2) sustainability-related policy revisions; (3) communication status with various stakeholders and the implementation status of the sustainability report. The company's board of directors regularly listens to reports from the management team (including ESG reports) every quarter. The management team proposes strategic goals. The board of directors evaluates the feasibility of the strategy and reviews the progress of the strategy. If necessary, it urges the management team to make rolling adjustments	None
II. Has the Company performed risk assessment pertaining to the environment,	✓		The company's disclosed information covers its main operating locations from January to December 2023. The risk assessment boundary is based on the relevance to the operation of the industry and the degree of impact on major themes, taking Taiwan's operating headquarters and mainland China Subsidiaries: Fuzhun Precision Industry (Shenyang) Co., Ltd., Yantai Fuzhun Precision Electronics Co., Ltd., Hongfujin Precision Industry (Taiyuan) Co.,	None

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:						
	Yes	No	Explanation							
community and corporate governance issues related to the operation of the Company in accordance with materiality principle?			Ltd., Fuyu Precision Components (Kunshan) Co., Ltd., Quanyida Technology (Foshan) Co., Ltd. and Nanning Funing Precision Electronics Co., Ltd. and Hongfujin Precision Industry (Jincheng) Co., Ltd. are included in the scope. The company has diverse and frequent communication channels with stakeholders. The goal is to understand the focus of stakeholders' concerns, respond promptly, and identify important issues of concern to stakeholders under the premises of sustainability, materiality, comprehensiveness, and inclusiveness. Subsequently, the responsible Foxconn Sustainable Development Committee members shall evaluate and identify "the degree of impact on the organization" and "the degree of concern of stakeholders" according to the AA1000 Materiality Test standard, analyze the order of importance for related issues, and formulate the matrix for major issues. For details, please refer to the company's sustainability report. Based on the assessed risks, formulate relevant risk management policies or strategies as follows: <table><tr><th>Material Issues</th><th>Risk Assessment Item</th><th>Risk Management Policy or Strategy</th></tr><tr><td>Environment</td><td>Energy Management and Response to Climate Change</td><td> In recent years, the intensification of climate change and the frequent occurrence of climate disasters in various regions may disrupt operations or supply chains and increase operating costs. The regulations and policies toward climate change and the market requirements for low carbon emission have become more stringent, which may pose potential financial risks for enterprises as well. In order to continue to reduce the Company’s operating risks and actively grasp climate opportunities, the Company has adopted the following strategies: 1. Identify and assess the risks and opportunities of climate change with reference to the Task Force on Climate-Related Financial Disclosures (TCFD). 2. Check the internal status of greenhouse gas emissions and energy use, and set aggressive emission reduction targets based on the Science Based Targets (SBTs). </td></tr></table>	Material Issues	Risk Assessment Item	Risk Management Policy or Strategy	Environment	Energy Management and Response to Climate Change	In recent years, the intensification of climate change and the frequent occurrence of climate disasters in various regions may disrupt operations or supply chains and increase operating costs. The regulations and policies toward climate change and the market requirements for low carbon emission have become more stringent, which may pose potential financial risks for enterprises as well. In order to continue to reduce the Company’s operating risks and actively grasp climate opportunities, the Company has adopted the following strategies: 1. Identify and assess the risks and opportunities of climate change with reference to the Task Force on Climate-Related Financial Disclosures (TCFD). 2. Check the internal status of greenhouse gas emissions and energy use, and set aggressive emission reduction targets based on the Science Based Targets (SBTs).	
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					3. Formulate energy conservation and carbon reduction plans and guidelines to be used in factory sites, and promote reduction of carbon emissions and use of energy resources at each factory site.	
				Wastewater and Waste Management	1. Compliance with laws: Wastewater discharge and waste disposal must comply with local environmental regulations and national standards. 2. The emission of waste water, waste and pollutants requires a permit, and must be processed within the factories before emitted. 3. The related data of the discharged pollutants are tested on a daily or regular basis, reported and processed in accordance with the laws.	
				Environmental Protection Assessment on Suppliers	1. The "Supplier Social and Environmental Responsibility Code of Conduct" and "Supplier SER Management Guidelines" have been established with reference to the Responsible Business Alliance (RBA) and others, to require suppliers to fulfill environmental responsibilities. 2. The Company rates and categorizes the suppliers, and tailors the intensity of the inspection conducted according to their respective categories. 3. Continual Improvement: In regard to the evaluation assessment of the suppliers, their SER performance is tracked using the scorecard system. For poor-performing suppliers, a series of measures shall continue to be adopted to ensure improvement.	
			Community	Labor rights protection	Establishing a friendly working environment and fostering constructive working relationships have always been one of the Company's missions. The objective is to enhance creativity and productivity of employees so that they can realize their full potential and optimize the efficiency and operation of the Company. The strategies that the Company undertakes include: 1. Diversity and non-discrimination of employees: Regardless of gender, skin color, age, ethnicity, academic qualification and et cetera, the Company does not tolerate discrimination so as that employees can feel at ease.	

Items Assessed	Implementation Status					Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
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					2. Equality and freedom for employees: Employees shall be treated equally and they enjoy the freedom of assembly, association and union formation to create a comfortable working environment. 3. No use of child labor: It is the Company’s policy not to use child labor in any manufacturing process. 4. Job protection: The Company complies with the laws and regulations. The compensation paid to employees complies with all applicable wage laws, including those related to minimum wage, overtime, and statutory benefits. When there is no alternative but to dismiss employees, a reasonable notice period is also provided to employees according to laws, which allows them to have time to search for job and for a smoother job handover. 5. Good childcare policy: The Company has good childcare policy, mainly to provide the employees with a sense of security in raising offspring.	
				Occupational Safety and Health	Providing a healthy and safe workplace and environment allows employees to work with peace of mind and helps improve business performance. Therefore, the Company adopts the following strategies: 1. The company has established an occupational safety and health management unit according to the law to coordinate and plan occupational safety and health-related affairs. We also regularly update safety and health management measures, education and training implementation plans, automatic inspections and safety and health audits, facility safety plans, environmental sanitation, and preventive measures for fire safety. 2. Each factory site has established its own Environmental Health & Safety Committee, to stay on top of employees’ needs and handle these issues in a timely manner. 3. The main operating bases have introduced the ISO45001 occupational safety and health management system to improve safety and health and	

Items Assessed	Implementation Status				Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:	
	Yes	No	Explanation			
					reduce occupational accidents. The goal is to implement various work plans through the management cycles,.	
				Talent development	Talent is one of the cornerstones of the Company's management and transformation. Therefore, the Company attaches great importance to employees' learning and opinions on the work environment. The implementation policies are as follows: 1. Expand diverse learning resources and channels and combine physical and online courses 2. Continue to develop various professional course systems and courseware 3. To encourage employee learning, the Company associates employee training credits and hours with annual performance appraisals, and serves as a reference for employees' promotion and bonus distribution.	
			Corporate Governance	Integrity Management and Compliance	The Company has put in place a robust organizational system and units (e.g., Audit Committee, head of corporate governance) and established the audit office to strictly implement the internal control mechanism. This is to ensure that both the Company and its employees can observe relevant laws and regulations by adhering to the following requirements: 1. Company: In addition to complying with relevant laws and regulations in business activities, the "Ethical Corporate Management Best Practice Principles" has also been established as the organization's ethical management policy. 2. Employees: The Company has established the "Corporate Social Responsibility Best Practice Principles" as its management policy, and implemented the Company's integrity regulations in the "Employee Handbook" human resources declaration and code of conduct, and promotes corporate integrity and integrity from top to bottom and set the core values. The Company regularly organizes trainings on employee principles, management policies, business ethnics and morals, etc., to clarify their due social responsibilities and obligations.	

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III. Environmental Issues (I)Has the Company developed an proper environmental management system, given its distinctive characteristics?	✓		(I) Environmental sustainability is one of the company's primary sustainable development principles. In addition to complying with local regulations, the company has introduced the ISO 14001 environmental management system and completed external verification at each operating site according to international trends and customer requirements. The goal is to adopt the Plan-Do-Check-Act (PDCA) model to promote continuous improvement while reducing and preventing major potential environmental impacts. The company's operating bases are ISO 14001 certified, and the effective start and end dates and other information are as follows: <table><tr><th>Factory area</th><th>Certification acquisition date</th><th>Expiry date</th><th>Certification unit</th></tr><tr><td>Shenyang</td><td>2022/05/24</td><td>2025/05/23</td><td>Shenzhen Universal Certification Center</td></tr><tr><td>Yantai</td><td>2022/09/21</td><td>2024/06/27</td><td>DNV</td></tr><tr><td>Taiyuan</td><td>2023/05/17</td><td>2026/05/16</td><td>Shenzhen Universal Certification Center</td></tr><tr><td>Jincheng</td><td>2023/08/31</td><td>2026/08/30</td><td>SGS</td></tr><tr><td>Kunshan</td><td>2023/10/25</td><td>2026/10/24</td><td>Shenzhen Universal Certification Center</td></tr><tr><td>Foshan</td><td>2023/03/25</td><td>2026/03/24</td><td>SGS</td></tr><tr><td>Nanning</td><td>2023/05/11</td><td>2025/03/08</td><td>TUV</td></tr></table> The company and its main operating subsidiaries conduct greenhouse gas accounting and verification in accordance with ISO14064-1 specifications and track the results. All information is publicly disclosed in the sustainability report and the company website(https://www.foxconntech.com.tw/CSR/annual-report/).	Factory area	Certification acquisition date	Expiry date	Certification unit	Shenyang	2022/05/24	2025/05/23	Shenzhen Universal Certification Center	Yantai	2022/09/21	2024/06/27	DNV	Taiyuan	2023/05/17	2026/05/16	Shenzhen Universal Certification Center	Jincheng	2023/08/31	2026/08/30	SGS	Kunshan	2023/10/25	2026/10/24	Shenzhen Universal Certification Center	Foshan	2023/03/25	2026/03/24	SGS	Nanning	2023/05/11	2025/03/08	TUV	None
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Nanning	2023/05/11	2025/03/08	TUV																																	
(II)Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on	✓		(II) The company has introduced the ISO 50001 energy management system for key factories and passed third-party verification to systematically manage energy use. The goal is to identify energy consumption hot spots. to reduce power use and improve energy efficiency through measures such as production process optimization, equipment renewal, and continue to promote energy-saving improvement plans. At the same time, each operating plant increase the purchase of green electricity to increase the proportion of renewable energy use. The company's inventory of energy use, power savings, power saving rates and power consumption density in	None																																

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the environment?			Taipei and China's operating bases in 2023 is as follows: <table><tr><th>Year</th><th>Total electricity consumption (kWh)</th><th>Power savings (kWh)</th><th>Power saving rates (%)</th><th>Revenue</th><th>Total electricity consumption (kWh)</th></tr><tr><td>2022</td><td>134,743,675</td><td>2,367,211</td><td>1.76%</td><td>\$ 90,470</td><td>0.0015</td></tr><tr><td>2023</td><td>116,308,834</td><td>5,832,762</td><td>5.01%</td><td>\$ 74,533</td><td>0.0016</td></tr></table> The company's operating bases are ISO 50001 certified, and the effective start and end dates and other information are as follows: <table><tr><th>Factory area</th><th>Certification acquisition date</th><th>Expiry date</th><th>Certification unit</th></tr><tr><td>Yantai</td><td>111/07/05</td><td>113/07/04</td><td>Beijing CESI Certification</td></tr><tr><td>Taiyuan</td><td>112/09/19</td><td>114/09/21</td><td>Beijing CESI Certification</td></tr><tr><td>Foshan</td><td>111/01/09</td><td>113/12/04</td><td>Beijing CESI Certification</td></tr></table> The raw materials used by the company are tested according to the EU Restriction of Hazardous Substances Directive (RoHS), and all comply with the relevant specifications. Regarding the resources in production processes, the principle of action is to increase the number of use times and the service life to reduce the environmental impacts.	Year	Total electricity consumption (kWh)	Power savings (kWh)	Power saving rates (%)	Revenue	Total electricity consumption (kWh)	2022	134,743,675	2,367,211	1.76%	\$ 90,470	0.0015	2023	116,308,834	5,832,762	5.01%	\$ 74,533	0.0016	Factory area	Certification acquisition date	Expiry date	Certification unit	Yantai	111/07/05	113/07/04	Beijing CESI Certification	Taiyuan	112/09/19	114/09/21	Beijing CESI Certification	Foshan	111/01/09	113/12/04	Beijing CESI Certification	
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(III)Has the Company made an assessment on the potential risks and opportunities posed by climate changes to the present and future of the Company and undertaken	✓		(III) Foxconn adopts the climate-related Task Force on Climate-related Financial Disclosures (TCFD) framework, the board of directors is Foxconn's highest supervisory unit for climate management, and it is responsible for resolving the company's climate-related policies, strategies, and goals. The company's "Sustainable Development Committee", the chairman serves as the chairman of the committee, and the general manager and senior managers of each factory serve as the directors and deputy directors of the committee respectively, cooperates with the relevant units to promote climate change-related affairs, identify the risks of the company's physical operation and transformation in the climate. In view of risks, regularly analyze and evaluate the impact of climate risks on business based on factors such as	None																																		

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countermeasures pertaining to climate changes? (IV) Has the Company measured its greenhouse gas emission, water use and total weight of waste, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?	✓		probability of occurrence and impact, and formulate corresponding management actions or coping strategies. In addition, we also grasp the opportunities brought about by climate change and integrate existing and new ones. business or products, formulate low-carbon, sustainable smart strategies, and develop innovative products. (IV) The company has adopted low-carbon energy-saving and green manufacturing environmental sustainability policies to achieve its environmental sustainability objectives. We will continue to promote carbon reduction, power saving, water resources, and waste management measures to reduce the environmental impact during production. This disclosure covers the company's main operating bases and other subsidiaries in mainland China from January 2023 to December 2023. 1. Greenhouse Gas and Energy Management The company has inventoried the direct and indirect energy greenhouse gas emissions for its major operating sites according to the ISO14064 standard. The greenhouse gas emission data for 2022 and 2023 are as follows: <table border="1"> <thead> <tr> <th rowspan="2">Factory</th><th colspan="2">2022</th><th colspan="2">2023</th></tr> <tr> <th>Category I</th><th>Category II</th><th>Category I</th><th>Category II</th></tr> </thead> <tbody> <tr> <td>Shenyang</td><td>816</td><td>11,775</td><td>582</td><td>10,924</td></tr> <tr> <td>Yantai</td><td>1,563</td><td>22,144</td><td>610</td><td>20,988</td></tr> <tr> <td>Taiyuan</td><td>2,288</td><td>162,127</td><td>849</td><td>26,870</td></tr> <tr> <td>Jincheng</td><td>-</td><td>-</td><td>1</td><td>2,455</td></tr> <tr> <td>Kunshan</td><td>423</td><td>17,246</td><td>109</td><td>16,232</td></tr> <tr> <td>Foshan</td><td>905</td><td>27,436</td><td>737</td><td>24,990</td></tr> <tr> <td>Nanning</td><td>30</td><td>7,241</td><td>10</td><td>9,118</td></tr> <tr> <td>Total Emissions (Tons CO₂e)</td><td>6,025</td><td>247,970</td><td>2,898</td><td>111,577</td></tr> <tr> <td></td><td colspan="2">253,995</td><td colspan="2">114,475</td></tr> <tr> <td>Sales Revenue (Millions)</td><td colspan="2">90,470</td><td colspan="2">74,533</td></tr> <tr> <td>Emission intensity (Tons CO₂e/ Millions)</td><td colspan="2">2.808</td><td colspan="2">1.536</td></tr> </tbody> </table>	Factory	2022		2023		Category I	Category II	Category I	Category II	Shenyang	816	11,775	582	10,924	Yantai	1,563	22,144	610	20,988	Taiyuan	2,288	162,127	849	26,870	Jincheng	-	-	1	2,455	Kunshan	423	17,246	109	16,232	Foshan	905	27,436	737	24,990	Nanning	30	7,241	10	9,118	Total Emissions (Tons CO ₂ e)	6,025	247,970	2,898	111,577		253,995		114,475		Sales Revenue (Millions)	90,470		74,533		Emission intensity (Tons CO ₂ e/ Millions)	2.808		1.536		None
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			To continue to promote emission reduction, the company has identified electricity use as its primary source of greenhouse gas emissions. Therefore, the company has adopted energy saving as the main carbon reduction plan and established carbon reduction and energy saving targets. The short-term goal involves a 3-year planning cycle with the base year of 2022. The goal is to reduce carbon emissions by 5% per revenue unit (or output value) and lower electricity consumption by 5% in 2025. Emission reduction and energy-saving measures are based on smart energy management. Regarding production energy savings, we actively promote various energy-saving plans, such as process optimization and machine equipment renewal, while employing the benchmarking management method. For offices, we set the air conditioner temperature above 26 degrees, install chain switches or inductive lighting in office areas, adjust the aisle lights to increase spacing, and post energy-saving slogans to strengthen the employees' energy-saving awareness. The energy-saving measures and projects in 2023 include equipment replacement and efficiency improvement, energy-saving transformation, etc. These efforts have saved a total of 5,832,762 kilowatt-hours of electricity in 2023. 2. Water resource management: Plan the various water resource conservation plans in advance to protect water resources and reduce wastewater and environmental impacts during the manufacturing process via process improvement and water recycling. The water consumption of the various plants in 2022 and 2023 were 938.6 metric tons and 942.5 metric tons, respectively. The company has adopted a 3-year planning cycle with 2022 as the base year to continuously promote water consumption reduction. The goal is to reduce water consumption per revenue unit (or output value) by 5% in 2025. 3. Waste management: The removal and disposal of waste in each plant area of the company comply with local laws and regulations. In addition to entrusting external manufacturers to recycle and dispose of resources in the production process, we also aim to increase the use times and the service life of resources to reduce waste. The total weight of general waste (including domestic waste and general industrial waste) in each plant in 2022 and 2023 were 5,360 and 4,721 metric tons, respectively, and the total hazardous industrial waste was 1,076 and 1,043 metric tons, respectively.	

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	Yes	No	Explanation	
IV. Social Issues				
(I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		(I) In addition to adhering to the laws and regulations of the global operating bases, the company also adheres to the Responsible Business Alliance (RBA) code of conduct, the Universal Declaration of Human Rights (UDHR), and the International Labour Organization (ILO) to formulate the "Corporate Social Responsibility (CSR) Code of Conduct for Foxconn Technology Corporation Limited." The goal is to identify higher social, environmental, and moral risk standards according to the company's policies and norms to ensure the employees' interests. The relevant policies and corresponding management plans are disclosed on the company's official website (https://www.foxconnotech.com.tw/about/employee-benefits/). Supervision mechanism: The company conducts annual self-inspections for all factory areas. In 2023, we implemented hidden danger inspections for occupational safety and health (hazardous chemical management, fire separation, fire protection facilities, electrical appliances and equipment safety, gas safety, construction safety, etc.) to identify whether there are high risks related to the maternal health protection plan in the Taiwan factory. In addition, in 2023, relevant courses such as CSR code of conduct and other related courses will also be offered for colleagues. The total time spent in Taiwan is 1,449 hours, and a total of 832 people have completed the training. On issues related to human rights protection, policies and management plans have been formulated in the code of conduct. At the same time, education and training on human rights-related issues were implemented in 2023, with a total of 973 hours. A total of 393 colleagues completed the training, accounting for 10% of the total number of employees. 92%. In the future, we will continue to pay attention to issues of human rights protection and promote relevant education and training to increase awareness of human rights protection and reduce the possibility of related risks.	None
(II) Has the Company established and implemented reasonable employee benefit measures (including salary, leave and other benefits), reasonably tying operating results to	✓		(II) The Company's policy on employees' remunerations is based on each person's capacity, contribution to the Company, performances, market value of the position held and the Company's operating risks going forward. According to the Company's Articles of Incorporation, no less than 4-6% of the annual profits shall be allocated as employees' remuneration. The company's leave system complies with the Labor Standards Act and the relevant regulations. We offer special / marriage / bereavement / maternity / spouse childbirth accompanying / parental / family care / physiological / maternity checkups / epidemic quarantine and care leaves. Other welfare measures include meal subsidies, birthday and 3-festival gifts or bonuses, health promotion activities and medical consultations, and maternity and	None

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
employee salary? (III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		childcare subsidies. We provide transportation, health, pregnant women courtesy, and other care measures or subsidies for pregnant female employees. The company also offers employees wedding gifts, funeral condolences, education and training subsidies, and group insurance. In addition, in order to help solve employees' health, psychological or family problems, "Employee Assistance Programs" (Employee Assistance Programs, EAPs for short) will be introduced this year (2023). Relevant factors that affect individual job performance, such as: job adaptation, interpersonal, marriage, family care, health, law, etc. The employee assistance program service system includes problem discovery, problem assessment and problem resolution systems. The factory area also provides sports space, including swimming pool, gymnasium, small court and free massage and other related cultural and recreational measures. The company's governance and operation management policy is not only aimed at the achievement of actual operating results, but also more carefully from the management indicators, departmental work goals and individual performance, combined with multiple employee welfare measures, fully combined with sustainable indicators, and fulfilling the mission of corporate social responsibility. (III) The company has established an occupational safety and health management unit according to the law to coordinate and plan occupational safety and health-related affairs, protect the personal safety of employees and contractors, and provide a friendly working environment. We also regularly update safety and health management measures, education and training implementation plans, automatic inspections and safety and health audits, facility safety plans, environmental sanitation, and preventive measures for fire safety. In 2023, FTC's factories will carry out safety and fire protection training for new employees, special operators, safety managers, suppliers, etc., with a total of 39,391 participants. In order to continuously improve safety and health and reduce the occurrence of occupational accidents, the main operating bases have introduced the ISO45001 occupational safety and health management system. It is hoped that through the management cycle to implement various work plans, the company has no occupational accidents in Taiwan operating bases in 2023, and the mainland operating bases have failed. The number of people who can be injured is 12, the frequency (FR) of disabling injuries is 0.94, and the severity rate (SR) of disabling injuries is 37. Work-related injuries are mostly related to commuting traffic accidents. We will strengthen publicity on traffic safety and improve employee awareness. In 2023, the company's operating bases in Taipei and China had 0 fires and 0 casualties, accounting for 0% of the total number of fires. The factory has set up a fire prevention manager. Fire prevention measures include the use	None

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:																																
	Yes	No	Explanation																																	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	✓		of fire-proof building materials in accordance with the law. Disaster prevention drills are carried out every year, including employees' actual operation of fire extinguishers. Health and safety months are set to enhance employee awareness, and emergency evacuation drills are implemented earnestly. Daily routine inspections to maintain the effectiveness of relevant equipment. The company's operating bases are ISO 45001 certified, and the effective start and end dates and other information are as follows: <table border="1"> <tr> <th>Factory area</th> <th>Certification acquisition date</th> <th>Expiry date</th> <th>Certification unit</th> </tr> <tr> <td>Shenyang</td> <td>2022/05/24</td> <td>2025/05/23</td> <td>Shenzhen Universal Certification Center</td> </tr> <tr> <td>Yantai</td> <td>2022/09/21</td> <td>2024/06/27</td> <td>DNV</td> </tr> <tr> <td>Taiyuan</td> <td>2023/05/17</td> <td>2026/05/16</td> <td>Shenzhen Universal Certification Center</td> </tr> <tr> <td>Jincheng</td> <td>2023/08/31</td> <td>2026/08/30</td> <td>SGS</td> </tr> <tr> <td>Kunshan</td> <td>2023/10/25</td> <td>2026/10/12</td> <td>Shenzhen Universal Certification Center</td> </tr> <tr> <td>Foshan</td> <td>2023/03/25</td> <td>2026/03/24</td> <td>SGS</td> </tr> <tr> <td>Nanning</td> <td>2023/12/30</td> <td>2026/12/29</td> <td>TUV</td> </tr> </table>	Factory area	Certification acquisition date	Expiry date	Certification unit	Shenyang	2022/05/24	2025/05/23	Shenzhen Universal Certification Center	Yantai	2022/09/21	2024/06/27	DNV	Taiyuan	2023/05/17	2026/05/16	Shenzhen Universal Certification Center	Jincheng	2023/08/31	2026/08/30	SGS	Kunshan	2023/10/25	2026/10/12	Shenzhen Universal Certification Center	Foshan	2023/03/25	2026/03/24	SGS	Nanning	2023/12/30	2026/12/29	TUV	None
			Factory area	Certification acquisition date	Expiry date	Certification unit																														
			Shenyang	2022/05/24	2025/05/23	Shenzhen Universal Certification Center																														
			Yantai	2022/09/21	2024/06/27	DNV																														
			Taiyuan	2023/05/17	2026/05/16	Shenzhen Universal Certification Center																														
			Jincheng	2023/08/31	2026/08/30	SGS																														
			Kunshan	2023/10/25	2026/10/12	Shenzhen Universal Certification Center																														
			Foshan	2023/03/25	2026/03/24	SGS																														
			Nanning	2023/12/30	2026/12/29	TUV																														
			(IV) In order to enhance employees' work knowledge, develop their personal potential, and pursue the goal of organizational learning and the ideal of lifelong learning, the company has invested a lot of resources in employee education and training courses and related facilities. Every year, various courses are jointly developed by the human resources unit and various business units, in order to enable employees to study various courses such as general education, management, and professional technology according to their functions, and build an online learning platform so that employees can learn regardless of time and space. Restrictions, cultivate professional capabilities, and then increase productivity and improve company operating efficiency. The company has a manpower training department, and formulates staff training methods and training schedules.																																	

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
(V) Pertaining to the health and safety of customer when using the Company's products and services, consumer privacy, marketing and labeling, does the Company comply with the relevant regulations and international standards, and establish relevant policies on consumer protection and complaint procedure?	✓		The course design is classified according to the group's four major management systems, on the premise of comprehensively improving the company's productivity, and in accordance with the functional specification requirements of each grade, to carry out the five module course training of IE, economics and management, general education, professional knowledge and core technology. Cultivate the professional ability of employees to increase productivity and improve the company's operating efficiency. Build an online academy (E Learning) and library to enhance learning effects and free employees from time and space constraints. Build a talent training system to integrate training-related materials. In 2023, employees of Hongzhun's parent company (438 people) will actually train for 18,628 hours. (V) The Company observes applicable laws, regulations, and international standards governing business activities to protect customers' health and safety for our products/services, customers' privacy, and marketing labels. Since the company's clients are all major international manufacturers, we have communicated with clients from time to time to conduct satisfaction surveys and ensure their rights and interests. We have also established a stakeholder-client contact window to protect the client's interests and rights to appeal.	None
(VI) Has the Company established policy on supplier management, demanding suppliers to	✓		(VI) As an important global electronics manufacturing industry member, Foxconn has actively implemented supply chain management to develop long-term and efficient cooperative relationships with suppliers. We aim to establish long-term and efficient cooperative relations with suppliers based on traditional supply chain management. We have complied with relevant laws and regulations at home and abroad by referencing the RBA	None

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
observe code of conduct pertinent to environmental protection, labor safety and health or labor rights, and monitoring their implementation?			guidelines and other benchmarks in the electronics industry. The company has also formulated the "Code of Conduct on Vendors' Corporate Social Responsibility" and the "Supplier SER Management Standards" to strengthen the supply chain resilience and reduce operating costs to strengthen the supply chain's resilience. The goal is to reduce operational risks and implement sustainable management through economic, environmental, and social risk assessments; audit verifications; and continuous improvements. Supply chain management system 1. Legal Compliance & Education and training: Enable suppliers to understand the "Code of Conduct on Vendors' Corporate Social Responsibility" requirements through SER education and training, and require them to sign a commitment letter to strengthen their attention and compliance with SER. 2. SER risk assessment: The company uses the "SER Self-Assessment Questionnaire" based on the "Code of Conduct on Vendors' Corporate Social Responsibility" to assess and identify environmental and social risks. A total of 42 new suppliers were added in 2023, all of which have passed the environmental and social standards screening. 3. Audit verification: On-site audits are conducted for those listed as high/intermediate risk key suppliers or units according to the risk assessment. The supplier shall be disqualified if a zero-tolerance defect is found. In case of a non-zero tolerance defect, the supplier shall be required to provide improvement plans and measures within a deadline according to the severity of the defect, and the improvement shall be verified. A total of 134 factory audits were conducted in 2023, and no zero-tolerance defects were found. All defects found required improvement within a deadline and continued follow-up. 4. Continual Improvement: While requiring suppliers to improve audit deficiencies, their SER performance is tracked using the scorecard system. For poor-performing suppliers, a series of measures shall continue to be adopted to ensure improvement.	
V.Does the Company refer to universal standard or guideline for report preparation when preparing for CSR Report and other non-	✓		The company's sustainability report primarily refers to the GRI-Standard standards issued by the Global Reporting Initiative (GRI) and the standards compiled by the Sustainability Accounting Standards Board (SASB). The preceding sustainability report has passed the third-party unit verification and is expected to obtain the third-party verification statement before August 30, 2024.	None

Items Assessed	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from third party for the aforementioned reports?				
VI. If the Company has established integrity management principles in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” please describe the current practices and any deviations from the Best Practice Principles: None.				
VII. Other important information to facilitate better understanding of corporate conduct and ethics compliance practices of the Company: (I) Introduced a new treatment system to strengthen pollution control capabilities, which has been installed and operated in the production plant to ensure continuous environmental pollution improvement. (II) The company respects its employees and emphasizes not using child labor or forcing overtime. We require colleagues not to discriminate or harass employees in any way. In addition to officially announcing the preceding measures, we provide multiple complaint channels to listen to the employees' voices and track and improve the complaints filed. (III) Each of the company's factories has a safety and health management unit that regularly inspects the factory facilities, provides occupational safety and health education and training to employees, and evaluates related performance. (IV) The company adheres to the responsible production objectives and conducts corporate social responsibility audits and annual education and training activities for suppliers.				

(VII) Climate-related information of TWSE/TPEX-listed companies

1. Implementation of Climate-Related Information

Item	Execution																		
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors, which is our highest supervisory body in the field of climate management, adopts resolutions on climate-related policies, strategies, and target formulation. Implementation of climate change-related tasks is monitored and directed by the “Sustainability Committee”. The Chairman serves as the chair of the committee, and the general manager and senior executives of each plant area serve as the chief and deputy chief of the committee, respectively, responsible for determining the Company's sustainable strategic direction and leading related projects. The Committee convenes for an annual meeting of each year. Each business group sub-committee reports its operating results to the Committee on a regular basis after review. The Committee further reports the implementation results and future work plans in the field of sustainable development to the Board of Directors at least annually.																		
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In response to the impacts of climate risks, the Company, through the Sustainable Department Committee, collaborates with the climate risk task forces in each relevant units for discussion, in the identification and assessment of short-, medium-, and long-term climate-related risks and opportunities based on the pathway to limit global warming to 1.5°C. We adopt corresponding management practices and contingency strategies and define management metrics and management targets as required to ensure more effective control of specific climate-related risks and a better grasp of climate-related opportunities.																		
3. Describe the financial impact of extreme weather events and transformative actions.	The financial impact of extreme weather events and transformation actions on the Company is mainly an increase in operating costs, which are as follows: <table><tr><th>Risk items</th><th>Dimensions</th><th>Potential financial impacts</th><th>Adopted actions</th></tr><tr><td rowspan="2">Physical risks</td><td>Rising severity of extreme weather events</td><td>Increased operating costs arising from business disruptions caused by extreme weather events; or increased capital expenditures associated with plant buildings and production equipment resulting from such events.</td><td>1. Purchase of insurance to prevent massive losses arising from natural disaster. 2. Establishment of an emergency response system and organization of regular drills.</td></tr><tr><td>Rising mean temperatures</td><td>Possible increase in energy utilization, and rising demands of energy consumption, resulting increased operating costs.</td><td>1. Introduction of an Energy Management System 2. Establishment of intelligent monitoring for equipment</td></tr><tr><td rowspan="2">Transition risks</td><td>Tightening policy and legal requirements</td><td>Increased management and production operating and capital costs arising from adoption of energy conservation measures and execution of GHG/climate change-related projects, in compliance with applicable policies.</td><td>Prompt collection of information on government policies and legally mandated schedules coupled with early assessment of relevant impacts and countermeasures.</td></tr><tr><td>Rapidly changing</td><td>The manufacturing type cannot meet customer needs in a timely manner, resulting</td><td>1. Stepped-up development of low-carbon technologies and products</td></tr></table>	Risk items	Dimensions	Potential financial impacts	Adopted actions	Physical risks	Rising severity of extreme weather events	Increased operating costs arising from business disruptions caused by extreme weather events; or increased capital expenditures associated with plant buildings and production equipment resulting from such events.	1. Purchase of insurance to prevent massive losses arising from natural disaster. 2. Establishment of an emergency response system and organization of regular drills.	Rising mean temperatures	Possible increase in energy utilization, and rising demands of energy consumption, resulting increased operating costs.	1. Introduction of an Energy Management System 2. Establishment of intelligent monitoring for equipment	Transition risks	Tightening policy and legal requirements	Increased management and production operating and capital costs arising from adoption of energy conservation measures and execution of GHG/climate change-related projects, in compliance with applicable policies.	Prompt collection of information on government policies and legally mandated schedules coupled with early assessment of relevant impacts and countermeasures.	Rapidly changing	The manufacturing type cannot meet customer needs in a timely manner, resulting	1. Stepped-up development of low-carbon technologies and products
Risk items	Dimensions	Potential financial impacts	Adopted actions																
Physical risks	Rising severity of extreme weather events	Increased operating costs arising from business disruptions caused by extreme weather events; or increased capital expenditures associated with plant buildings and production equipment resulting from such events.	1. Purchase of insurance to prevent massive losses arising from natural disaster. 2. Establishment of an emergency response system and organization of regular drills.																
	Rising mean temperatures	Possible increase in energy utilization, and rising demands of energy consumption, resulting increased operating costs.	1. Introduction of an Energy Management System 2. Establishment of intelligent monitoring for equipment																
Transition risks	Tightening policy and legal requirements	Increased management and production operating and capital costs arising from adoption of energy conservation measures and execution of GHG/climate change-related projects, in compliance with applicable policies.	Prompt collection of information on government policies and legally mandated schedules coupled with early assessment of relevant impacts and countermeasures.																
	Rapidly changing	The manufacturing type cannot meet customer needs in a timely manner, resulting	1. Stepped-up development of low-carbon technologies and products																

		market and supply chain demands	in reduced production capacity; as demand slows down, sales of related products declines.	2. Increased proportion of renewable energy utilization
	Climate-related opportunities	Enhanced energy efficiency	Decreased energy consumption and energy expenditures.	Continuing to promote energy-saving policies replacing outdated equipment and giving preference to energy-efficient products
		Development of energy-saving products	Investment in energy-saving, low-carbon products and technologies, market share expansion.	Ongoing development of energy-saving, low-carbon products and seizing of opportunities at the most opportune time.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Based on the levels of risk issues and the functions of the units, the Company has established a hierarchical risk management process, to improve the overall climate-related risk management process from business units, legal persons to each plant area, based on the impact of different management levels and risk issues.			
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company is currently introducing the TCFD framework in the first stage, and subsequently planning climate scenarios and quantifying the financial impact of climate-related risks in the second stage.			
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	From the perspective of the value chain, the Company has proposed the corresponding emission reduction management and supervision mechanism. Based on the core concepts including climate change mitigation, value chain management, promotion of green and smart transformation, creation of emerging industries, and improvement of operational resilience, we will gradually move towards carbon neutrality.			
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet introduced internal carbon pricing.			
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	In response to the impact of global climate change, the Company has set targets for 2030, 2035, and 2050.			
	Metrics		Targets	
	Carbon-reduction targets		Taking 2022 as the base year, to reduce the emissions by 17% by 2030, 40% by 2035, and carbon neutrality by 2050	
	Energy conservation targets		Annual energy savings by 2% at all major operating sites/plants	
	Renewable energy utilization target		Green power usage in 2030 $\geq$ 30%	

9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan are as below:

Greenhouse Gas Inventory and Assurance Information

Basic information of the company: TWSE/TPEX listed company with capital of NT\$10 billion or more

Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies: Inventory for parent company only and Assurance for parent company only

Company Only

Year	Assurance scope	Assurance body	Assurance principles	Assurance opinion		
2022	1. Dingpu Plant: No. 53, Section 4, Zhongyang Road, Tucheng District, New Taipei City 2. Zhongshan Plant 1: No. 66-1, Zhongshan Rd., Tucheng Dist., New Taipei City 3. Zhongshan Plant 2: No.3-2, Zhongshan Rd, Tucheng Industrial Park, Tucheng Dist., New Taipei City, Taiwan	AFNOR ASIA	ISO14064-1	Reasonable assurance		
	Total emissions: (Metric tons CO2e)				Operating revenue (NT\$ million)	Intensity (Metric tons CO2e / NT\$ 1 million)
	1. Direct emissions: 54.6287 metric tons CO2e (percentage: 18.08%) 2. Indirect energy emissions: 247.5178 metric tons of CO2e (percentage: 81.92%) 3. Total emissions: 302.1465 metric tons of CO2e				\$90,470.00	0.003340
	Information is publicly disclosed in the Sustainability Report and the Company's website. (https://www.foxconn.tech.com.tw/CSR/annual-report/)					
2023	Full information on assurance will be disclosed in the 2023 Sustainability Report.					

Greenhouse gas reduction goals, strategies and concrete action plans

Taking 2022 as the base year, to reduce the emissions by 17% by 2030, 40% by 2035, and carbon neutrality by 2050.

The greenhouse gas inventory of the parent company in 2022 was 54.6287 tons CO₂e (18.08%) for scope 1, and 247.5178 tons CO₂e (81.92%) for scope 2. Based on the percentage distribution, the main emission source is power consumption; therefore, the main actions are reducing energy consumption, and improving the energy efficiency of equipment. The ISO 50001 management system is introduced to achieve the annual 2% energy saving target. In addition, increase the use of renewable energy, to purchase green power and green power certificates, for gradually increasing the utilization rate of green power to reduce greenhouse gas emissions.

(VIII) Difference and the reason for such a difference between the fulfilment of ethical corporate management and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Items Assessed	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure, as well as the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	✓		(I) The Company has formulated and the Board of Directors has approved Foxconn Technology's Guidelines of Ethical Corporate Management. Based on the principle of lawfulness, justice, equality and honesty, these guidelines are incorporated into the human resource declaration and code of conduct in Employee's Manual, in order to implement the Company's ethical corporate management.	None
(II) Has the Company established an risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least covering the business activities prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) The Company has established an effective internal control system and regularly assesses and analyzes this system each year and produces assessment reports, as the basis for prevention of unethical behaviors.	None
(III) Does the company establish relevant policies which are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a	✓		(III) The Company periodically organizes training and education to all employees regarding code of conduct each year. New hires are provided with the training on employee code of conduct, management system, corporate ethics and morals, so that the rights and obligations of employees are clearly communicated. The abovementioned programs are regularly reviewed and modified.	None

Items Assessed	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
regular basis?				
II.Enforcement of ethical management				
(I) Does Company evaluate the ethical records of the businesses with which it has dealings and include clear ethical corporate behavior provisions in contracts with such counterparties?	✓		(I) The Company upholds a corporate culture of dignity and integrity, and is committed to fully complying with anti-corruption and anti-bribery laws and regulations, both local and international. The Company has a zero-tolerance policy towards activities or behaviors that are in violation of the anti-corruption policy. Corruption, bribery, embezzlement or improper activities are strictly prohibited. All employees are inducted with anti-corruption trainings. In addition, partnership with downstream suppliers, vendors and customers may only be established under the premise that they strictly comply with the anti-corruption policy to the utmost standard.	None
(II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on ethical management policy, as well as the supervision of measures for prevention of unethical conduct?	✓		(II) Under the Board of Directors, there are Audit Committees, Compensation Committee and Auditing Office, which are responsible for monitoring and checking the compliance of integrity management. The Company's Human Resource Department is the dedicated unit for ethical corporate management, responsible for formulation, monitoring and implementation of ethical corporate management policies and prevention of unethical behaviors. Reports are made to the Board of Directors at least once per annum. This year was presented to the Board of Directors on March 13, 2024. Ethical corporate management in 2023: The Company requested employees to sign agreements such as Employee's Commitment to Ethics; Confidentiality Commitment Letter and the Agreement for Honesty, Integrity and Intellectual Property. Employees are required to strictly comply and the signing rate reaches 100%. Internal and external experts were invited to provide training and education, so that the employees stayed alert and aware of the most updated changes in laws and regulations. This would prevent employees from violating the laws or repeating similar mistakes. In 2023, there was a total of 26,795 related courses and 29,799.5 hours. In order to implement the policy of honest management and prevent fraud, the company has formulated relevant measures such as the Code of Integrity Management, the methods for reporting fraud, employee feedback and complaint standards, and provides multiple internal and external reporting	None

Items Assessed	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
(III) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		channels. The special investigation unit will investigate and prosecute the reporter. Protect. In 2023, no employees were involved in any major dishonest behavior. (III)The Company asks all the new hires to sign the Agreement for Honesty, Integrity and Intellectual Property. All the colleagues are required to abide by the terms and conditions contained herein. The Company also asks its suppliers and other collaborating partners to sign the “Partner Commitment”, to ensure that business transactions with the suppliers are conducted in a transparent and fair manner, and that annual supplier meetings and occasional SER audits are conducted to convey the Company's requirements of the supply chain to the suppliers.	None
(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, and had internal auditors made audit plans according to the results of the risk assessment of unethical conduct, so as to inspect the compliance of the preventive measures, or commissioned external CPA to conduct the audit?	✓		(IV)The Company’s internal audit unit formulates relevant audit plans and conducts inspections based on the assessment of risks associated with unethical behaviors.	None
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(V)Training and education in 2023 on ethical corporate management Curricula covered insider trading, trade secrets, general information on laws and regulations, communication & networking operational guidelines, and the Company’s information security policies. A total of 26,795 participants joined for an aggregate of 29,799.5 man-hours.	None
III. Implementation of the Whistleblowing System				
(I) Has the Company established specific whistle-blowing and reward procedures, accessible reporting channels, and designated personnel to handle the reported misconducts?	✓		(I) The company has established various misconduct reporting channels, and all reports will be assigned to designated audit personnel and be handled with confidentiality. Employees and related personnel can report any misconducts through this system. Anyone who violates the rules of integrity management will be punished according to the company's regulation regarding rewards and punishments. Shall there be any violations of the law, legal actions will also	None

Items Assessed	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies:
	Yes	No	Explanation	
(II) Has the Company established standard operating procedures for investigating misconducts, follow-up measures taken after investigation and confidentiality protection mechanism?	✓		be taken. (II)The Company has established a task force for handling and investigation of improper behaviors. The Guidelines Governing Whistleblowing and Reporting Frauds were put in place, to define the confidentiality principles, investigation procedures and measures after completion of investigations.	None
(III) Has the Company provided proper whistleblower protection?	✓		(III) The company clearly defines in the SER Code of Conduct that confidentiality and anonymity will be guaranteed to ensure the confidentiality of the identity of suppliers and employees.	None
IV. Enhancement of Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System?	✓		External Company website in Chinese and English: (http://www.foxconnotech.com.tw)	None
V. If the Company has established integrity management principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy). For "Principle for Integrity Management" and "Sustainability Report", please refer to the Company website: http://www.foxconnotech.com.tw/				

(IX) If the Company has established corporate governance principles or other relevant guidelines, the channels of access to such principles must be disclosed:

Please refer to the Company's website for the company's Corporate Governance Principles.

(X) Other important information material to the understanding of corporate governance within the Company: None.

(XI) Status of Implementation of Internal Control System

1. Statement of internal control system

Foxconn Technology Co., Ltd.
Statement of Internal Controls

Date: March 13, 2024

The following statement has been made based on a self-assessment of the Company's internal control system in 2023:

- I. The Company is aware that creation, implementation, and maintenance of internal control system are the responsibilities of its board of directors and management, and has duly established such a system. The purpose of internal control system is to provide reasonable assurances concerning the outcomes and efficiency of the Company's operations (including profitability, business performance, and asset security), the reliability, timeliness, and transparency of reported information, and compliance and accomplishment of relevant regulations and goals.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably assure the achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the effectiveness of its internal control system design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each major element is further divided into several sub-elements. Please refer to the "Regulations" for the above mentioned elements.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as of December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance concerning the Company's business results, target accomplishments, reliability, timeliness, and transparency of reported information, and its compliance with relevant laws.
- VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Company's Board of Directors on March 13, 2024. All the five attending directors agreed to the contents of this statement above.

Foxconn Technology Co., Ltd.

Chairman: Chun Fu Lu

General Manager: Wu Kuang Chen

2. If the Company is required by the Security and Futures Bureau to hire an accountant to audit the Company's internal control system, the audit report prepared by the CPAs should be disclosed: Not applicable.

(XII) In the most recent year up till the printing date of this annual report, penalties imposed against the Company and employees for regulatory violation, or penalties against employees imposed by the Company for violation of internal control policy, which would affect the shareholders' interests and the share price significantly, if any, shall have the content of the penalties, areas of weakness and any corrective actions taken described: None.

(XIII) Major resolutions passed at shareholders' meetings and board meetings held in the most recent year up till the printing date of this annual report:

1. Resolutions and implementation by all the attending shareholders at the annual shareholders' meeting on May 31, 2023:

Resolutions	Execution		
Approval of 2022 business report and financial statements	-		
Approval of distribution of 2022 earnings	NT\$1.6 cash dividends per share issued on July 28, 2023.		
Amendment to the Articles of Association	The registration was approved by the Ministry of Economic Affairs on June 17, 2023.		
Release restrictions on the prohibition of directors' participation in competing businesses.	Release restrictions on the prohibition of directors' participation in competing businesses in accordance with the resolution of the shareholders' meeting.		
	Title	Name	Name of company and title
	Chairman	Chun-Fu Lu	Chairman of FTC Health Corporation Chairman of Q-Run Investment Co., Ltd. Chairman of Refront IoMT Corp. Director of EirGenix, Inc Director of Hon Fujin Precision Industry (Taiyuan) Co., Ltd. Director of Hon Fujin Precision Industry (Jincheng) Co., Ltd. Director of Foxconn Technology Pte. Ltd. Director of Q-RUN HOLDINGS LIMITED Director of Sotera Wireless, Inc. Director of Zap Medical System Ltd. Director of FTC Japan Co., Ltd.
	Director	Wu-Kuang Chen	Chairman of Hon Fujin Precision Industry (Taiyuan) Co., Ltd. Chairman of Hon Fujin Precision Industry (Jincheng) Co., Ltd. Chairman of Sotera Wireless, Inc. Director of FTC Japan Co., Ltd. Director of Foxconn Technology Pte. Ltd.
	Independent Director	Ching-Heng Wu	Director of Foundation of Taiwan Organization for Philanthropic Education Director of HONG XU TECH CO., LTD.

2. Important resolutions by the Board of Directors in 2023 and as of March 31, 2024

Date	Major Resolutions
2023.03.14	1. Drafting of 2022 statement of internal control. 2. 2022 financial statements. 3. Planning of the distribution of remuneration to employees for 2022. 4. Planning of the distribution of 2022 earnings. 5. The Company's 2022 Earnings Distribution of Cash Dividends 6. The company's 2022 annual business report and 2023 annual business plan. 7. Release restrictions on the prohibition of directors' participation in competing businesses. 8. Annual Performance Bonus to managers for 2022. 9. Ratification of the year-end bonuses and performance bonuses to managers for 2022. 10. Decision on the date of 2023 annual shareholders' meeting and convening matters. 11. Approval of the procedures for accepting proposals from shareholders 12. The plan to appoint PricewaterhouseCoopers Taiwan to audit the 2023 financial report; assessment of external auditors' independence; and audit fees 13. Pre-approval of visa accounting firms and related companies to provide non-confirmation services to the company and its subsidiaries. 14. Additional Investment GTM Capital Healthcare Fund L.P. Private Equity Fund.
2023.04.20	1. Amend the Articles of Incorporation. 2. Release restrictions on the prohibition of directors' participation in competing businesses. 3. Add convening matters of 2023 annual shareholders' meeting. 4. Change in investment amount of GTM Capital Healthcare Fund L.P. private equity fund.
2023.05.10	1. 1Q23 consolidated financial statements.
2023.08.09	1. 2Q23 consolidated financial statements. 2. Formulate the internal control rules of the company's investment cycle: pre-investment management procedures. 3. Amend the Corporate Social Responsibility Best Practice Principles 4. Amend the Code of Conduct of FTC 5. Amend the Corporate Governance Best Practice Principles
2023.11.13	1. 3Q23 consolidated financial statements 2. Ratification of the distribution of remuneration to managers and employees for 2022. 3. Proposal of application for the relevant credit line from the financial institution and sign related contracts, to meet the needs of operating turnover and interest rate risk management. 4. Sustainability-related work matters that the company plans to promote in 2024. 5. Formulation of 2024 annual audit plan. 6. Review of directors' remuneration and remuneration distribution methods. 7. Revise and review policies, systems, standards and structures for manager performance evaluation and salary remuneration. 8. Proposal to increase capital of subsidiary ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.
2024.01.12	1. Indirect investment in Krico Company Limited (Vietnam) through the company's subsidiary ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.
2024.03.13	1. Add non-assurance services that accounting firms and its related enterprises providing to the company 2. Effectiveness Assessment of Internal Control System and statement of internal control of 2023. 3. 2023 financial statements. 4. Planning of the distribution of remuneration to employees for 2023. 5. Planning of the distribution of 2023 earnings. 6. The Company's 2023 Earnings Distribution of Cash Dividends 7. The company's 2023 annual business report and 2024 annual business plan. 8. Ratification of the year-end bonuses and performance bonuses to managers for 2023. 9. Decision on the date of 2024 annual shareholders' meeting and convening matters. 10. Approval of the procedures for accepting proposals from shareholders. 11. The plan to appoint PricewaterhouseCoopers Taiwan to audit the 2023 financial report; assessment of external auditors' independence; and audit fees 12. Pre-approval of visa accounting firms and related companies to provide non-confirmation services to the company and its subsidiaries 13. Change of Spokesperson.

(XIII) Written opinions or declarations made by Directors or Supervisors against board resolutions in the most recent year, up till the printing date of this annual report: None.

(XV) Resignations and dismissals of Chairperson, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor,

Corporate Governance Officer, and R&D heads during the most recent year and as of the print date of the annual report : None.

III. Audit Fees

(I) Range of Audit Fees

Unit: NTD thousand

Name of accounting firm	Name of CPA		Audit period	Audit fees	Non-Audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Chien Ju Hsu	Yong-Jian Hsu	2023.01.01~ 2023.12.31	5,220	875	6,095	

Note: "Others" comprises of NT\$600,000 audit fees for transfer pricing; NT\$235,000 for master files and country-by-country reports; and NT\$40,000 for tax filing by dual-status business entities.

(II) Non-audit remuneration to external auditors, accounting firms and related businesses that amount to one-quarter or higher of audit remuneration: Not applicable.

(III) If there is a reduction of audit fees paid compared to that in the previous year due to change of accounting firms, the amount of fees reduced, percentage, and reason shall be disclosed: None.

(IV) If the audit fees paid is less than 10% of that in the previous year, the amount of fees reduced, percentage, and reason shall be disclosed: None.

IV. Change of auditors

(I) About the predecessor auditors : none

(II) About the successor auditors: none

(III) Reply of former CPAs: None.

V. Any of the Company's Chairman, General Manager, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated Company in the most recent year: None.

VI. Share transfers and change in shares pledges by directors, managers and shareholders with at least 10% stakes

(I) Changes in Equity

Unit: Shares

Title	Name	Year 2023		As of April 2 of current year	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Director	Yonglin Capital Holding Co., Ltd.	0	0	0	0
	Representative: Chun Fu Lu	0	0	0	0
Director	Yonglin Capital Holding Co., Ltd.	0	0	0	0
	Representative: Wu-Kuang Chen	0	0	0	0
Independent Director	Yao-Ching Chen	0	0	0	0
Independent Director	Wei-Kuo Su	0	0	0	0
Independent Director	Ching-Heng Wu	0	0	0	0
President	Wu-Kuang Chen	0	0	0	0
Vice President	Chun-Fu Lu				
Accounting Director	Yen-Jen Pan	0	0	0	0
Financial Director	Tzu-Hung Li	0	0	0	0

(II) Share transfers: There was no share transfers between related parties.

(III) Information on equity pledge: The counterparties of share pledges are not related parties.

VII. Relations among top ten shareholders:

April 2, 2024 unit: shares

Name	Shareholding		Shares Held by Spouse & Minors		Total shares held in the name of others		Names of spouse or other relatives within two degrees of consanguinity who are also among the Company's top 10 largest shareholders		Remarks
	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Name	Relationship	
Hon Hai Precision Industry Co., Ltd. Responsible person: Yang-Wei Liu	139,725,801	9.88%	0	0.00%	0	0.00%	BaoXin International Investment Co., Ltd. Hyield Venture Capital Co., Ltd.	Investors whose investment is under equity method	—
	0	0.00%	0	0.00%	0	0.00%	HongYuan International Investment Co., Ltd HongQi International Investment Co., Ltd.		
BaoXin International Investment Co., Ltd. Responsible person: Te-Tsai Huang	126,181,274	8.92%	0	0.00%	0	0.00%	HongYuan International Investment Co., Ltd HongQi International Investment Co., Ltd.; Hyield Venture Capital	Chairman Same as above	—
	0	0.00%	0	0.00%	0	0.00%			
Hyield Venture Capital Co., Ltd. Responsible person: Te-Tsai Huang	85,003,766	6.01%	0	0.00%	0	0.00%	HongYuan International Investment Co., Ltd HongQi International Investment Co., Ltd.;	Chairman Same as above	—
	0	0.00%	0	0.00%	0	0.00%	BaoXin International Investment Co., Ltd		
XinSheng Investment Co., Ltd.	62,946,000	4.45%	0	0.00%	0	0.00%	None	None	—
HongYuan International Investment Co. Ltd Responsible person: Te-Tsai Huang	34,139,368	2.41%	0	0.00%	0	0.00%	BaoXin International Investment Co., Ltd. HongQi International Investment Co., Ltd.;	Chairman Same as above	—
	0	0.00%	0	0.00%	0	0.00%			
HongQi International Investment Co., Ltd. Responsible person: Te-Tsai Huang	31,870,165	2.25%	0	0.00%	0	0.00%	HongYuan International Investment Co., Ltd BaoXin International Investment Co., Ltd.;	Chairman Same as above	—
	0	0.00%	0	0.00%	0	0.00%			
Standard Chartered Bank as custodian of LGT	29,817,000	2.11%	0	0.00%	0	0.00	None	None	-
ChungHwa Post Co., Ltd.	16,448,463	1.16%	0	0.00%	0	0.00	None	None	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	14,608,663	1.03%	0	0.00%	0	0.00%	None	None	—
JPMorgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	13,726,233	0.97%	0	0.00%	0	0.00%	None	None	—

VIII. Aggregated shareholding Ratio

Decemner 31, 2023; unit 1,000 shares

Affiliated Enterprise	Ownership by the Company		Ownership by Directors, Supervisors, Managerial officers, and directly/indirectly owned subsidiaries		Total Ownership	
	Shares	% of Shareholding	Shares	% of Shareholding	Shares	% of Shareholding
Foxconn Precision Components Holding Co., Ltd.	26,840	100%	-	-	26,840	100%
Q-Run Holdings Ltd.	96,078	100%	-	-	96,078	100%
Productive Technologies Company Limited			1,485,000	20.10%	1,485,000	20.10%
FSK Holding., Ltd			N/A (Note 1)	21%	N/A(Note 1)	21%
Hua-Zhun Investment Co., Ltd.	125,478	100%	-	-	125,478	100%
Syntrend Creative park Co., Ltd	49,032	19.97%	-	-	49,032	19.97%
Sotera Wireless, Inc.	10,003	53.93%	-	-	10,003	53.93%
FTC HEALTH CORPORATION	6,000	100%	-	-	6,000	100%
PKM CORPORATION	8	91.12%	-	-	8	91.12%
FTC Japan Co., Ltd.	6	100%	-	-	6	100%
ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.	84	100%	-	-	84	100%
FTC Technology Vietnam Company Limited	N/A (Note 1)	100%	-	-	N/A (Note 1)	100%

Note 1: Not applicable. As it is not a company limited, it did not issue stock. The investment by Foxconn Technology Co., Ltd. is presented in proportion to its equity held.

Note 2: Only the investment made by Foxconn Technology Co., Ltd. using the equity method and the affiliates controlled directly or indirectly are disclosed.

Four. Fund Raising

I. Capital and Shares

(I) Capital and Shares

Unit: Thousand shares

Share categories	Authorized capital			
	Outstanding shares (public listed)	Unissued shares	Shares retained for employee share warrants or convertible bonds with warrants	Total
Registered Common Shares	1,414,485	535,515	50,000	2,000,000

(II) Sources of Capital

Unit: Thousand shares / NTD thousand

Year Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number	Amount	Number	Amount	Source of capital (NTD thousand)	Paid-in properties other than cash	Others
1990.4	—	2,500	25,000	2,500	25,000	Establishment	None	—
1990.9	—	4,000	40,000	4,000	40,000	Capital increase from cash 15,000	None	—
1992.6	—	10,000	100,000	10,000	100,000	Capital increase from cash 60,000	None	—
1994.5	10 10	30,000	300,000	30,000	300,000	Capital increase from cash 120,000 Capital increase from surplus 80,000	None	Note 1
1995.5	20 10	43,600	436,000	43,600	436,000	Capital increase from cash 40,000 Capital increase from surplus 96,000	None	Note 2
1996.8	10	100,000	1,000,000	59,672	596,720	Capital increase from surplus 121,480 Capital increase from capital reserve 39,240	None	Note 3
1997.6	35	100,000	1,000,000	74,672	746,720	Capital increase from cash 150,000	None	Note 4
1997.7	10	100,000	1,000,000	87,775	877,750	Capital increase from surplus 131,030	None	Note 5
1998.12	21	200,000	2,000,000	145,700	1,457,000	Capital increase from cash 579,250	None	Notes 6 and 8
2002.2	20	250,000	2,500,000	212,500	2,125,000	Capital increase from cash 668,000	None	Notes 7 and 8
2002.9	10	500,000	5,000,000	224,049	2,240,499	Capital increase from surplus 115,499	None	Note 9
2003.9	10	500,000	5,000,000	248,400	2,484,000	Capital increase from surplus 243,501	None	Note 10
2004.4	10	700,000	7,000,000	458,876	4,568,760	Capital increase from acquisition 2,084,760	None	Note 11
2004.9	10	700,000	7,000,000	506,500	5,065,000	Capital increase from surplus 496,240	None	Note 12
2005.9	10	900,000	9,000,000	562,135	5,621,350	Capital increase from surplus 556,350	None	Note 13
2006.9	10	900,000	9,000,000	653,787	6,537,873	Capital increase from surplus 916,523	None	Note 14
2007.9	10	900,000	9,000,000	758,955	7,589,553	Capital increase from surplus 1,051,680	None	Note 15
2008.10	10	1,000,000	10,000,000	847,901	8,479,009	Capital increase from surplus 889,455	None	Note 16
2009.8	10	1,100,000	11,000,000	972,041	9,720,409	Capital increase from surplus 1,241,400	None	Note 17
2010.9	10	1,250,000	12,500,000	1,112,990	11,129,902	Capital increase from surplus 1,409,493	None	Note 18
2011.8	10	1,500,000	15,000,000	1,172,720	11,727,200	Capital increase from surplus 597,298	None	Note 19
2012.8	10	1,500,000	15,000,000	1,237,016	12,370,159	Capital increase from surplus 642,959	None	Note 20
2013.7	10	1,500,000	15,000,000	1,306,490	13,064,902	Capital increase from surplus 694,742	None	Note 21
2014.7	10	1,500,000	15,000,000	1,376,726	13,767,258	Capital increase from surplus 702,356	None	Note 22
2015.9	10	1,500,000	15,000,000	1,395,024	13,950,240	Capital increase from surplus 182,982	None	Note 23
2016.7	10	1,500,000	15,000,000	1,414,485	14,144,852	Capital increase from surplus 194,612	None	Note 24
2021.8	10	2,000,000	20,000,000	1,414,485	14,144,852	-	None	Note 25

Note 1: Approved by FSC August 29, 1994 (83), TCZ(I) No. 31973

Note 2: Approved by FSC May 5, 1995 (84), TCZ(I) No. 23841

Note 3: Approved by FSC May 10, 1996 (85), TCZ(I) No. 30388

Note 4: Approved by FSC March 14, 1997 (86), TCZ(I) No. 20306

Note 5: Approved by FSC June 3, 1997 (86), TCZ(I) No. 43820

Note 6: Approved by FSC October 27, 1998 (87), TCZ(I) No. 53727; with restrictions on listing or trading

Note 7: FSC October 31, 2001 (90), TCZ(I) No. 162346; with restrictions on listing or trading

Note 8: FSC May 23, 2002 (91), TCZ(I) No. 125626; lifting of the restrictions in 1998 and 2001 on listing or trading

Note 9: Approved by FSC July 19, 2002 (91), TCZ(I) No. 0910140539

Note 10: Approved by FSC July 16, 2003 (92), TCZ(I) No. 0920132018

Note 11: Approved by FSC January 7, 2004 (93), TCZ(I) No. 0920161216

Note 12: Approved by FSC September 16, 2004 (93), TCZ(I) No. 09301177690

Note 13: Approved by FSC July 22, 2005 (94), JGZYZ No. 0940129818

Note 14: Approved by FSC July 11, 2006 (95), JGZYZ No. 0950129698

Note 15: Approved by FSC July 5, 2007 (96), JGZYZ No. 0960034305

Note 16: Approved by FSC June 30, 2008 (97), JGZYZ No. 0970032406

Note 17: Approved by FSC June 23, 2009 (98), JGZYZ No. 0980031085

Note 18: Approved by FSC July 1, 2010 (99), JGZYZ No. 0990034119

Note 19: Approved by FSC June 23, 2011 (100), JGZYZ No. 1000028745

Note 20: Approved by FSC July 5, 2012 (101), JGZYZ No. 1010029787

Note 21: Approved by FSC July 11, 2013 (102), JGZYZ No. 1020027015

Note 22: Approved by FSC July 17, 2014 (103), JGZYZ No. 1030027391

Note 23: Approved by FSC July 24, 2015 (104), JGZYZ No. 1040028127

Note 24: Declaration approved on July 27, 2016 by the FSC.

Note 25: Approved by the Ministry of Economic Affairs on August 30, 2021 with the letter No. 11001143350

(III) Information relevant to the aggregate reporting policy: None.

(IV) Shareholder Structure

April 2, 2024

Shareholder Structure Quantity	Government agencies	Financial institutions	Others institutional investors	Foreign institutions and individuals	Individuals	Total
Number of Shareholders	6	40	357	454	162,041	162,898
Shareholding	25,483,654	29,342,489	524,175,842	200,279,255	635,203,952	1,414,485,192
Percentage of Shareholding	1.80%	2.07%	37.06%	14.16%	44.91%	100.00%

(V) Shareholding Distribution Status

1. Distribution of common shares

April 2, 2024

Shareholding	Number of Shareholders	Total Shares Held	Holding Percentage (%)
1 to 999	38,961	6,599,658	0.47%
1,000 to 5,000	99,196	201,149,318	14.22%
5,001 to 10,000	14,045	108,617,090	7.68%
10,001 to 15,000	3,965	49,844,019	3.52%
15,001 to 20,000	2,305	42,464,354	3.00%
20,001 to 30,000	1,864	47,172,134	3.34%
30,001 to 40,000	773	27,576,865	1.95%
40,001 to 50,000	483	22,476,414	1.59%
50,001 to 100,000	768	53,651,440	3.79%
100,001 to 200,000	281	40,610,689	2.87%
200,001 to 400,000	125	33,849,417	2.39%
400,001 to 600,000	40	19,386,643	1.37%
600,001 to 800,000	19	12,787,343	0.90%
800,001 to 1,000,000	12	10,984,582	0.78%
1,000,001 and above	61	737,315,226	52.13%
Total	162,898	1,414,485,192	100.00%

2. Distribution of preferred stocks: The Company does not issue preferred stocks.

(VI) List of major shareholders

April 2, 2024

Shares	Shares Held (Shares)	Holding Percentage (%)
Name of major shareholders		
Hon Hai Precision Industry Co., Ltd.	139,725,801	9.88%
BaoXin International Investment Co., Ltd.	126,181,274	8.92%
Hyield Venture Capital Co., Ltd.	85,003,766	6.01%
XinSheng Investment Co., Ltd.	62,946,000	4.45%
HongYuan International Investment Co. Ltd	34,139,368	2.41%
HongQi International Investment Co., Ltd.	31,870,165	2.25%
Standard Chartered Bank as custodian of LGT	29,817,000	2.11%
ChungHwa Post Co., Ltd.	16,448,463	1.16%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	14,608,663	1.03%
JPMorgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	13,726,233	0.97%

(VII) Information on Market Price, Book Value, Earnings Per Share and Dividends

Items	Year	2022	2023	As of March 31 of current year
Market price per share	Highest	66.90	62.80	65.10
	Lowest	44.80	50.30	49.20
	Average	54.09	54.58	52.55
Equity per share	Before distribution	73.07	74.43	-
	After distribution	71.47	72.93	-
Earnings per share	Weighted-average shares (thousand shares)	1,414,485	1,414,485	-
	Earnings per share (NTD)	3.02	3.01	-
Dividends per share	Cash dividends	1.60	1.50	-
	Stock dividends	From earnings	-	-
		From capital surplus	None	-
	Cumulative undistributed dividends		None	-
Investment return analysis	P/E ratio	17.91	18.13	-
	Price-dividend ratio	33.80	36.38	-
	Cash dividend yield	2.95%	2.74%	-

Note: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed

(VIII) Dividend Policy and Execution Status

1. Dividend policy:

The Company is in a growing stage. Therefore, the Company's dividend distribution policy is subject to the Company's current and future investment environment, capital requirements, domestic and foreign competition, capital budgets and other factors, taking into account the interests of shareholders and long-term financial planning considerations, stock dividends on the accumulated allocable earnings should not be less than 15% of the accumulated allocable earnings and cash dividends of not less than 10%.

2. Distribution of dividends

According to Article 18-1 of the Company's Articles of Incorporation, the issuance of cash dividends requires the convening of a board meeting with at least two thirds of directors attending and approval from at least half of the attending directors.

The Board of Directors on March 13, 2024 decided to distribute from 2023 earnings available for distribution a total of NT\$2,121,727,788 as dividends to shareholders. This translates to NT\$1.5 cash dividends per share. Chairman is authorized to determine the ex-dividend day, issuance date and other relevant matters.

(IX) Impact of stock dividends on Company's operating performance, EPS and ROE: Not Applicable.

(X) Remuneration to employees and Directors

1. Information on limit or percentage of remuneration to employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:

According the Articles of Incorporation adopted by the Board, 4-6% of the company profit (Surplus refers to profit before tax deducted appropriated employee compensation) is to set aside for employee remuneration.

2. The estimation basis of the remuneration amount to employees, directors, and supervisors for the current period; the estimation basis of the number of shares of stock dividend to employees; and the the accounting treatment of the discrepancy, if any, between the actual distributed amount of employees' stock bonus and estimated figure thereof:

(1) The Board of Directors on March 13, 2024 decided the distribution of remuneration in cash to employees for 2023 with based on 5% of the 2023 profits.

(2) Where there is discrepancy between the actually distributed and the estimated amount, it shall be treated in accordance with the estimates.

3. Remuneration resolved by the board of directors:

(1) Plan to distribute remuneration in cash for distribution a total of NT\$255,874,918 to employees.

(2) In circumstances where there is a difference between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as followed:

There is no difference between the actual distributed amount and the recognized amount.

4. Actual distribution of remuneration to employees and Directors in the previous fiscal year.

(1) Actual distribution:

Unit: NTD; shares

Remuneration to employees			Directors' remuneration
Amount of employee stock dividends	Number of shares of the employee stock dividends	Employee cash dividends	
0	0	204,224,620	0

(2) In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:

There is no difference between the actual distributed amount and the recognized amount.

(XI) Share repurchases: None

II. Corporate Bonds

- (I) Corporate Bonds: None
- (II) Convertible Corporate Bonds: None
- (III) Exchangeable Corporate Bonds: None
- (IV) Shelf Registration Statement for Issuing Corporate Bonds: None
- (V) Corporate Bonds: None.

III. Preferred Shares (with Warrants): None.

IV. Global Depositary Receipts (GDRs): None.

V. Subscription of Warrants for Employee: None.

VI. Names of Managers holding Warrants for Employee and Top 10 Employees in Terms of Acquisition and Subscription of Warrants: None

VII. Employee Restricted Stock Plans: None.

VIII. Names of Managers holding New Shares for Employee Restricted Stocks and Top 10 Employee in terms of Subscription of the New Shares, and the Acquisition Status: None.

IX. Issuance of New Shares Regarding to Acquisitions of the Other Companies:

- (I) Issuance of new shares to merge with or acquire other companies in the most recent fiscal year and the current year as of the printing date of this annual report:
 - 1. The assessment opinions of the lead securities underwriter concerning the issuance of new shares to merge with or acquire other companies in the most recent quarter: None.
 - 2. The implementation status of the past quarter. If the progress or benefit of such implementation does not meet the targets, its impact on shareholders' equity and an improvement plan shall be specified: None.
- (II) Issuance of new shares that has been approved at the board meeting to merge with or acquire other companies in the most recent fiscal year and the current year as of the printing date of this annual report: None.

X. Implementation of Fund Utilization Plans:

The Company has no uncompleted issuance plans or completed plans with unrealized benefits in the last three years of the issuance or private placement of securities.

Five. Operating Highlights

I. Business Activities:

(I) Business scope:

1. Major content of business activities

1. C801010 Basic Chemical Industrial
2. C805030 Plastic Daily Necessities Manufacturing
3. C805050 Industrial Plastic Products Manufacturing
4. CA02990 Other Metal Products Manufacturing
5. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
6. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
7. CC01080 Electronics Components Manufacturing
8. CC01110 Computer and Peripheral Equipment Manufacturing
9. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- 10.E603050 Automatic Control Equipment Engineering
- 11.E701040 Simple Telecommunications Equipment Installation
- 12.F113050 Wholesale of Computers and Clerical Machinery Equipment
13. F119010 Wholesale of Electronic Materials
14. F213010 Retail Sale of Electrical Appliances
15. F213030 Retail Sale of Computers and Clerical Machinery Equipment
16. F219010 Retail Sale of Electronic Materials
17. F401010 International Trade
18. G801010 Warehousing
19. I301010 Information Software Services
20. I301020 Data Processing Services
21. I301030 Electronic Information Supply Services
22. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- 23.IG01010 Biotechnology Services
- 24.IG02010 Research and Development Service
- 25.CF01011 Medical Devices Manufacturing
- 26.F108031 Wholesale of Medical Devices
- 27.F208031 Retail Sale of Medical Apparatus

2. Operational proportion:

The business operation is mainly on 3C electronic devices. Please refer to the Production and Sales Table for the output and sales volumes in the most recent two years.

3. Current product items:

- (1) Production and sales of metal mechanical parts for a diversity of handheld device, computers and consumer electronics.
- (2) Production and sales of metal parts and mechanical parts for automobiles and electric vehicles.
- (3) Production and sales of thermal modules for a diversity of mobile phones, computers, servers and game consoles.
- (4) Production and sales of MIM related products.
- (5) System assembly and sale of consumer electronics products.
- (6) Production and sales of medical equipment and related mechanical components.
- (7) Production and sales of robots and related mechanical components
- (8) Production and sales of ADAS, outboard motor and dynamotor
- (9) DC brushless fans and slim fans.
- (10) OEM production and sales of IVD molecular diagnostic products

4. New products to be developed:

(1) Metal mechanical parts

1. Surface treatment technologies: environmentally friendly water-based coating applied to the bonding surface of metal and dissimilar materials, acid and alkali resistant powder coating, precision anodizing, multi-layer anodizing, special micro-arc oxidation treatment, high metallic luster technology and ultra-thin film Coating development and other technologies.
2. Research and development of various materials: low-carbon (emissions) aluminum alloys and low-carbon (emissions) magnesium alloys for environmental protection and green energy production, SGS-certified aluminum alloys with high recycling ratio, certified magnesium alloys with high recycling ratios, high-strength aluminum alloys, application development of lightweight alloys, and the development and applications of graphene, carbon fiber, special stainless steel and other composite materials.
3. Development of manufacturing process technologies: environmentally-friendly silicone coating technology development, dissimilar welding, friction stir welding (FSW), friction welding, precision welding and laser engraving technologies, etc.

(2) Heat dissipation products: the product development of one-piece cold plates, water cooling systems, immersion cooling, boiling by cooling, DIP heat pipes, high thermal density heat pipes, vapor chambers, welding-less manufacturing process, friction welding technology, loop heat pipes, graphene-based heat dissipation products and ultra-thin heat pipes, vapor chambers and other products.

(3) Medical products

1. Development of diagnostic and monitoring medical equipment and products.
2. Development of surgery robots.
3. Development of health and medical information products.

(4) Game consoles: new platforms and peripheral products

(II) Industry overview:

1. Industry overview and its development

(1) Metal mechanical parts

Given the current conditions of international trade and the impact of the post-pandemic era, the manufacturing of metal mechanical parts has begun to reshuffle and the manufacturing locations have also been slowly shifted. The nature of metal mechanical parts requires continuous improvement of production efficiency and quality standards to meet customer needs and improve market competitiveness.

Below are some directions for future development:

1. Automation: More robotics and other smart manufacturing equipment are introduced to realize production line automation.
2. Digitalization: The use of big data and Internet technologies gradually realizes the comprehensive monitoring of the manufacturing process and improves production efficiency and quality standards.
3. Green manufacturing: Adopt renewable energy sources, reduce the use of chemicals and hazardous substances in the production process, use recycled materials and reduce product packaging to reduce costs and enhance brand value as the ultimate goal.

With the increasing environmental damage, low-carbonization has become the main theme of global economic and social development. Under the background of the national "dual carbon" strategy, the automobile industry has ushered in more stringent fuel consumption and emission standards, which has given rise to a huge new energy vehicle market and greater lightweight applications. The main development directions are:

1. A large number of aluminum and magnesium metal die castings are used in the three electrical systems of new energy vehicles;
2. At this stage, cost reduction and efficiency increase are the goals of many car companies, and the cost control of metal mechanical components is becoming increasingly strict;
3. Upstream manufacturers continue to make efforts in ultra-large die-casting machines, heat-treatment-free materials, ultra-large molds, etc.;
4. Under the Sino-US trade war, die-casting companies in Southeast Asia, Mexico and other countries have more advantageous tariff policies.

(2) Thermal modules

Heat dissipation module has been a fairly stable industry for a long time. The decline in demand in one industry is often accompanied by the growth in demand in another industry. The field of heat dissipation also experiences the same ebb and flow:

1. It has been about 3 years since the COVID-19 pandemic started to ravage the world since 2020, the imbalances in logistics and shortages of IC and electronic components have gradually found the balance over time. The tug-of-war between China the U.S., the two major powers, has yet finished. The price of raw materials remain high and the suppliers' pressure has not been alleviated yet. Within a tough business environment to operate, variables are also generated in the 3C industry along with the changes in the

overall environment.

2. The pandemic has already become a part of people's daily life all over the world. Remote work and homeschooling have become the new norm. However, when the frenzy fades and people look back at the rationality of their consumption, the consumer electronics market bears the brunt. The market has gradually adjusted away from the demands generated due to the pandemic. The Stay-at-Home Economy is now a thing in the past.
3. In addition to the aforementioned electronic products, VR/AR and other wearable devices are also greatly affected by the price adjustment by end customers and changes in consumer behavior.
4. The advent of the AI era and the upsurge of ChatGPT have a positive impact on the demand for display chips and acceleration cards, and then the demand for corresponding heat dissipation modules has also increased simultaneously.

(3) Medical products

1. Biotechnology and medical care is one of the six core strategic industries actively promoted by the Taiwanese government, and medical equipment is the sub-industry with the highest output value, export ratio, and growth rate in Taiwan's biotechnology and medical industry. The capability of Taiwan's machinery and plastics manufacturing industries is undeniable, and Taiwan's internationally competitive semi-conductor and electronic communication technology industries, as well as abundant clinical trial sites and medical talents, provide a good foundation for the development of the medical materials industry. In recent years, Taiwan's medical materials have continued to innovate to meet clinical requirements. The mobile robots, smart diagnosis, automated testing, and high-end medical equipment developed using AI, cloud computing, and motion sensing technologies have successively achieved results in the field verification. Leverage innovation advantages in the global smart medicine and precision health market to create new medical value.
2. Under the current development of the health care industry, the cost of treatment and care for diseases related to the elderly is rising rapidly due to the aging population and sub-replacement fertility demographic structure of the society. The lack of affordable and sufficient care resources will greatly increase the demand for disease prevention and application for early management.
3. According to a research report, the global medical device market is worth US\$454.3 billion in 2021, a 6.3% growth from 2020, and is expected to grow to US\$535.2 billion in 2026, with a compound annual growth rate of about 5.6% from 2021 to 2026.
4. In 2022, the demand structure for medical equipment products will gradually return to the medical fundamentals before the pandemic, driven by the demand for medical treatment of the elderly and chronic diseases, maintaining a long-term growth trend. The demand for telemedicine, smart

health care, and preventive medicine has grown rapidly since the pandemic. The macro health ecosystem built by connecting medical institutions with digital technology, community care, and personalized health will further increase the demand for related medical software and hardware.

5. In the post-pandemic market, in-vitro nucleic acid products tend to detect multiple viruses, and related platforms can also be applied to the detection of other infectious diseases, while diagnostic and physiological monitoring devices tend to be portable, miniaturized, and smart. The above trends will lead to the development of multi-functional, smart, portable and user-friendly medical equipment products, and the introduction of new technologies will drive the growth of high-end medical materials.

(4) Game consoles

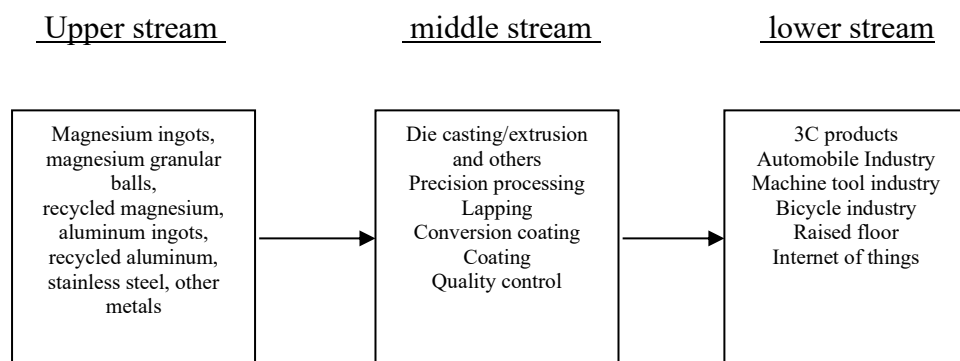
After experiencing the explosive growth during the COVID-19 pandemic, the sales numbers of game consoles in the post-pandemic era are expected to return to normal, and the related material shortage problem will also be alleviated.

Despite the challenges of mobile games and streaming games in recent years, the game console industry is still standing firm. Except for the limitations of mobile phones or other game hardware compared to professional game consoles, the traditional game console industry has gradually increased the number of their audiences via the uniqueness of their software, online membership systems, and cross-industry integration (amusement parks, co-branding products) promotions and other measures.

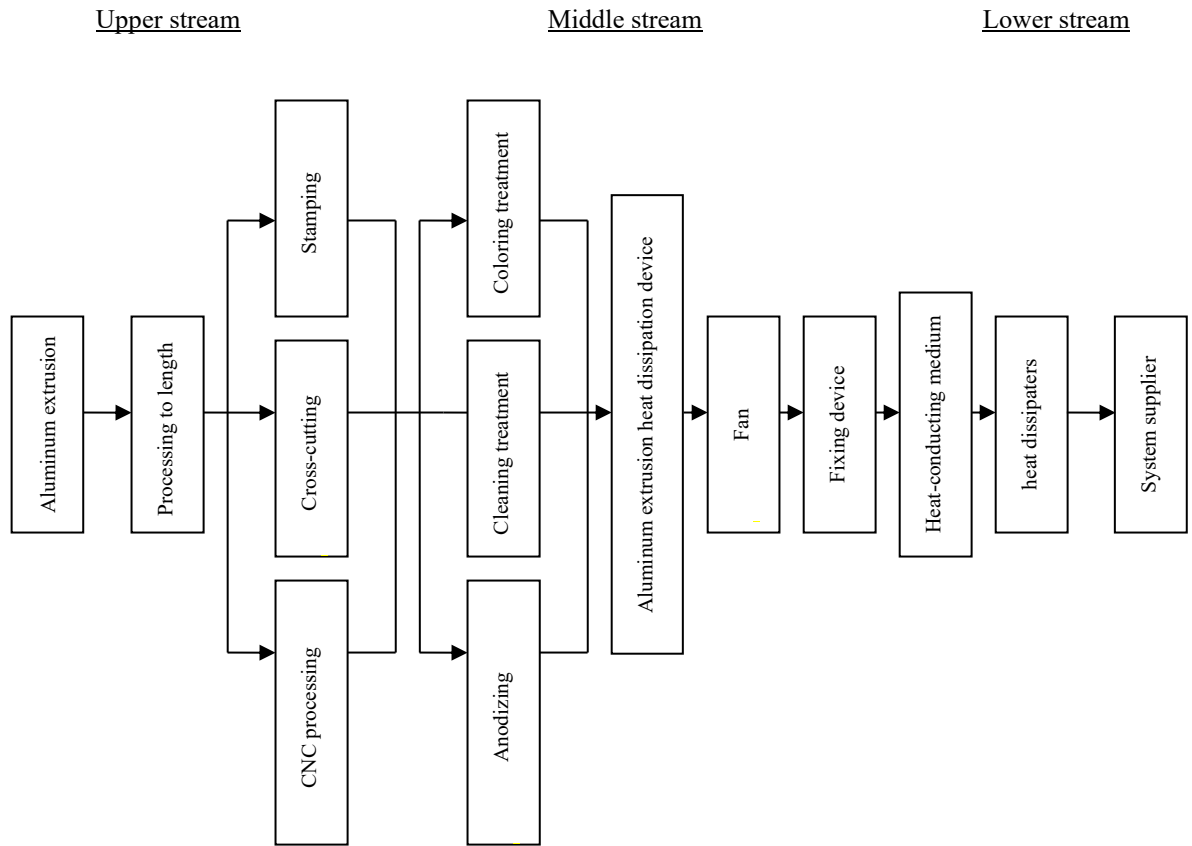
We believe that the industry scale and profit model of the game console industry will continue to be on the rise for a long time due to the synergy between its hardware and software.

2.The upper, middle and lower streams of the industry

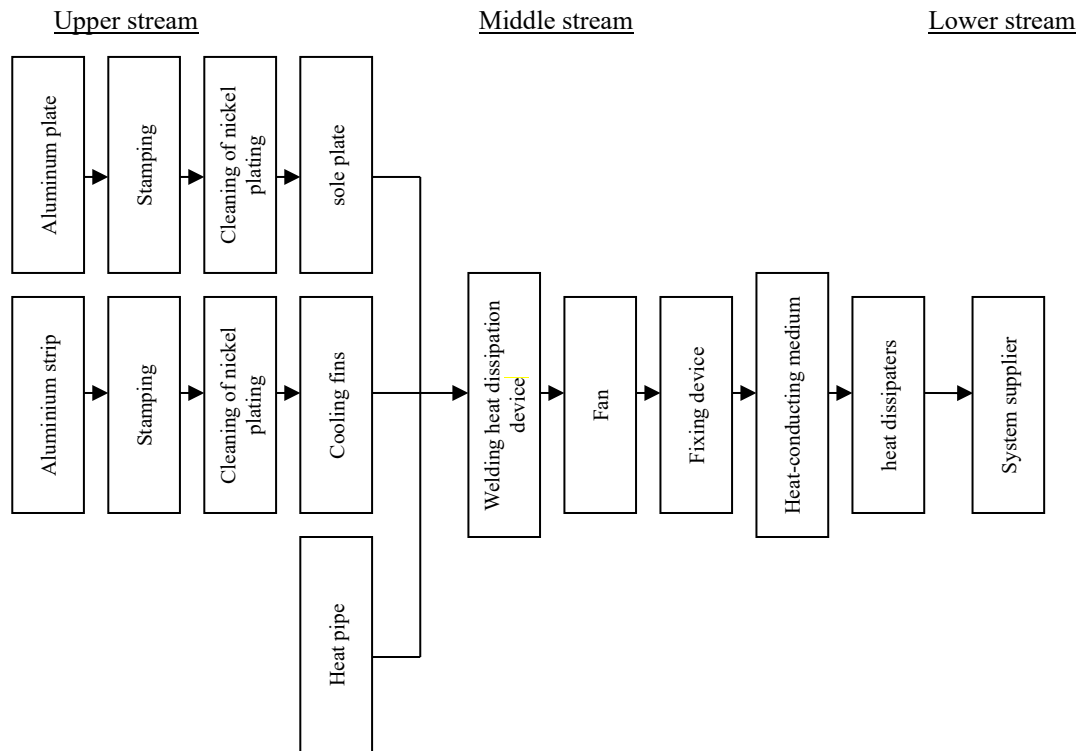
【Processing and manufacture of metal casing】



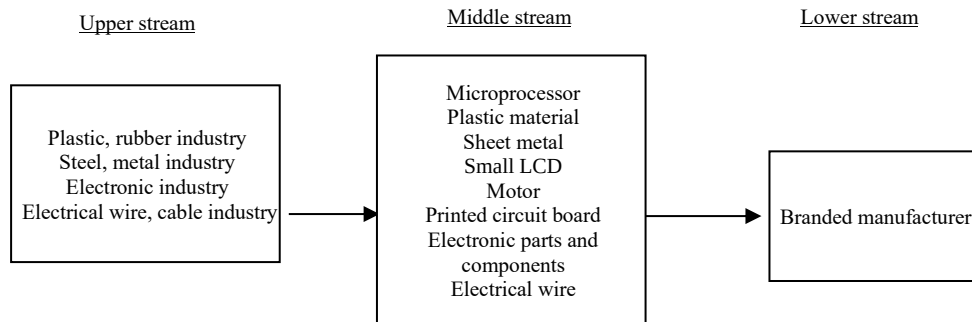
【Manufacture of aluminum extrusion thermal products】



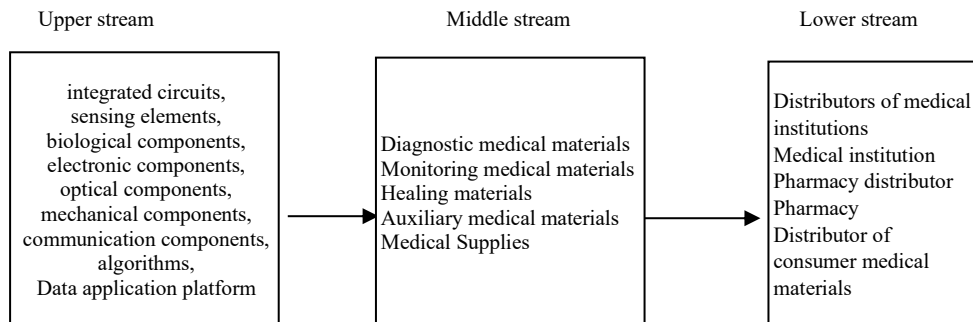
【Manufacture of welding thermal products】



【System assembly of consumer electronics products (game consoles)】



【Medical Products Industry】



3. Development trend and competition of products

(1) Metal mechanical parts

A. Development trend of products

- a. Green design: Reduced number of parts, simplified materials, and simplified recycling procedure.
- b. Green energy: The use of green energy to produce raw materials, such as using hydropower and wind power to reduce carbon emissions.
- c. Recycled materials:
 - (a) Magnesium and aluminum alloys verification and use:
 - (b) Al5052/Al5252/Al6063/AZ91D/AZ31B; verification and use of ocean bound recycled plastics: OBP.
- d. Automation and AOI introduction: 5-axis grinding, automatic CCD, laser measuring, and 3D scan.
 - (a) Design: Mainly small local changes, less major structural changes

- (b) Application: spreading to non-3C fields, but the proportion is still low.
- (c) Materials: In addition to magnesium, aluminum and stainless steel, titanium, carbon fiber and composite materials are also gradually used.
- (d) Products: In addition to the 3C field, manufacturers are expanding into non-3C fields such as automobiles, medical equipment, robots, smart buildings, and AI.
- e. Lightweight: Magnesium and aluminum alloy lightweight die-casting parts and integrated die-casting parts are widely used in automobile structural parts.
- f. Diversification of materials and products: research and application of impact-resistant, corrosion-resistant alloy materials and heat treatment-free materials; the application of aluminum and magnesium alloys in non-automotive fields such as medical care, energy storage, robotics and AI is increasing.

B. Metal case product competition

- a. Competitive situation: The competition for metal mechanical parts is fierce. In addition, many manufacturers in Mainland China have received government policy support to accelerate the maturity of supply chain. Today, the main competitive factors focus on quality, technological innovation, product price, and lead time. Many new die-casting plants have been added to the industry, and competitors have added many large-scale machines. Die-casting industry clusters have been formed in Jiangsu, Zhejiang, Guangdong, Anhui and other places. The price war among die-casting plants is fierce.
- b. Competitive landscape in the future: Our main competitors are as follows:

Competitors	Competitions	Remarks
Catcher Technology Co., Ltd.	Magnuminium alloy, aluminum-magnesium alloy, 3C parts and components, metal casing	Listed entity
Casetek Holdings Limited.	Magnuminium alloy, aluminum-magnesium alloy, 3C parts and components, metal casing	Listed entity
Waffer Technology Corp.	Magnuminium alloy, aluminum-magnesium alloy, automobile metal parts	Listed entity
Ju Teng International Holdings Limited	Magnuminium alloy, aluminum-magnesium alloy, 3C parts and components, metal casing	Listed entity
BYD Co. Ltd.	Magnesium aluminum alloy, aluminum magnesium alloy, mobile phone parts, new energy vehicles	Listed entity
Chongqing Yujiang Die Casting Co., Ltd.	High-precision aluminum die casting parts	Listed entity
Ningbo Xusheng Group Co., Ltd.,	High-precision aluminum die casting of Vehicle and industrial components	Listed entity
Chongqing Millison Technologies INC.	Magnuminium alloy, aluminum-magnesium alloy, automobile metal parts	Listed entity
IKD Company Co., Ltd	Auto high-precision aluminum die casting parts.	Listed entity

(2) Thermal modules

A. Development trend of products

- a. In terms of end user application: In the medium and long term, the development direction of product applications is still dominated by the heat dissipation requirements of high-speed computing such as electric vehicles, digital health care, robotics, 5G, and AI. This is also the continued focus of industry players.

- b. In terms of product trend: The development trend of slim and high-efficiency products is prevalent, and the application demand for heat sinks and heat pipes is increasing along with the rapid increase of chip heat; the rise of ESG awareness is also a key point to be considered in subsequent manufacturing operations.
- c. Materials: The mixing and matching of materials continues. The application of graphene as a new material is an evident trend.

B. Competition status for thermal module products

- a. Close to a perfect competition: There are a large number of players in the heat dissipation market. Whilst the market is not in a perfect competition, the price competition is fierce.
- b. Continuing industry consolidation: Due to intense competition, some companies seek to gain strengths and reduce pressure for management with M&A activities.
- c. Difficulty in mass production: Given the large variety of customized products, it is not easy to reduce costs through mass production. This is the reason why manufacturers are able to maintain relatively good gross margins.
- d. Development directions: Electric vehicles, AI cloud computing, handheld devices and other network related (5G, Wi-Fi 7) demands are the trends and development directions for the heat dissipation industry going forward.
- e. The Company's main competitors

Products	Competitors
Thermal modules	Asia Vita Components, Auras Technology, Chaun-Choung Technology, Cooler Master Co., Ltd
Fan	Delta Electronics, Inc., Asia Vita Components, Sunonwealth Electric Machine Industry, Nidec, NMB, Forcecon Tech.
Heat pipe	Asia Vita Components, Yeh-Chiang Technology Corp., Chaun-Choung Technology

(3) Medical products

A. Development trend of products

- a. The COVID-19 pandemic has driven and transformed the medical demand into a decentralized structure where product development is oriented toward reducing the number of days stayed in of hospital and integrating home-based medical care.
- b. Health care products require the integration of multiple engineering technologies. From the product design stage, it is necessary to fully cooperate with the client, take into account the applied field of usage and compliance with regulatory requirements, and provide solutions that meet product requirements in design, manufacturing, supply chain, and even the application market. Certain thresholds are required to enter the market.

B. Competition in the medical products market

- a. Brand awareness and market share: Large multinational companies have high brand awareness and market share in the IVD product market, and can usually provide a full

range of product lines and sound after-sales service. Small companies need to strengthen product differentiation or specialization.

- b. Technological innovation: Technological innovation is an important factor for IVD product competition, which requires continuous investment in R&D and innovation.
- c. Price competition: IVD products are usually priced higher, so cost control helps improve the competitive advantage.
- d. Geographical market: Different regions have different market requirements, regulations, and product characteristics, and the competition of IVD products also presents regional differences. It is necessary to develop products that suits the market according to local conditions.
- e. Partnerships: The R&D and production of IVD products require a lot of investment and technical support. The Company needs to establish stable cooperative relations with various partners, such as medical institutions, research institutions, equipment suppliers, etc.

f. Main competitors

Competitors	Competitions
Jabil	Diagnostic device, monitoring device, consumable medical device
Flextronics	Diagnostic device, monitoring device, consumable medical device
BYD	Diagnostic device, monitoring device, consumable medical device
Benchmark	Diagnostic device, monitoring device, consumable medical device

(4) Game consoles

A. Development trend of products

- a. In terms of hardware: The current models have entered the middle and latter stage of the product life cycle. In the short term, customers will use peripheral products and various cross-industry promotions to increase awareness, increase the number of users, and consolidate the loyalty of existing players while partnering up with the regularly published masterpiece titles to increase the replacement ratio and the number of new customers.
- b. In terms of software: The customer will continue to release great software titles that people look forward to, and many new games will be introduced by third parties as well.

B. Product competition

- a. Customers mainly focus on the two-in-one game experience of handheld and desktop devices. Although other competitors have followed suit in recent years, they have not been affected.
- b. The audience is all age groups, and the price of hardware and main device is relatively low, which is helpful to win new users and expand the number of users of the platform.
- c. The customer cooperates with other entertainment industries, and is involved in theme parks, movies, co-branding products, etc., to effectively maintain the popularity of its IP and products, and strive to convert others into game console users.

- d. Although the life cycle of hardware products has entered the middle and latter stages, the sales volume has still been maintained to a certain extent along with the masterpiece titles published by the customer.

e. Main competitors:

Competitors	Competitions	Remarks
Mitsumi	Plastics, rubber, steel, camera modules, unit assembly, etc.	Japanese
Hosiden	Plastics, rubber, steel, magnesium alloys, unit assembly, etc.	Japanese

(III) Summary of Technology and R&D;

The R&D expenditures in 2023 totaled NT\$ 1,578,581 thousand or 2.12% of revenues. As of March 31, 2024, the research and development expenses invested in this year amounted to NT\$313,822 thousand, accounting for 3.54% of revenue.

1. Successfully developed technologies or manufacture process improvements

- (1) Friction Stir Welding
- (2) Vacuum Die Casting
- (3) Micro-Arc-Oxidation
- (4) Hydraulic long life recirculation bearing
- (5) Physical Vapor Decomposition
- (6) PWM circuit design
- (7) Thermal product with vapor chamber heat spreader
- (8) Liquid Impulse Cooling
- (9) Lead Free Soldering Process
- (10) Phase Change Material
- (11) Multi-color Anodizing
- (12) Metal Insert Molding Process
- (13) MIM-Metal Injection Molding
- (14) Graphene-based composite materials
- (15) Graphene-based composite materials
- (16) Machining and surface treatment for new alloys
- (17) Build-up timber production
- (18) Manufacturing automation
- (19) AED on Mg substrates
- (20) Ultra-thin Titanium Stamping and Micro AFP Coating
- (21) Film boiling cooling technology
- (22) CNCs developed various thickness products and introduced them into mass production, successfully significantly reducing the carbon footprint for customers and relatively lowering the price of the all-aluminum milling process.
- (23) AM60B impact-resistant magnesium alloy overcomes the problem of poor formability of

special magnesium alloy and introduces ultra-thin military-standard computer cases and high-end bicycle front fork structural parts of well-known brands

(24) Development of ultra-thin 0.3mm titanium alloy NB casing, thermosetting carbon fiber structural parts, and supporting micro-film thickness AFP appearance treatment

(25) Ultra-thin metal casing is traceless laser welded to achieve glue-free VoC free process.

The metal casing can be directly melted and recycled.

(26) Development of colorful micro-arc oxidation process

(27) Development of magnesium alloy and stainless steel AED anode electrophoresis processes

(28) Non heat treatment material

(29) IVD Molecular Diagnostics

(30) Establish an enterprise disease risk management platform

2. Technical levels

In terms of metal structure components, a total of 26 types of recycled materials and low-carbon materials with commonly used recycling ratios of aluminum alloys and magnesium alloys commonly used in the industry have been verified. We will continue to expand on special materials, such as the recycling/low-carbon material verification of titanium alloys, stainless steel, and special aluminum/magnesium alloys. The main development direction in 2023 is the vigorous development of integrated vehicle body parts manufactured by large-scale die-casting machines above 6000T, as well as supporting materials, molds, equipment, post-processing and other related technologies. Led by TESLA, China's new car manufacturers have invested one after another to create integrated body parts as the main core development route for electric vehicles. In contrast, traditional car manufacturers such as GM, BMW, Honda, etc. focus on utilizing various resources accumulated in the past to launch various vehicle models in the fields of fuel vehicles, hybrid power, pure electric power, etc. in a platform-based manner according to customer needs. Against this background, the future development directions at the technical level are as follows:

A. Deeply cultivate metal parts forming and precision processing: enhance core technology competitiveness, integrate process automation, and expand vertical integration of new technologies/products/modules;

B. Equipment/Talent/Technology Improvement: In the face of increasingly stringent product specifications and ESG requirements for the entire supply chain, improvements in corresponding fields are required to stand out in the fierce competition.

Studies show that more than 50% of the wear-and-tear of electronics products is due to high heat. This explains the constantly increasing demand for heat dissipation. Given the relentless pursuit of high performance for electronics products, it is imperative for the heat dissipation industry to devise ways to enable electronics products to function with better efficiency and for a longer life, in order to reduce waste of resources for the planet earth.

In terms of application, high-speed computing, IoT (Internet-of-Things), autonomous driving and cloud computing all require continuous functioning of electronics products with high performance, thus the demand for heat dissipation is urgent. The bars are also getting higher for heat dissipation products and technologies in terms of the development trends of the products. The overall requirements have also increased along with the higher heat dissipation of processors. The following trends will not change anytime soon: 1) slim, light and compact products. 2) Multi-processing continues. Processor power keeps increasing, so does the demand for heat dissipation. 3) The growing acceptance of electric vehicles poses the challenge to the heat dissipation industry, as the operating environment for heat dissipating products moves from the stable indoor to the dynamic outdoor. There is a long list of difficulties to overcome in terms of product design and stability. The thermal module industry needs to enhance the capability in product integration and demonstrate the flexibility in self-adjustment in order to stay ahead of trends, outperform in the competition, and contribute to the green planet by extending product lives and reduce resource consumption.

Thermal modules consist of several key components. The technical requirements for these components are rather high, for example:

- a. Heat pipes/vapor chambers: This component transfers heat via phase change between liquid and gas in the low pressure environment, to primarily resolves the problem of overly high heat density at single points. Going way thinner is the ongoing challenge, mainly to meet the demand for smartphones.
- b. Fans: This component involves the integration of heat flow, airflow, current, and electromagnetics. It is also the main source of noise in product installations, and a study on to use mathematical models and technological innovation to solve the challenges of heat dissipation and noise. At the same time, the high-performance design solution and the thin-type trend are the main focuses of many manufacturers.

The resolution of the problems in heat pipes, vapor chambers, or even fans, poses a tremendous challenge. However, Foxconn has an abundance of human resources in R&D to rise to the challenge in product design and technology. We also have adequate manufacturing experience to work out the bottleneck in the production process, engineering personnel to meet the requirement for customization, and flexibility in capacity adjustment to cope with the challenge of the pandemic and satisfy the regular and additional orders from customers.

Foxconn continues to improve its development technology for high-end medical devices and advanced products and combines its existing strengths with mass production capabilities. By establishing the CDMO model for medical materials, the Company undertakes the development and manufacturing business commissioned by domestic and foreign medical equipment companies, or cooperates to develop and acquire advanced technology to expand the scope of application.

In terms of the development of game console products, interaction and control technology is an important field in game development. Recently, many new technologies and applications have been continuously developed. Therefore, in the future, in addition to the existing product material molding and appearance treatment technology development, we will further plan the following interactive technology areas to continue system integration research and development:

- a. Virtual Reality (VR): VR technology has developed rapidly in recent years, allowing players to enter a completely virtual world and control game characters in a whole-body sensing method. Players can move and interact freely in the virtual world to experience a more realistic game world. This technology is being applied more and more widely in the fields of games, education, and medical care.
- b. Motion Capture (MoCap): The motion capture technology can convert the real action into the action in the game and realize more realistic game animation and interactive effect. This technology has become one of the basic technologies of modern game development.
- c. Augmented Reality (AR): AR technology can combine the virtual world and the real world, so that the player can see the virtual elements in the real world. This technology can be applied to the fields of games, education, travel, etc. Many AR games have already been successfully launched.
- d. Gesture Control: The gesture control technology can detect the gestures of the player to control the game characters. This technology can provide a more intuitive game operation method and enhance the realistic element and interactivity of the game.
- e. Voice Control: The voice control technology can control the characters by detecting the voice commands of the player. This technology can provide a more natural game operation method and reduce the dependence on the game machine.

(IV) Long- and Short-term business development plans:

1. Short-term business development plans

(1) Metal mechanical parts

- a. Expand the market share of existing 3C electronic products, strengthen cooperative relations with existing customers, and seek development opportunities for new customers with homogeneous products.
- b. Enhance the efficiency of manufacturing processes, reduce production costs, and improve productivity and product quality.
- c. Strengthen supply chain management and establish stable relationship with suppliers to ensure the stability and quality of material supply.
- d. Promote smart manufacturing, introduce new smart equipment and technologies, and improve production automation and production efficiency.

- e. Deeply cultivate the products of existing first-class automotive customers and explore other potential product opportunities; adjust product structure, enrich product forms, and enhance competitiveness; take root in China, deploy in Southeast Asia, and develop opportunities in Europe and the United States.

(2) Thermal modules

- a. The stay-at-home took off due to COVID-19. As a result, the demand for heat dissipation from personal computers and game consoles went up. As a leader in the heat dissipation industry, Foxconn Technology will actively promote order-taking plans to seize this business opportunity.
- b. The demand for heat dissipation from AI, cloud servers and networks continues to rise. In addition to actively capturing the trend, the Company will also invest more R&D resources to develop new products and new technologies.

(3) Medical products

- a. To develop and establish the core technology and capability of the industrial chain based on the existing business foundation of diagnostic medical equipment and products.
- b. Utilize internal capabilities to expand the development of similar products and customer base to reduce the possible impact of changes in orders for customers in the post-pandemic stage.

(4) Game consoles

- a. Pay close attention to customer orders for flexible production scheduling, rapid delivery, and promote the introduction of key components through vertical integration to maximize profits.
- b. Expand the breadth of technologies and strive for collaborative production of peripheral joint products in line with the diversified development strategy of customers.
- c. Continue to win customer maintenance business.

2. Long-term business development plans

(1) Metal mechanical parts

- a. We will adhere to the Company strategy by developing metal mechanical parts for electric vehicles, robots, and healthcare products, in order to create value by leveraging the Company's resources.
- b. The role of FTC in the supply chain, we will adopt the strategy of moving closer to the assembly plant, adjust the production process and increase the required equipment and technology to enhance the overall competitiveness.
- c. Strengthen corporate social responsibility, promote environmental protection and sustainable development, and improve the company's social image and brand value.

(2) Thermal modules

- a. The Company provides one-stop-shop total solutions and services to customers.
- b. We continue to consolidate facilities and integrate vertically in order to reduce costs and operating expenses.
- c. We seek to develop new clientele and new technology, with new clientele to pave the way for future growth and new technology to keep up with product trends.

(3) Medical products

- a. Based on internal core competencies, develop different product lines such as testing, monitoring medical equipment, surgical robots, etc..
- b. Explore the needs and development trends of medical institutions in different segments, and develop smart medical products and application service platforms by leveraging the telecommunications and engineering capabilities of FTC.

(4) Game consoles

- a. Enhancement of customers' dependence on our capacities and satisfaction in our quality.
- b. Continue to provide one-stop complete service from development to mass production, establish a joint development system, and increase customer dependence.

II. Production and Market Analysis

(I) Market Analysis

1. Main product sales areas:

Unit: NTD thousand

Product	Sales areas								Total	
	USA		China		Japan		Others		Amount	%
	Amount	%	Amount	%	Amount	%	Amount	%		
3C products	1,875,000	2.52	10,977,459	14.73	53,673,585	72.01	8,007,087	10.74	74,533,131	100

2. Market share

A. Metal mechanical parts

The following facts may shed some light:

- (1) Notebook computers: Taiwanese manufacturers dominate the market for metal mechanical components. Chinese manufacturers benefit from government policy support, the supply chain is also gradually becoming mature, and the market share has increased slightly
- (2) Smartphones: Most of the metal parts used in high-end mobile phones are from Taiwanese manufacturers. Low-end models have lower manufacturing requirements and are cheaper. Red supply chain manufacturers hold a portion of the market.
- (3) Tablet PC: Taiwanese manufacturers are the bulk leading manufacturers, while other regions, including the United States and China, are less focused on.

B. Thermal modules

Thermal modules are mainly composed of key components such as fans, heat pipes, thermal paste, fins, and fasteners. These key components are mainly supplied by Japanese and Taiwanese manufacturers. There is not much information on the industry, but it can be seen from the following aspects:

- (1) Computers: Foxconn Technology is the leader in the desktop segment. The notebook segment is shared by Chaun-Choung Technology, Auras Technology, and Asia Vita Components. However, there are many players in the thermal module market for notebooks, and the price competition is fierce. The change in market shares is rather drastic each year.
- (2) Network products: High-speed data transmission has driven the need for heat sinks for related hardware. Due to the increase in heat flux, thermal management, which used to be solved with a single material, has become a new challenge, and major heat sink manufacturers have participated in the challenge.
- (3) Consumer electronics: There is a large variety of consumer electronics products. The thermal dissipation market for game consoles is dominated by Foxconn Technology from Taiwan and shared by two to three companies from Japan.

C. Assembly of Game Consoles

The production and assembly market is dominated by one Taiwanese and two Japanese companies. The Taiwanese company has about 50% market share. The two Japanese companies evenly share the rest of the market.

3. Future market supply and demand and potential growth

A. Metal mechanical parts

Future supply and demand outlook

- a. The state of competition is balanced, with no significant change in competitors in the industry.
- b. The production capacity and future plans of existing manufacturers are conservative and prudent, and the supply does not increase significantly.
- c. Under the pressure of inflation, the demand is expected to fluctuate in the short-term, but it will still show stable development in the medium and long term.
- d. Metal mechanical parts are mostly used in high-end products, and are less likely to fluctuate greatly with the impact of the economy when the industry is M-shaped.
- e. Existing manufacturers in the industry have a tendency to introduce large die-casting machines

Future growth:

- a. Overall, with the global technological progress and innovation, the metal mechanical market still has good growth opportunities in the next few years.
- b. Existing 3C industries: Existing metal mechanical parts are mainly used in notebook computers, smart phones, consumer electronics, etc.. Although the growth of these industries has slowed down, there is still a steady demand for replacement.
- c. Entry into new fields: In addition to the 3C field, metal chassis manufacturers have also entered the medical, automotive, aviation, energy storage, 5G and AI fields in recent years. The scope of application is expanding, which helps increase product sales and expand the market. In particular, the future and growth of new energy vehicles are quite promising. The growth of the traditional automobile industry has slowed down. End customers have turned to the research and development and production of new energy vehicles. Governments of various countries are also promoting the electric vehicle market due to carbon reduction needs. In the next 10 years, the industry growth is expected.

B. Thermal modules

Demand and supply outlook -- The demand and supply is relative stable given the market structure, for the following reasons:

- a. Thermal modules are customized. Whether mass production is necessary depends on product design. As a result, imbalance between supply and demand is less likely.
- b. Different companies in the thermal module industry focus on different areas, and capacity expansion is typically not a means for competitiveness. This means a relatively stable demand and supply landscape.

Future growth: The market size is huge for thermal modules and the outlook is bright, Many manufacturers are bullish about future prospects and have been raising money in the capital market. The reasons for the bright outlook of the heat dissipation industry are as follows:

- a. Electric vehicles, high speed computing, the cloud, Metaverse, and network communication industries are all promising end markets because thermal modules at higher unit prices are required to resolve their overheating problem.
- b. The demand for heat dissipation modules in the notebook and game console markets has gradually returned to rationality after entering the post-pandemic era. However, as the heat

flux increases, the visibility of better heat dissipation modules will also increase.

C. Medical products

The company is actively developing medical products, and currently has several product projects, but it is still in the initial development and growth stage, and the competition field is relatively large. There are no relevant research reports for reference on the supply and demand of the product market. However, the trend of digital health is self-evident, and many technology companies in the United States have also invested in related industries.

D. Game consoles

Supply and demand outlook: The supply and demand in the assembly market for game consoles are rather stable, particularly for the home segment. The game console market is mature and some of the models launched by our customers are mid to latter stages of their life cycle. However, due to the continuous increase in the number of game titles, the support from the players who are replacing devices still maintained a certain amount of sales, and the industry structure of the game consoles continues to be stable. Secondly, we have long-term cooperation with customers in Japan, and have already consolidated our status as its most important hardware supplier. As long as we continue to deliver products according to customers' orders, we can maintain long-term orders and cooperation.

Future growth: The game console market is a mature product with little growth potential. However, it is still standing despite challenges from mobile games and other game devices in the past few years. It can be concluded that the external decline factor does not exist in the short term, and it is a stable niche market. In addition, the relatively closed environment and cooperative relationship between hardware and software manufacturers in the game console industry can also ensure their competitive advantages in the industry. It is determined in line with the customer's product planning.

4. Competitive niche

Foxconn Technology's competitive niche is as follows:

- A. Group's resources: As the most important member of the Taiwan's Biggest group, Foxconn can leverage the group's resources. The flexibility to access relevant resources is something our competitors do not have.
- B. Diversity: Foxconn boasts a diversity of clientele, products, and technologies. This diversity effectively reduces Foxconn's operational risks and boosts the overall flexibility as a competitive edge.
- C. Product integration: Foxconn offers metal mechanical parts and thermal modules as two key components. During the past few years, electronics products are becoming thinner, lighter, more compact and aesthetically attractive. To accommodate these requirements, metal mechanical parts and thermal modules are increasingly integrated. This is the competitive edge unique to Foxconn.
- D. Capacity allocation capability: Our production sites are in different locations, and hence, our capacity flexibility is unparalleled. This competitive advantage is clearly demonstrated with lockdowns here and there.
- E. We are a specialist manufacturer of heat dissipation products and metal cases with nearly 30 years of technical expertise. We specialize in a variety of manufacturing processes such as metal injection molding (MIM), precision mechanical processing, forging, stamping, thermal

treatment of special materials, and aluminum extrusion for a diversity of consumer electronics products. In recent years, we have developed many new materials of high thermal conductivity. We have purchased additive manufacturing equipment and special vacuum sintering equipment to keep up with the industry and continue existing businesses.

- F. With years of capabilities in professional and full services with metal mechanical parts and structures, we work with customers in the development of a wide range of customized products. We are known for global logistics capabilities and the extensive resources within the group can create more added value for customers. We seek to ensure existing market businesses and strive to develop the medical market by identifying new customers and new opportunities.
- G. We have a comprehensive and well-developed supply chain, a robust quality management system (ISO and IATF16949), a seasoned engineering team, and production lines with agility and versatility.

5. Positive and negative factors for future growth and strategic responses

A. Positive factors

- a. Financial structure: Foxconn Technology has a strong balance sheet and generates net cash inflows. This is our most important strength. In the current business environment full of uncertainties, the stability of the financial structure is particularly critical.
- b. Future product trends: Currently, electric vehicles, robotics, 5G, and servers are generally optimistic. These industries have a large medium and long-term demand for the metal mechanical parts and heat dissipation module products provided by Foxconn. This favorable factor is also a favorable factor for the Company. of optimism.
- c. Industry developments: Since the beginning of this year, many competitors have emerged in the metal mechanical parts and heat dissipation module industries. Many of them have sold factories, stopped public offerings, increased capital, or changed shareholdings. The split and change of ownership of these competitors will diversify their competitiveness, and in the long run, it will have a positive impact on the development of Foxconn.
- d. Industry structure: The outlook for high speed computing, cloud and network communication remains bright. Technology is pushing product replacements and boosting the demand. As the semiconductor manufacturing process is gradually plateauing, the requirements for electronic component heat dissipation and metal parts will increase.
- e. Demand structure: Population aging and rising awareness of health are gradually increasing the demand for surgical robots and instruments for minimally invasive procedures.

B. Negative factors

- a. Relations between China and the United States remain tense. This will continue to have adverse effects on the global technology industry. Competitors continue to sell factories to Chinese manufacturers, and the red supply chain have begun to enter the market to compete.
- b. After the impact of the COVID-19 pandemic, the instability of the supply chain began to

receive more attention. In the future, various production plans will be prepared in advance to deal with market uncertainties, which will directly affect the distribution of the existing global supply chain.

- c. Rising raw material costs have driven up production costs. The volatility of raw material prices and transportation costs is making cost control difficult.
- d. The consumer electronics industry has entered the maturity stage. Future growth will come from new markets such as medical equipment, robots and IoT (Internet-of-Things). There are risks of falling behind if market entrances are not made on a timely basis.

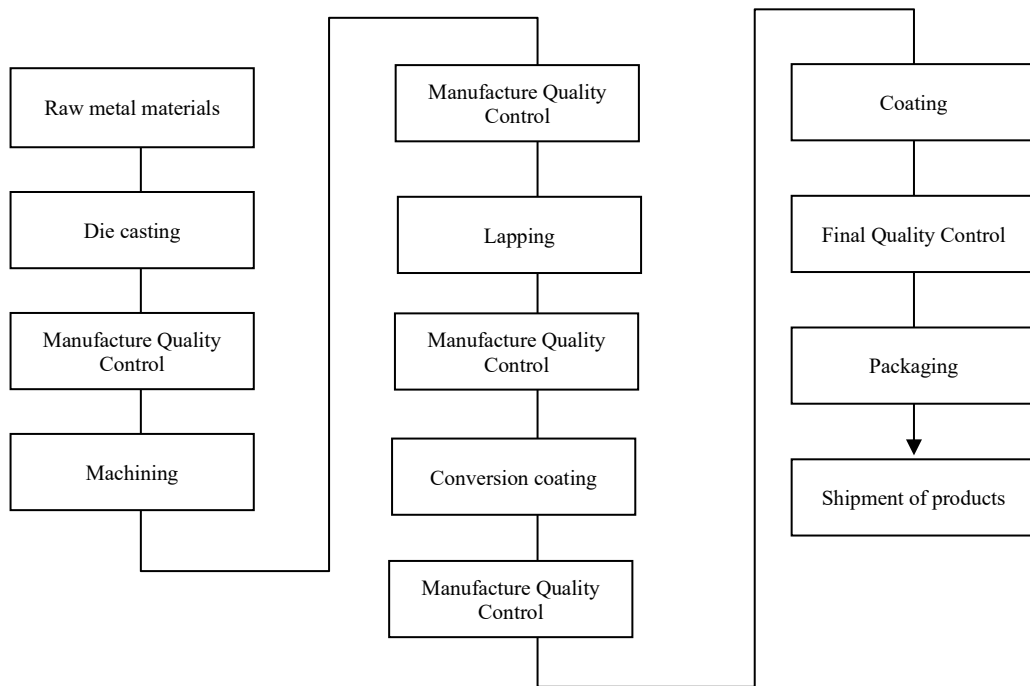
C. Strategic responses

- a. The opposition between China and the U.S. continues to intensify. This will continue to have adverse effects on the global technology industry. The Company has been leveraging the flexibility of production sites around the world, to counter the negative impact of the tariff war. We are also considering establishing capacities in different regions, promote manufacturing in multiple locations to avoid the long-term impact of the tariff war.
- b. Foxconn keeps exploring new fields to pursue growth, maintains continuous investment in R&D, and develops new technologies to meet the needs of new fields. Meanwhile, the Company will accelerate the consolidation of emerging fields such as electric vehicles, robotics, 5G, and the medical industry to pursue a stable growth curve.
- c. With years of experience in the R&D of thermal modules and metal mechanical parts and expertise in manufacturing process technologies, we provide customers with a variety of professional and technical support. Going forward, we will continue developing technologies to maintain leadership by setting up technical entry barriers.
- d. Application of familiar manufacturing technologies to use cases in different sectors to diversify risks.
- e. A centralized procurement system to enhance bargaining power and purchase terms significantly counter the effects caused by the current market volatility. Strengthening of competitive advantages in the highly volatile market in order to meet customer needs.
- f. Vertical integration from up to downstream to control cost.
- g. Usage of industrial IoT, artificial intelligence, etc. shall be actively adopted in R&D, manufacturing, sales and other aspects, in order to optimize manufacturing processes and reduce costs.

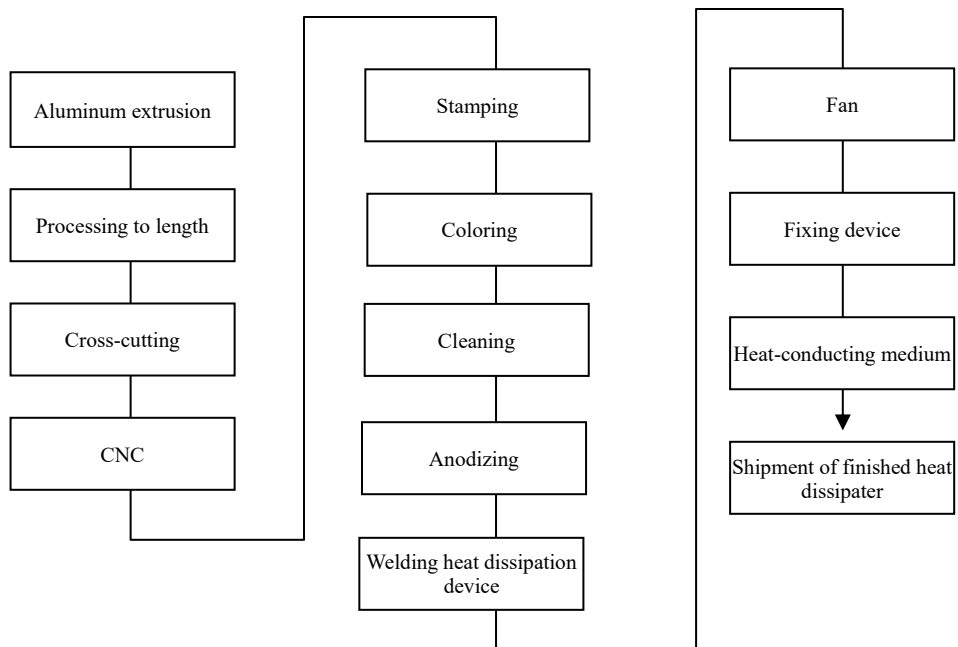
(II) The main purpose and manufacture process of major products

Major product	Main purpose
Metal mechanical parts	5G, IoT (Internet-of-Things), notebooks, mobile phones, tablets, digital single-lens reflex cameras, electric vehicles, robots and other electronics or electric machinery products Differentials/electric drives/battery cases/motorcycle castings/bicycle front forks and other power system parts and structural parts
Thermal modules	5G, IoT (Internet-of-Things), desktops, notebooks, mobile phones, tablets, servers, workstations, data centers, game consoles, robots, electric vehicles, and other electronics products
Game consoles assembly	For personal and family entertainment

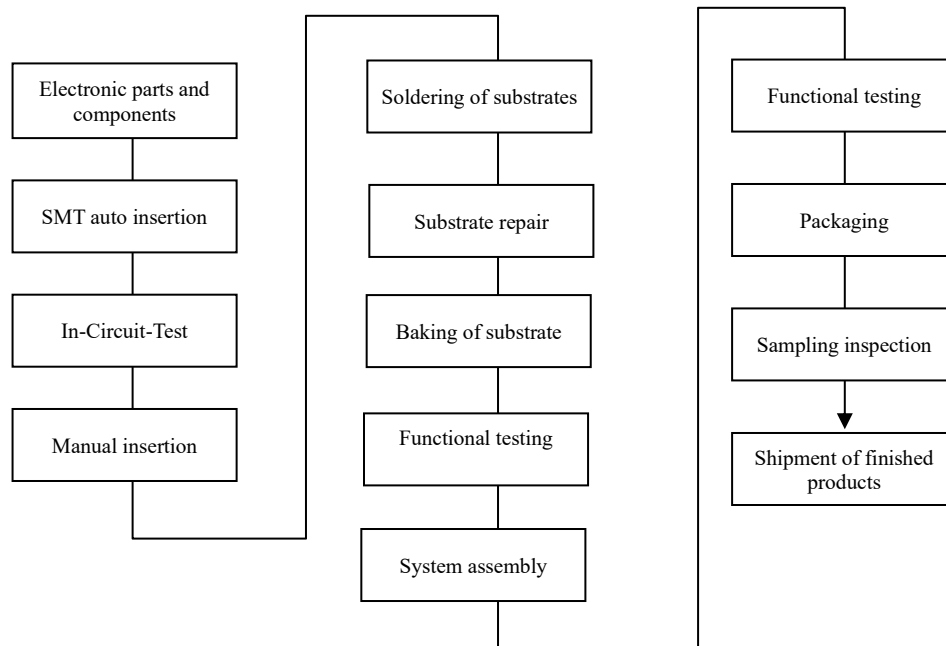
1. Metal mechanical parts production flow:



2. Thermal module production flow:



3. Game consoles production flow:



(III) Status of main material supply

Product item	Material	Status of supply
Electronic parts and components	Metal ingots	As the Company has built good long-term relationships with suppliers and major international customers, has many years of experience in collaborative development and cooperation, and has established long-term high-quality production and sales cooperation, a stable supply of key components can ensured.
	Coloring pigments	
	Motor	
	Aluminum extrusion	
	Heat pipe	
	Cooling fins	
	Fans	
Electronic system assembly	Graphics Processing Units	
	Memory sticks	
	Motherboards	
	Parts and components	

(IV) List of major customers/suppliers in the most recent two years

1. Information on major suppliers in the most recent two years:

Unit: NTD thousand

	2022				2023			
Item	Name	Amount	Percent of annual net purchase (%)	Relationship with the issuer	Name	Amount	Percent of annual net purchase (%)	Relationship with the issuer
1	HY	57,817,381	69.48%	Affiliated company	HY	46,096,693	69.02%	Affiliated company
	Others	25,399,889	30.52%	-	Others	20,691,612	30.98%	-
	Net purchase	83,217,270	100.00%	-	Net purchase	66,788,305	100.00%	-

Note: Difference in the purchase amount results from the Company's consideration on raw material demand and cost.

2. Information on major customers in the most recent two years

Unit: NTD thousand

	2022				2023			
Item	Name	Amount	Percent of annual net sales (%)	Relationship with the issuer	Name	Amount	Percent of annual net sales (%)	Relationship with the issuer
1	C	48,869,790	54.02%	None	A	52,845,441	70.90%	None
2	A	17,236,873	19.05%	None	Others	21,687,690	29.10%	None
	Others	24,362,843	26.93%	-				-
	Net sales	90,469,506	100.00%	-	Net sales	74,533,131	100.00%	-

Note: Difference in the purchase amount results from the market trend or clients' demand.

(V) Table of production volume/value in the most recent two years:

Unit: thousand pcs, NTD thousand

Production volume/value Major product	Year	2022			2023		
		Capacity	Volume	Value	Capacity	Volume	Value
3C products		627,821	615,511	88,881,410	423,053	414,758	72,084,776

(VI) Table of sales volume/value in the most recent two years:

Unit: thousand pcs, NTD thousand

Sales volume/ value Major product	Year	2022				2022			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
3C products		224	111,207	574,214	89,671,513	198	58,983	393,549	74,069,450
Others		0	0	0	686,786	0	0	0	404,698
Total		224	111,207	574,214	90,358,299	198	58,983	393,549	74,474,148

III. Employee Data for the Past Two Years by Annual Report Printing Date

Year		2022	2023	As of March 31 of current year
No. of employees	Staff	2,079	1,940	1,855
	Operator	6,197	5,176	5,593
	Total	8,276	7,116	7,448
Average age		34.19	35.49	35.37
Average tenure		5.68	6.25	5.78
Distribution of education backgrounds	PhD	0.17%	0.18%	0.17%
	Master	2.83%	3.05%	2.86%
	College	26.34%	26.36%	24.13%
	Senior high school	7.08%	7.64%	7.80%
	Below senior high school	63.58%	62.76%	65.03%

IV. Information on Environmental Protection Costs

In the most recent year up to the printing of the annual report, the total amount of losses (including the compensation amount and breach of regulations found during an environmental protection inspection, as well as the disclosure of the date, serial number, statute and content of the breach thereof, and the content of the penalty) incurred by the Company due to environmental pollution should be disclosed; disclosure of the current and future possible estimated amount, and counter-measures should also be made; if an estimation cannot be made, the reason should also be disclosed: None.

(I) The Company maintains and continues to improve the environment through the establishment of environmental management systems and dedicated personnel in compliance with local laws and regulations. In the most recent year and up to the publication date of the annual report, the Company has operated without any financial compensations or losses related to major incidents of environmental pollution.

(II) Expenditure on environmental protection

The Company attaches great importance to environmental protection and invests funds to continuously improve environmental protection every year. The expenses are mainly used for improvement projects such as addition of waste gas treatment facilities, hazardous waste disposal and improvement. In 2023, the Company spent about NT\$30,621 thousand on environmental protection expenditures and NT\$22,915 thousand during the same period in 2022.

Factory area	Expenditure on Environmental Protection (RMB 1,000)	Proposed purchase of pollution-prevention equipment or expenditure	Predicted improvement
Shenyang	1,850	Wastewater treatment	Comply with regulations
Yantai	1,620	Processing of Hazardous Waste	Handled hazardous waste through hazardous waste treatment companies with competent certifications
Taiyuan	474	Oil mist treatment equipment is installed on the north side of D5	Comply with regulations, and VOCs emissions meet standards.
	543	Oil mist treatment equipment is installed on the South side of D5	Comply with regulations, and VOCs emissions meet standards.
	21	Fence and roof installation of the ash storage area on the west side of D1	Reduce ash and slag pollution to the environment and avoid air pollution caused by ash and water reaction
Jincheng	156	Waste gas treatment facilities (Exhaust gas treatment of molding equipment)	Avoid the impact of waste gas during the production process on the health of employees and reduce the environmental pollution caused by smoke
Kunshan	300	Construction of waste gas treatment facilities of hazardous waste warehouse (Building F)	VOCs emissions meet standards to reduce organic pollutant emissions
	305	Construction of waste gas treatment facility in the injection molding workshop (Building L)	Improve the exhaust gas emission problem in the injection molding workshop and make the emission of non-methane total hydrocarbons meet the standards
Foshan	293	Regular maintenance of Waste gas treatment facilities	6 sets of exhaust gas treatment facilities are maintained every quarter and consumables are replaced to comply with emission standards.
	548	Replacement of gas hot water boiler for dormitory	Replaced two dormitory gas hot water boilers to improve boiler exhaust emissions
	78	Exhaust gas treatment renovation project of Elemental analysis room	The quality assurance elemental analysis room has upgraded and renovated waste gas treatment facilities in accordance with environmental impact assessment requirements.
	9	Maintenance of hazardous chemical warehouses and hazardous waste warehouses	Maintenance to reduce the risk of storing hazardous chemicals and hazardous waste
	12	Maintenance of wastewater station facilities and equipment	Pipeline updates to maintain operational performance
	7	Wastewater pool tightness testing	Comply with regulations and maintain a safe working environment
	112	Hazardous waste disposal expenditure	Comply with regulations
	35	Maintenance of Waste gas treatment facilities	Maintain operational performance through routine maintenance
	45	Maintenance of waste gas treatment facilities in the scrap room	Maintain operational performance through routine maintenance

	30	Maintenance of exhaust gas treatment facilities in sandblasting rooms	Maintain operational performance through routine maintenance
	30	Maintenance of rainwater and sewage pipes in the factory area	Maintain operational performance through routine maintenance
	49	Maintenance of collapsed sewage pipes in the factory area; maintenance and improvement of some tube wells	Improve operational performance through maintenance
	23	Improvement of rainwater discharge at the east gate of the factory area	Improve operational performance through maintenance
	90	Maintenance of Waste gas treatment facilities	Maintain operational performance through routine maintenance
	45	Environmental analysis	Annual routine testing to confirm compliance with regulations and emission standards
	82	Environmental Impact Assessment Report	Improvement investment for new projects (including pre-evaluation, acceptance evaluation and emission permit renewal)
	80	New waste gas treatment facilities in laboratory	Improvement investment for new projects
Nanning	30	Environmental protection equipment activated carbon	Improve waste gas treatment efficiency
	105	Disposal of hazardous waste	Comply with regulations and reduce environmental impact
Total	6,972		
NTD (thousand)	30,621	Currency conversion: 1 RMB→4.392 NTD	

(1) Prevention of stationary pollution source

The air pollutants generated in the manufacturing process are collected into the wet scrubbers through the exhaust pipes, and the pollutants in the exhaust gas are removed before they are discharged to the atmosphere. The factories have lawfully obtained the Stationary Pollution Source Operating Permit, regularly reported the pollutant concentration of the waste gas emissions every year, and submitted declarations to the relevant environmental protection authorities in accordance with the law. In 2023, emitted volatile organic compounds at a rate of 0.781 ton per year; emitted nitrogen oxide at a rate of 471.427 tons per year; emitted volatile organic compounds at 7.926 tons per year, and emitted suspended particulates at 5.067 tons/ per year.

(2) Prevention of water pollution

All factory areas of Foxconn Technology have obtained wastewater discharge permit from the government. The wastewater from each factory is treated with chemical or biochemical methods before being discharged. The pollutants in the water are removed before it is discharged into the municipal sewage treatment plant through the discharge outlets. Meanwhile, water analysis laboratories are installed at each factory site and have the equipment to measure wastewaters' temperature, acidity, alkalinity, suspended solids, heavy metals, and chemical oxygen demand. The wastewater emissions are tested on a daily basis to ensure compliance with wastewater discharge standards. The government also comes to the factories to check the wastewater concentration to ensure that relevant standards are met, and that the discharged wastewater do not have any serious impact on water bodies and related habitats.

(3) Cleaning of wastes

Treatment of waste removal in all factory areas has been handled in accordance with local laws and regulations. External service providers are appointed for recycling and disposal of general waste. Hazardous wastes are first stored temporarily at the warehouses for hazardous wastes. Once the volumes reach a certain number, professional vendors approved by the government are called in to collect the wastes. Bills and receipts are issued and submitted to the environmental authorities of local governments.

Unit: ton

Year	2023		2022	
Factory area	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Shenyang	157	26	-	-
Yantai	2,311	430	2,085	541
Taiyuan	1,119	158	1,256	-
Jincheng	31	2	-	-
Kunshan	571	362	1,395	470
Pan-Shenzhen	533	66	624	65
Total	4,722	1,044	5,360	1,076

(4) Toxic chemical substances management

Currently, there are no toxic chemical substances generated during the production process in factory areas.

(III) Compliance with RoHS:

The Company is in compliance with the regulations, industry standards, international trends, and customers' environmental protection requirements. All products are tested in accordance with the EU Restriction of Hazardous Substances Directive, RoHS. The source and substances of the materials are clearly labeled based on the retrace and management procedures. Furthermore, materials provided by suppliers are required go through RoHS testings to ensure that the products do not contain hazardous substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers. The Company also requires its suppliers to have complete policies and investigation procedures for the management of conflict minerals in place, so it can identify that the raw materials provided by its suppliers are not obtained from illegal mining of gold (Au), tantalum (Ta), tin (Sn) and tungsten (W) from conflict areas, and to ensure that the products produced by the Company are not directly or indirect funding the armed groups that violate human rights in the Democratic Republic of the Congo or neighboring countries. The company promotes upstream smelters to obtain certifications of Conflict Free Smelter, CFS.

V. Labor-Management Relations

Current important labor agreement and implementation:

The Company has been treating its employees with sincerity and established mutual trust with them through its welfare system and good training system that guarantee a fulfilling and stable life for them. Though there is no union in the Company, but the Company has established "Workers and Employers Meeting" and meets regularly pursuant to the law, over the years, its employees can give full play to their team spirit, coordinate the Company's decision, cooperate with each other to create a harmonious environment for working. The Company pursuant to the relevant labor laws and regulations, to protect the legitimate interests of employees, provides employees with safe and healthy working environment, and set up an employee feedback and complaints mechanism. The Company adopts the followings measures to build a harmonious labor relation:

(I) Employee benefits measures:

Founded in June 1990, the Welfare Committee is composed of 7 members, including 1 appointed by the employer and 6 by employees. The committee members are re-elected every four years, and there are adjunct staff under the committee. At present, the welfare offerings by the Welfare Committee are as follows:

- (1) Food allowance;
- (2) Birthday gift (cash presents);
- (3) Gifts on three traditional holidays, Chinese New Year, Dragon boat Festival, and Mid-autumn Festival;
- (4) Lucky draw during get-togethers;
- (5) Health promotion activities and medical consultation;
- (6) Employee maternity pension, child allowance, and provide traffic subsidy, and health care for pregnant employees;
- (7) Employee wedding gifts and funeral relief funds;
- (8) Training subsidiaries;
- (9) Group insurance.

(II) Career Development and Training for Employees:

In order to enhance employees' knowledge, exert their personal potential, and allow them to pursue their goal of organizational learning and the lifelong learning, the Company has invested a lot of resources in employee education and training courses and the establishing of related facilities. Each year, human resources department and various business units develop and open courses, to promotes employees to attend various courses such as general education, management, and professional skills according to their professions. They also have established an on-line learning platform to enable employees to learn anytime and anywhere in order to cultivate employees' professional competence, thereby increase the productivity to improve the company's operating efficiency.

- (1) The Company has established a Human resource training department that develops employee training procedures and training schedules. The curriculum design is classified according to the Group's four major management systems, and is based on the premise of comprehensively improvement on Company's productivity. Being in line with the requirements Technology Development Committees of each business units, the Company carries out module training courses on IE, economy and management, general knowledge, professional knowledge and core technology. The courses are carried out to strengthen the employees' professional abilities to increase productivity and improve Company's operational profits.
- (2) E-learning and libraries are built to enhance learning anytime and anywhere.
- (3) Employee training system is established to integrate related information on trainings.
- (4) In 2023, the Company provided 677,259 hours of trainings for Company employees (7,116 persons) with the training fees reaching up to NT\$580 thousand.

(III) Code of conduct or ethics:

In order to help employees have a better understanding of ethics, rights, obligations and the code of conduct, the Company hereby works out the relevant measures and regulations to provide basis for all employees. The relevant measures are briefed as follows:

- (1) Rules on decision-making right and decentralization: To improve work efficiency, strengthen the management on decentralization and effectively standardize the rights of employees at different levels.
- (2) Organizational structure and duties of each department: Clearly define the organizational functions of each unit and the duties of each position.
- (3) The Employee Handbook is prepared to help employees understand the relevant measures and procedures.
 - a. New employee orientation program: To eliminate new employees' insecurity towards the new environment and help them to familiarize with the working environment and colleagues after reporting for duty as soon as possible, and help them to be mentally and physically ready in a short period of time, to exert productivity and reduce the turnover rate of new colleagues.
 - b. Code of business ethics: To improve all employees' behavioral quality, business ethics and expertise and try to maximize the Company's profit within the legal scope. Every employee has the responsibility to prevent the Company's interests from losing or being impaired and is obliged to maintain the Company's reputation so as to guarantee its permanent growth and development.
 - c. Working rules: To clearly regulate various working conditions, personnel management regulations, etc., so that employees can follow.
 - d. Regulations on Employee attendance: To Strengthen the attendance and leave system to establish a good employee working discipline.
 - e. Reward and punishment system: Rewards or punishment are given to employees whose behavior or conduct has brought benefit or loss to the Company's operation.
 - f. Performance assessment method for employees: Employees' working achievements and performance are assessed annually as the basis for salary adjustment, promotion, distribution of bonus and arrangement for training courses.

(IV) Working environment and protective measures for employees' personal safety

- (1) According to the regulations of the competent authority, the Company formulates safety and health work codes for employees to follow the safety and health practices.
- (2) Safety and health management unit and personnel:
 - a. According to the Occupational Safety and Health Act, a labor safety and health management unit was established. On April 20, 2016, the unit was renamed "occupational safety & health management unit" and reported to the regulators for reference (New Taipei City Government Labor Inspection Office No.: B105001519).
 - b. In the workplace, on-site safety and health supervision personnel are set up in accordance with the law and sufficient emergency personnel are deployed.
 - c. Annual security management plans are established and implemented accordingly.
 - d. Annual automatic inspection plans are prepared in accordance with the Regulations on Occupational Health and Safety Management.
 - e. Conduct monthly industrial accidents declaration in accordance of regulations
 - f. Safety and health management monthly reports are compiled on a monthly basis and

- kept for future reference.
- g. Safety and health committee meetings are held convened quarterly, at which reports and discussion of safety and health related matters are carried out.
 - h. The monitoring of the operating environment is conducted once every half a year as required. No incompliance was identified in 2023.
 - i. Promote workplace maternal health protection plans, postpartum nursing consultation and work suitability arrangements, work environment improvement, hazard prevention and hierarchical management
 - j. All factory areas in Yantai, Kunshan, Taiyuan, Hebi and Pan-Shenzhen have obtained ISO 45001 certification which is within expiration date.

Table of certifications obtained by each factory area of the Company

Certification	Factory area	Starting year	Expiration year	Issuer
Occupational Health and Safety Management System (ISO 45001)	Yantai	2022	2024	DNV
	Taiyuan	2023	2026	Shenzhen Universal Certification Centre
	Jincheng	2023	2026	SGS
	Kunshan	2023	2026	Shenzhen Universal Certification Centre
	Nanning	2023	2026	SGS
	Foshan	2023	2026	TUV

(3) Facility safety

- a. An automatic inspection procedure for mechanical equipment shall be set and be implemented in compliance to the prepared annual plans.
- b. High and low voltage electrical equipment or facilities are maintained monthly by designated qualified firms in accordance with the regulations.
- c. For this reason, infra-red thermographers tests were carried out on electrical equipment in the factory areas every six months. Uninterrupted power supply detections are carried out to determine if maintenance is required, in order to reduce the risk of electrical fires.
- d. Elevators are maintained monthly by designated qualified firms in accordance with the regulations.
- e. According to the regulations of the competent authority, the Elevators should be inspected by the inspection agencies every year before they may be used.
- f. When signing the contracts with contractors, safety and health precautions shall be provided in writing. Before the personnel enter the scene, they shall first implement the hazard notification workshop, organize an consultative organization every quarter, conduct inspections of the work area from time to time, and issue improvement notice for any violation of company's contract management regulations and follow up on the improvements to ensure appropriate implement contract management.
- g. When new production process and new equipment are installed, machine safety check will be carried out, and strengthen the spirit of change management through form management and cross-department joint checking mechanism.
- h. Promote the safety culture management plan, and improve the safety and health awareness and ability of each employee through complete education and training.

(4) Environmental sanitation:

- a. The Company implements drinking water management, water dispensers are maintained by designated qualified firms on a monthly basis. Such monthly drinking water inspections are based on standards higher than regulatory and legal standards.
- b. The staff conducts a general health check every year, and the expenses are fully compensated by the Welfare Committee.
- c. Automated external defibrillators are set up and qualified operators are trained according to the proportion of the unit.
- d. Emergency rescue equipment such as emergency response cabinets, fire-fighting clothing and air cylinders (SCBA) are set up, and equipment inspection are included in the automatic inspection project. For the members of the internal response system, corresponding education and training will be conducted every year.

(5) Fire safety

- a. A complete fire protection system is set up in accordance with the provisions of the Fire Protection Law, and the Company designate qualified firms to maintain the fire protection facilities or equipment on a monthly basis, and improve on any defects.
- b. The Company plans annual training programs and implement fire group training.
- c. Every year, the Company conducts whole factory evacuation drills and cooperate with the Group's labor safety and health management division to hold safety and health month related activities. Increase the experience of the earthquake body car.
- d. The Company sends personnel to participate in external training courses (including damage prevention, emergency response, etc.) on irregular basis.

(V) Retirement system

The Company has formulated the retirement and pension plans for employees in accordance with the Labor Standards Act and the Labor Pension Act, including:

(1) Qualification for Labor Standards Act (old system): A defined benefit pension plan is adopted.

- a. Retirement application: A worker may apply for voluntary retirement under any of the following conditions: where the worker attains the age of fifty-five and has worked for fifteen years; where the worker has worked for more than twenty-five years; where the worker attains the age of sixty and has worked for ten years.
- b. Pension payment: The retirement pension base shall be one month's average wage of the worker at the time when his or her retirement is approved. According to employees' serving years, two bases shall be given for each full year of service. One base is given for each full year exceeding the 15th year of serving. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. As per Article 54 of the Labor Standards Act, an additional 20% on top of the amount calculated according to the aforementioned article shall be given to workers forced to retire due to conditions occurred from the execution of their duties.
- c. Employee retirement reserve allocation: The Company shall set aside 2% of the total employee monthly salary amount and deposit them into the employee retirement reserve account pursuant to the applicable retirement system provided by the Labor Standards Act; and ensure that this amount cannot be used as a subject of transfer, seizure, offset, or collateral. Before the end of each year, the employee retirement reserve account balance shall be calculated. If the balance is insufficient to pay employees with conditions specified in Article 53 or Subparagraph 1, Paragraph 1 of Article 54 of the Labor Standard Act for the next year, the Company shall make up the differences before the end of March next year
- d. The supervision of pension funds: Since September 2000, the Company legally established the Supervisory Committee of Workers' Retirement Fund, which is re-elected every four years and in charge of checking the amount, deposit and withdrawal as well as payment of retirement fund so as to ensure employees' rights.

(2) Qualification for the Labor Pension Act (new system): A defined contribution pension plan is adopted.

- a. The Company appropriates 6% employee's pension reserve every month: According to the Monthly Contribution Wages Classification of Labor Pension issued by the Bureau of Labor Insurance, the Company appropriates 6% of the worker's monthly wage to his/her personal pension fund account.
- b. Employee contribution: Workers may also voluntarily contribute within 6% of their wage to the labor pension reserve.

(VI) Other important agreements: None.

(II) Loss suffered from labor disputes in the latest year and up to the printing date of this Annual Report: The Company has no major dispute on labor relation or labor agreement in the latest year and up to the printing date of this Annual Report.

VI. Cyber Security Management:

To ensure the availability, integrity and confidentiality of the Company's information assets, the Company implements network and system communication security control and protection measures to provide accurate and real-time management information for better decision-making quality and reduce the impact on information security and the Company's operation risks.

(I) Information security risk management framework

1. The Company has set up the Cyber Security Committee organizational structure. The highest ranking officer in the business unit is appointed the standing cyber security committee member and shall, in accordance with the Information Security Policy and related standard of procedures, convene regular review meetings reviewing the current state of cyber security operations and development strategies, and ensure that improvements are continually to be made on the adopted resolutions to meet the Company's operational and regulatory requirements.
2. The Company has appointed a Chief Information Security Officer and a designated information security unit per Order No. Financial-Supervisory-Securities-Auditing-11003656544 of the Financial Supervisory Commission. The Company has also established internal information security organizations in compliance with ISO/IEC 27001 Information security management systems, and have the experienced personnel in each department to play the corresponding role. Follow the group's information security policy, join the group's internal information security joint defense system and TWCERT intelligence agency, promote the various management objectives of the management review meeting resolutions, and continue to improve the information security management and operation mechanism.

(II) Cyber security policy:

1. The Company has strengthened the cyber security management all-rounded, to prevent damage to the enterprise's reputation from information security incidents, and improve the resilience for business continuity. It has passed the verification and audit of the ISO/IEC 27001:2013 international information security management standard on March 16, 2019, and completed the renewal review on March 16, 2022 to obtain the certificate valid until March 15, 2025.
2. In accordance with the relevant procedures and regulations of the Information Security Policy, through regular implementation of information security risk assessment, information security risk management, information security training for all employees, information security audits, etc., the Company continues to improve the overall information security maturity to protect customers, shareholders, suppliers, employees, and other stakeholders.
3. In order to improve the information security level of the Company and customers, the Company launched the TISAX audit project in 2023 to

benchmark the international information security standards in the automotive industry. In addition to meeting customers' expectations, the information security management system shall be extended to other areas for improvement.

4. The Company successfully passed the Assessment Level 3 (AL3) of the Trusted Information Security Assessment Exchange (TISAX) in August 2023, fully demonstrating that Foxconn Technology complies with the strict standards and requirements of the information security of industrial customers to obtain sufficient trust from customers in the automobile industry, and the ability to provide customers with safer services.

(III) Specific management plans for Information security policy

The Company continues to make improvements by deploying management measures to control the information security risks according to the changes in the situation and actual needs. The specific measures are as follows:

1. Policy formulation: Regularly review the information security policy.
2. Technical control: Deploy the protection technologies that keep pace with the times and upgrade the information security protection framework.
3. Management review: Regular management review meetings are held to review the suitability, appropriateness, and effectiveness of the information security management items.
4. Risk management: The Company continues to identify, analyze, and evaluate information security risks, and propose countermeasures based on the findings, in order to minimize potential losses from operational risks.
5. Incident response: The Company continues to optimize the reporting and response procedures to eliminate threats quickly, reduce the scope and extent of impact, and maintain the normal operation of the enterprise.
6. Audit mechanism: Conduct IT security audits on a regular basis to review IT security operations, propose corrective and preventive measures, and take corrective actions to enhance information security resilience.
7. Education and training: General information security education and training are provided to new employees upon entry. Information security education and training are continuously being promoted to all employees to raise employees' information security awareness and protection vigilance.
8. Threat information analysis: The company collects and analyzes threat information from public sources to understand the latest threat trends, predict potential threat attacks, and formulate countermeasures to improve information security protection capabilities and reduce information security risks.
9. Invest resources in information security management:
 - (1) Certification: ISO27001 information security certification and TISAX, there are no major deficiencies in the relevant information security audit.
 - (2) There will be 27 meetings related to information security in 2023.
 - (3) In 2023, there will be 92 information security-related education and training sessions, with a total of 5,858 trainees participating and 181 hours of training hours completed.

(II) Any loss incurred due to material cyber security events, possible impacts and countermeasures during the most recent year and as of the publication date of this annual report: The Company did not experience material cyber security event that would have affected operations during the most year and as of the publication date of this annual report.

VII. Important Contracts

Contract type	Contracting party	Term of agreement	Summary	Clauses
Bill of sale	Nintendo Co., Ltd.	Effective for one year from January 01, 2018, unless either party terminates the contract three months prior to the expiration of the term, each session will be automatically extended for another year.	Terms and conditions of the sale and purchase of finished products	Transfer of rights and obligations under this contract is prohibited

Six. Financial Information

I. Most Recent 5-Year Concise Balance Sheet and Comprehensive Income Statement

(I) Concise Balance Sheet and Statement of Comprehensive Income - IFRS

1. Concise Consolidated Balance Sheet

Unit: NTD thousand

Items \ Year		Financial information for the most recent five years					Financial information as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		108,072,195	113,612,184	118,826,609	108,151,811	74,742,426	Note
Property, plant, and equipment		5,942,398	4,960,067	4,558,413	4,229,790	2,868,306	
Intangible Assets		1,577,962	1,481,287	1,366,313	2,026,968	1,898,747	
Other assets		48,983,262	49,056,182	49,646,279	36,696,199	54,583,917	
Total assets		164,575,817	169,109,720	174,397,614	151,104,768	134,093,396	
Current liabilities	Before Distribution	54,840,529	58,012,616	61,985,449	46,799,523	27,946,085	
	After Distribution	58,376,742	60,558,689	64,390,074	49,062,699	30,067,813	
Non-current liabilities		1,129,678	828,349	1,387,965	1,127,769	987,133	
Liability	Before Distribution	55,970,207	58,840,965	63,373,414	47,927,292	28,933,218	
	After Distribution	59,506,420	61,387,038	65,778,039	50,190,468	31,054,946	
Equity of the parent company		108,619,425	110,315,497	111,145,372	103,367,345	105,286,263	
Capital stock		14,144,852	14,144,852	14,144,852	14,144,852	14,144,852	
Capital surplus		7,527,178	7,527,365	7,538,805	7,596,355	7,571,060	
Retained Earnings	Before Distribution	80,163,968	81,333,471	83,686,824	85,449,814	87,427,672	
	After Distribution	76,627,755	78,787,398	81,282,199	83,186,638	85,305,944	
Other equity		6,783,427	7,309,809	5,774,891	(3,823,676)	(3,857,321)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		(13,815)	(46,742)	(121,172)	(189,869)	(126,085)	
Total equity	Before Distribution	108,605,610	110,268,755	111,024,200	103,177,476	105,160,178	
	After Distribution	105,069,397	107,722,682	108,619,575	100,914,300	103,038,450	

Note: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

2. Concise Entity Balance Sheet

Unit: NTD thousand

Year Items		Financial information for the most recent five years					Financial information as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		21,646,591	23,199,990	29,175,726	36,893,624	11,946,284	Note
Property, plant, and equipment		71,979	71,220	70,576	73,752	91,148	
Intangible Assets		-	-	-	-	-	
Other assets		122,266,765	125,309,149	128,505,805	107,687,392	112,781,819	
Total assets		143,985,335	148,580,359	157,752,107	144,654,768	124,819,251	
Current liabilities	Before Distribution	34,862,222	37,821,640	46,274,453	40,832,108	19,107,436	
	After Distribution	38,398,435	40,367,713	48,679,078	43,095,284	21,229,164	
Non-current liabilities		503,688	443,222	332,282	455,315	425,552	
Liability	Before Distribution	35,365,910	38,264,862	46,606,735	41,287,423	19,532,988	
	After Distribution	38,902,123	40,810,935	49,011,360	43,550,599	21,654,716	
Equity of the parent company		-	-	-	-	-	
Capital stock		14,144,852	14,144,852	14,144,852	14,144,852	14,144,852	
Capital surplus		7,527,178	7,527,365	7,538,805	7,596,355	7,571,060	
Retained Earnings	Before Distribution	80,163,968	81,333,471	83,686,824	85,449,814	87,427,672	
	After Distribution	76,627,755	78,787,398	81,282,199	83,186,638	85,305,944	
Other equity		6,783,427	7,309,809	5,774,891	(3,823,676)	(3,857,321)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before Distribution	108,619,425	110,315,497	111,145,372	103,367,345	105,286,263	
	After Distribution	105,083,212	107,769,424	108,740,747	101,104,169	103,164,535	

Note: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

3. Concise Consolidated Income Statement

Unit: NTD thousand

Items \ Year	Financial information for the most recent five years					Financial information as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	99,802,129	104,789,599	104,082,031	90,469,506	74,533,131	Note
Gross profit	9,950,386	6,469,573	7,258,536	6,884,567	5,726,424	
Operating profit or loss	5,294,292	2,618,425	3,594,003	2,852,044	1,468,050	
Non-operating revenues and expenses	3,081,986	2,817,345	2,012,244	3,737,067	3,880,091	
Profit before tax	8,376,278	5,435,770	5,606,247	6,589,111	5,348,141	
Business units in current continuing operation income	7,037,114	4,686,123	4,414,636	4,198,165	4,314,046	
Discontinued operation loss	-	-	-	-	-	
Current period net profit (loss)	7,037,114	4,686,123	4,414,636	4,198,165	4,314,046	
Other comprehensive income of the current period (net amount after taxation)	6,824,527	513,048	(1,124,558)	(9,707,675)	52,115	
Total current period comprehensive income	13,861,641	5,199,171	3,290,078	(5,509,510)	4,366,161	
Net profit attributed to the parent company	7,129,801	4,718,343	4,488,906	4,266,446	4,260,720	
Net profit attributed to non-controlling interests	(92,687)	(32,220)	(74,270)	(68,281)	53,326	
Total comprehensive income attributable to owners of the parent company	13,953,729	5,232,098	3,364,508	(5,430,952)	4,311,667	
Total comprehensive income attributable to non-controlling interests	(92,088)	(32,927)	(74,430)	(78,558)	54,494	
Earnings per share (NTD)	5.04	3.34	3.17	3.02	3.01	

Note: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

4. Concise Individual Total Comprehensive Income Statement

Unit: NTD thousand

Items \ Year	Financial information for the most recent five years					Financial information as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	66,650,972	78,290,566	81,795,768	75,015,268	64,041,055	Note
Gross profit	3,531,551	3,872,150	4,265,440	3,949,501	3,051,804	
Operating profit or loss	2,997,680	3,067,394	3,334,050	2,484,274	1,541,818	
Non-operating revenues and expenses	4,805,549	2,305,619	1,832,108	2,417,117	3,319,755	
Profit before tax	7,803,229	5,373,013	5,166,158	4,901,391	4,861,573	
Business units in current continuing operation income	7,129,801	4,718,343	4,488,906	4,266,446	4,260,720	
Discontinued operation loss	-	-	-	-	-	
Current period net profit (loss)	7,129,801	4,718,343	4,488,906	4,266,446	4,260,720	
Other comprehensive income of the current period (net amount after taxation)	6,823,928	513,755	(1,124,398)	(9,697,398)	50,947	
Total current period comprehensive income	13,953,729	5,232,098	3,364,508	(5,430,952)	4,311,667	
Net profit attributed to the parent company	N/A	N/A	N/A	N/A	N/A	
Net profit attributed to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to owners of the parent company	N/A	N/A	N/A	N/A	N/A	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share (NTD)	5.04	3.34	3.17	3.02	3.01	

Note: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

(II) Names and opinions of external auditors over the past five years

Year	Name of CPA	Audit Opinions	Reasons for changing external auditors
2019	Han-Chi Wu, Min-Chuan Feng	Unqualified	Adjustment of internal administrative structure
2020	Han-Chi Wu, Min-Chuan Feng	Unqualified	-
2021	Chien-Ju Hsu, Min-Chuan Feng	Unqualified	Adjustment of internal administrative structure
2022	Chien-Ju Hsu, Yong-Jian Hsu	Unqualified	Adjustment of internal administrative structure
2023	Chien-Ju Hsu, Yong-Jian Hsu	Unqualified	-

II. Most Recent 5-Year Financial Analysis

(I) Consolidated Financial Analysis - IFRS

Year Items (Note 2)		Financial analysis for the most recent five years					Financial analysis for the quarter ending on March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Total liabilities to total assets	34.01%	34.79%	36.34%	31.72%	21.58%	Note 3
	Long-term capital to PP&E	1827.64%	2223.13%	2466.04%	2465.97%	3700.70%	
Debt-paying ability (%)	Current ratio	197.07%	195.84%	191.70%	231.10%	267.45%	
	Quick ratio	128.66%	186.56%	182.12%	219.46%	255.73%	
	Times Interest Earned	20.63	23.60	40.60	100.59	21.58	
Operating performance	Accounts receivable turnover (times)	3.23	3.54	3.78	3.99	5.19	
	Average collection days	113.00	103.10	96.45	91.47	70.34	
	Inventory turnover (times)	31.34	25.38	18.06	15.25	16.05	
	Accounts payable turnover (times)	3.25	3.37	3.41	2.97	3.61	
	Average inventory turnover days	11.64	14.38	20.21	23.93	22.74	
	Property, plant and equipment turnover (times)	14.83	19.22	21.87	20.59	21.00	
	Total Assets Turnover (times)	0.62	0.63	0.61	0.56	0.52	
Profitability	ROA (%)	4.67%	2.95%	2.64%	2.68%	3.16%	
	ROE (%)	6.85%	4.31%	3.99%	3.91%	4.14%	
	Pre-tax profit to paid-in capital(%)	59.22%	38.43%	39.63%	46.58%	37.81%	
	Net profit rate (%)	7.14%	4.50%	4.24%	4.64%	5.79%	
	Earnings per share (NTD) (Note 1)	5.04	3.34	3.17	3.02	3.01	
Cash flow	Cash flow ratio (%)	23%	4.19%	7.35%	19.38%	(12.69%)	
	Cash flow adequacy (%)	144.97%	103.86%	81.01%	98.31%	90.91%	
	Cash flow reinvestment ratio (%)	6.04%	(0.83%)	1.55%	5.58%	(5.03%)	
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00	
	Financial leverage	1.09	1.11	1.04	1.08	1.20	

Please state the reasons for all financial ratio changes within the most recent two years. (Analysis may be exempt for changes less than 20%)

1. The decrease in the ratio of liabilities to assets was mainly due to the substantial decrease in total liabilities in the current period.
2. The increase in the ratio of long-term funds to fixed assets was mainly due to the sharp decrease in fixed assets in the current period.
3. The decrease in interest coverage ratio was mainly due to the sharp decrease in pre-tax net profit for the current period.
4. The increase in accounts receivable turnover rate and the decrease in the average number of days to collect cash were mainly due to the decrease in accounts receivable.
5. The increase in payables turnover rate was mainly due to the significant decrease in payables in the current period.
6. The increase in net profit margin was mainly due to the decrease in net sales in the current period.
7. The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in cash flow from operating activities in this period compared with the previous period.

Note 1: It is calculated based on the number of weighted average outstanding shares and by retrospectively adjusting the increase of weighted number of outstanding shares due to transferring surplus into capital increase over the years.

Note 2: Please refer to the explanations on page 113 for the calculation formulas of the analyzed items.

Note3: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

(II) Individual financial analysis - International Financial Reporting Standards

Items (Note 2)		Year	Financial analysis for the most recent five years					Financial analysis for the quarter ending on March 31, 2024
			2019	2020	2021	2022	2023	
Financial structure (%)	Total liabilities to total assets	24.56%	25.75%	29.54%	28.54%	15.65%	Note1	
	Long-term capital to PP&E	150,904.33%	154,893.99%	157,954.06%	140,772.67%	115,978.21%		
Debt-paying ability (%)	Current ratio	62.09%	61.34%	63.05%	90.35%	62.52%		
	Quick ratio	60.71%	54.70%	57.00%	84.21%	53.90%		
	Times Interest Earned	24.84	47.41	65.39	37.78	27.46		
Operating performance	Accounts receivable turnover (times)	5.33	5.68	5.16	4.63	5.41		
	Average collection days	68.48	64.28	70.74	78.87	67.45		
	Inventory turnover (times)	174.62	51.74	29.60	26.26	27.89		
	Accounts payable turnover (times)	3.31	4.14	4.13	3.16	3.99		
	Average inventory turnover days	2.09	7.06	12.33	13.90	13.09		
	Property, plant and equipment turnover (times)	891.38	1,093.45	1,153.71	1,039.51	776.73		
	Total Assets Turnover (times)	0.47	0.54	0.53	0.50	0.48		
Profitability	ROA (%)	5.25%	3.29%	2.98%	2.90%	3.27%		
	ROE (%)	6.85%	4.31%	4.05%	3.98%	4.08%		
	Pre-tax profit to paid-in capital (%)	55.17%	37.99%	36.52%	34.65%	34.37%		
	Net profit rate (%)	10.70%	6.03%	5.49%	5.69%	6.65%		
	Earnings per share (NTD) (Note 1)	5.04	3.34	3.17	3.02	3.01		
Cash flow	Cash flow ratio (%)	4.86%	(9.55%)	7.66%	19.74%	(43.27%)		
	Cash flow adequacy (%)	79.48%	24.75%	55.28%	50.83%	8.18%		
	Cash flow reinvestment ratio (%)	(2.59%)	(6.45%)	0.89%	5.45%	(9.96%)		
Leverage	Operating leverage	1.17	1.25	1.27	1.56	1.94		
	Financial leverage	1.13	1.04	1.03	1.06	1.13		
Please state the reasons for all financial ratio changes within the most recent two years. (Analysis may be exempt for changes less than 20%)								
1. The decrease in the ratio of liabilities to assets was mainly due to the substantial decrease in total liabilities in the current period.								
2. The decrease in current ratio and quick ratio was mainly due to the significant decrease in current assets in the current period.								
3. The decrease in interest coverage ratio was mainly due to the substantial increase in interest expenses in the current period.								
4. The increase in payables turnover rate was mainly due to the significant decrease in payables in the current period.								
5. The turnover rate of real estate, plants and equipment decreased, mainly due to the decrease in operating income.								
6. The decrease in operating profit/paid-in capital was mainly due to the decrease in operating net profit.								
7. The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in cash flow from operating activities in this period compared with the previous period.								
8. The decline in the cash flow adequacy ratio is mainly due to the decrease in cash flow from operating activities in the current period compared with the previous five years.								
9. The increase in operating leverage is mainly due to the decrease in operating net profit.								

Note1: As of the date of publication of the annual report, there is no latest financial information checked or reviewed by an accountant, so it will not be disclosed.

Note2: Please refer to the explanations on page 113 for the calculation formulas of the analyzed items.

Please refer to the explanations on pages 1-6 for the calculation formulas of the analyzed items.

1. Financial structure

- (1) Total liabilities to total assets = Total liabilities / Total assets
- (2) Long-term capital to PP&E = (Net equity + Long-term debts) / Net property, plant and equipment

2. Debt-paying ability

- (1) Current ratio = Current Assets / Current liability
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
- (3) Interest protection multiple = Net income before income tax and interest expense / Interest expense

3. Operating performance

- (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
- (2) Average collection days = 365 / account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
- (5) Average inventory turnover days = 365 / Inventory turnover
- (6) Property, plant and equipment turnover = Net sales / Net property, plant and equipment
- (7) Total assets turnover = Net sales / Total assets

4. Profitability

- (1) ROA = [PAT + Interest expense $\times$ (1 - Interest rate)] / Average total assets
- (2) ROE = PAT / Average net equity
- (3) Net income ratio = PAT / Net sales
- (4) EPS = (PAT - Dividend from prefer stock) / Weighted average outstanding shares

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Most recent 5-year cash flow from operating activities / Most recent 5-year (Capital expenditure + Increase of inventory + Cash dividend)
- (3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + Long-term investment + Other assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net revenue - Variable cost of goods sold and operating expense) / Operating income
- (2) Financial leverage = Operating income / (Operating income - Interest expenses)

III. Audit Committee's Review Report on Financial Statements of Most Recent Year

Audit Committee' Review Report

The Board of Directors have prepared and presented the Company's 2023 Financial Statement, Business Report, and proposal for earnings distribution. The 2023 Financial Statement has been audited by PricewaterhouseCoopers Taiwan and issued with an independent auditor's report. The abovementioned 2023 financial statements, business report and table for earnings distribution was reviewed by the Audit Committee and no incompliance was identified. These reports are hence published according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Foxconn Technology Co., Ltd.

Convener of the Auditing Committee: Ching Heng Wu

March 13, 2024

IV. Most Recent Financial Reports

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxconn Technology Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Revenue cutoff

Description

Refer to Note 4(30) for accounting policy on revenue recognition and Note 6(21) for details of revenues. The Group has three sale transaction types, including (1) direct shipment from the factory, (2) FOB destination, and (3) hub. For FOB destination and hub, revenue is recognized when goods are shipped to destination or picked up by customers (when controls of the products are transferred). The supporting documents of revenue recognition include receipts from customers (FOB destination), reports or other information provided by hub custodians and inventory movement record of hub. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in the accounting records.

Since there are numerous daily revenue from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Evaluated and tested the Group's controls over revenue recognition.
- B. Tested sales transactions that took place shortly before and after the balance sheet date, by verifying customers' receipt notes, supporting documents provided by hub custodian, inventory movement records, and costs of goods sold recognized in the correct reporting periods.
- C. Confirmed or physical inventoried quantities held by distribution warehouses and agreed to accounting records. Assessed the reasonableness for reconciling item identified through confirmation or physical inventory, if any, and inspected respective supporting documents and rationale.

Provision for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. As at December 31, 2023, the Group's inventories and provision for inventory valuation losses amounted NT\$3,278,069 thousand and NT\$285,215 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of 3C electronic products, modules and components. Due to rapid technological innovations, shorter electronic product life cycles and the fluctuation of market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged.

As the amounts of inventory are material, types of inventories vary, the identification of obsolete or damaged inventories and determination of net realizable value are subject to management's judgment, we considered the provision for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Ensured consistent application of policies in relating to provision for inventory valuation losses and in compliance with respective accounting guidance.
- B. Validated the appropriateness of system logic of inventory aging report utilized by management in assessing inventory valuation losses and selected samples and tested transactions for proper categorization in inventory aging report.
- C. Assessed the reasonableness of inventory valuation losses through discussing with management the net realizable value of obsolete or damaged inventories and validating supporting documents.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Foxconn Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

A. 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 controls.

- B. 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 controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chieh-Ju, Hsu Yung-Chien, Hsu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 47,253,599	35	\$ 78,001,243	52
1136	Current financial assets at amortized cost, net	6(4) and 8	10,469,029	8	260,574	-
1170	Accounts receivable, net	6(5)	6,346,518	5	14,003,943	9
1180	Accounts receivable due from related parties, net	7	2,189,941	2	5,800,257	4
1200	Other receivables	7	5,206,215	4	4,642,235	3
130X	Inventories	6(6)	2,992,854	2	4,979,359	3
1470	Other current assets		284,270	-	464,200	1
11XX	Total current assets		74,742,426	56	108,151,811	72
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,319,307	1	502,530	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	25,992,583	19	25,222,349	17
1535	Non-current financial assets at amortized cost, net	6(4) and 8	19,477,723	15	2,203,442	1
1550	Investments accounted for under equity method	6(7)	4,532,071	3	5,087,554	3
1600	Property, plant and equipment	6(8) and 7	2,868,306	2	4,229,790	3
1755	Right-of-use assets	6(9), 7 and 8	967,278	1	1,374,157	1
1760	Investment property - net	6(11)	1,123,307	1	1,160,010	1
1780	Intangible assets	6(12)	1,898,747	1	2,026,968	1
1840	Deferred tax assets	6(27)	896,319	1	997,283	1
1900	Other non-current assets		275,329	-	148,874	-
15XX	Total non-current assets		59,350,970	44	42,952,957	28
1XXX	Total assets		\$ 134,093,396	100	\$ 151,104,768	100

(Continued)

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(13) and 7	\$ 10,351,090	8	\$ 9,118,611	6
2120	Current financial liabilities at fair value through profit or loss	6(2)	643	-	9,364	-
2170	Accounts payable		5,026,717	4	4,695,000	3
2180	Accounts payable to related parties	7	4,089,308	3	24,324,159	16
2200	Other payables	6(14) and 7	7,260,608	5	7,198,855	5
2230	Current tax liabilities	6(27)	749,254	1	975,714	1
2280	Current lease liabilities	7	185,501	-	187,626	-
2300	Other current liabilities		282,964	-	290,194	-
21XX	Total current liabilities		27,946,085	21	46,799,523	31
Non-current liabilities						
2570	Deferred tax liabilities	6(27)	498,162	1	452,757	-
2580	Non-current lease liabilities	7	360,627	-	484,430	1
2600	Other non-current liabilities	6(15)	128,344	-	190,582	-
25XX	Total non-current liabilities		987,133	1	1,127,769	1
2XXX	Total liabilities		28,933,218	22	47,927,292	32
Equity attributable to owners of parent						
	Share capital	6(16)				
3110	Ordinary share		14,144,852	10	14,144,852	9
	Capital surplus	6(17)				
3200	Capital surplus		7,571,060	6	7,596,355	5
	Retained earnings	6(18)				
3310	Legal reserve		14,108,409	10	13,691,648	9
3320	Special reserve		3,823,676	3	-	-
3350	Unappropriated retained earnings		69,495,587	52	71,758,166	47
	Other equity interest	6(19)				
3400	Other equity interest		(3,857,321)	(3)	(3,823,676)	(2)
31XX	Total equity attributable to owners of parent		105,286,263	78	103,367,345	68
36XX	Non-controlling interests	6(20)	(126,085)	-	(189,869)	-
3XXX	Total equity		105,160,178	78	103,177,476	68
	Commitments and Contingent Liabilities	9				
3X2X	Total liabilities and equity		\$ 134,093,396	100	\$ 151,104,768	100

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

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 74,533,131	100	\$ 90,469,506	100
5000	Operating costs	6(6) and 7	(68,806,707)	(92)	(83,584,939)	(92)
5900	Gross profit from operations		5,726,424	8	6,884,567	8
	Operating expenses	7				
6100	Selling expenses		(725,876)	(1)	(847,810)	(1)
6200	Administrative expenses		(1,725,127)	(3)	(1,625,254)	(2)
6300	Research and development expenses		(1,578,581)	(2)	(1,504,998)	(2)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(228,790)	-	(54,461)	-
6000	Total operating expenses		(4,258,374)	(6)	(4,032,523)	(5)
6900	Net operating income		1,468,050	2	2,852,044	3
	Non-operating income and expenses					
7100	Interest income	6(22)	2,853,151	4	2,030,662	2
7010	Other income	6(23)	798,256	1	1,750,375	2
7020	Other gains and losses	6(24)	600,408	1	310,468	-
7050	Finance costs		(240,876)	(1)	(209,473)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(130,848)	-	(144,965)	-
7000	Total non-operating income and expenses		3,880,091	5	3,737,067	4
7900	Profit before income tax		5,348,141	7	6,589,111	7
7950	Income tax expense	6(27)	(1,034,095)	(1)	(2,390,946)	(2)
8200	Profit for the year		\$ 4,314,046	6	\$ 4,198,165	5

(Continued)

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial gains (losses) on defined benefit plans	6(15)	\$ 105,740	-	(\$ 123,539)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	852,207	1	(15,886,869)	(18)
8349 Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(27)	(21,148)	-	24,708	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		936,799	1	(15,985,700)	(18)
Components of other comprehensive income that will be reclassified to profit or loss	6(19)(20)				
8361 Exchange differences on translation		(861,389)	(1)	5,833,340	6
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)(19)	(23,295)	-	444,685	1
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(884,684)	(1)	6,278,025	7
8300 Other comprehensive income (loss), net		\$ 52,115	-	(\$ 9,707,675)	(11)
8500 Total comprehensive income (loss)		\$ 4,366,161	6	(\$ 5,509,510)	(6)
Profit (loss) attributable to:					
8610 Owners of parent		\$ 4,260,720	6	\$ 4,266,446	5
8620 Non-controlling interests		53,326	-	(68,281)	-
		\$ 4,314,046	6	\$ 4,198,165	5
Comprehensive income (loss) attributable to:					
8710 Owners of parent		\$ 4,311,667	6	(\$ 5,430,952)	(6)
8720 Non-controlling interests		54,494	-	(78,558)	-
		\$ 4,366,161	6	(\$ 5,509,510)	(6)
Earnings per share	6(28)				
9750 Basic earnings per share		\$ 3.01		\$ 3.02	
9850 Diluted earnings per share		\$ 3.00		\$ 3.01	

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

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Retained Earnings					Other Equity Interest		Total	Non-controlling interests	Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
<u>2022</u>											
Balance at January 1, 2022		\$ 14,144,852	\$ 7,538,805	\$ 13,201,705	\$ -	\$ 70,485,119	(\$ 9,509,327)	\$ 15,284,218	\$ 111,145,372	(\$ 121,172)	\$ 111,024,200
Profit (loss)		-	-	-	-	4,266,446	-	-	4,266,446	(68,281)	4,198,165
Other comprehensive income (loss)	6(19)(20)	-	-	-	-	(98,831)	6,288,302	(15,886,869)	(9,697,398)	(10,277)	(9,707,675)
Total comprehensive income (loss)		-	-	-	-	4,167,615	6,288,302	(15,886,869)	(5,430,952)	(78,558)	(5,509,510)
Appropriations and distribution of 2021 earnings:	6(18)										
Legal reserve		-	-	489,943	-	(489,943)	-	-	-	-	-
Cash dividends		-	-	-	-	(2,404,625)	-	-	(2,404,625)	-	(2,404,625)
Changes in equity of associates and joint ventures accounted for under equity method	6(7)	-	57,550	-	-	-	-	-	57,550	-	57,550
Increase in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	9,861	9,861
Balance at December 31, 2022		\$ 14,144,852	\$ 7,596,355	\$ 13,691,648	\$ -	\$ 71,758,166	(\$ 3,221,025)	(\$ 602,651)	\$ 103,367,345	(\$ 189,869)	\$ 103,177,476
<u>2023</u>											
Balance at January 1, 2023		\$ 14,144,852	\$ 7,596,355	\$ 13,691,648	\$ -	\$ 71,758,166	(\$ 3,221,025)	(\$ 602,651)	\$ 103,367,345	(\$ 189,869)	\$ 103,177,476
Profit		-	-	-	-	4,260,720	-	-	4,260,720	53,326	4,314,046
Other comprehensive income (loss)		-	-	-	-	84,592	(885,852)	852,207	50,947	1,168	52,115
Total comprehensive income (loss)		-	-	-	-	4,345,312	(885,852)	852,207	4,311,667	54,494	4,366,161
Appropriations and distribution of 2022 earnings:	6(18)										
Legal reserve		-	-	416,761	-	(416,761)	-	-	-	-	-
Special reserve		-	-	-	3,823,676	(3,823,676)	-	-	-	-	-
Cash dividends		-	-	-	-	(2,263,176)	-	-	(2,263,176)	-	(2,263,176)
Changes in equity of associates and joint ventures accounted for under equity method	6(7)	-	(25,482)	-	-	(104,278)	-	-	(129,760)	-	(129,760)
Adjustments arising from changes in percentage of ownership in subsidiaries		-	187	-	-	-	-	-	187	-	187
Decrease in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	9,290	9,290
Balance at December 31, 2023		\$ 14,144,852	\$ 7,571,060	\$ 14,108,409	\$ 3,823,676	\$ 69,495,587	(\$ 4,106,877)	\$ 249,556	\$ 105,286,263	(\$ 126,085)	\$ 105,160,178

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

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 5,348,141	\$ 6,589,111
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation expense (including investment property and right-of-use assets)	6(25)	1,275,112	1,383,275
Amortization	6(25)	114,959	116,603
Expected credit loss	12(2)	228,790	71,837
(Gain) loss on financial assets or liabilities at fair value through profit or loss, net		(195,396)	368,898
Impairment loss	6(24)	271,580	2,965
Gain on disposal of property, plant and equipment	6(24)	(407,012)	(210,208)
Gain on disposal of right-of-use assets	6(24)	(556,601)	-
Interest expense		240,876	209,473
Interest income	6(22)	(2,853,151)	(2,030,662)
Dividend income	6(23)	(34,574)	(890,728)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	130,848	144,965
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		-	(159,332)
Accounts receivable		6,921,851	3,769,262
Accounts receivable due from related parties		3,475,874	2,263,189
Other receivables		280,527	157,846
Inventories		2,023,949	827,712
Other current assets		183,040	250,480
Net changes in liabilities relating to operating activities			
Accounts payable		443,530	(1,983,926)
Accounts payable to related parties		(19,498,502)	(2,980,021)
Other payables		166,267	(1,738,598)
Other current liabilities		24,208	(192,687)
Cash (outflow) inflow generated from operations		(2,415,684)	11,929,496
Income taxes paid		(1,130,097)	(2,958,799)
Income taxes returned		-	99,079
Net cash flows (used in) from operating activities		(3,545,781)	9,069,776

(Continued)

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 10,501,751)	(\$ 250,670)
Decrease in financial assets at amortized cost - current		141,758	12,881,561
Acquisition of financial assets at fair value through profit or loss		(1,169,931)	(1,077,541)
Proceeds from disposal of financial assets at fair value through profit or loss		426,564	46,320
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		112,488	236,163
Acquisition of financial assets at fair value through other comprehensive income		(31,316)	(35,698)
Decrease in financial assets at amortized cost - non - current		2,197,632	-
Increase in financial assets at amortized cost - non - current		(19,756,803)	-
Acquisition of property, plant and equipment	6(30)	(213,179)	(873,868)
Proceeds from disposal of property, plant and equipment	6(30)	553,750	189,920
Proceeds from disposal of right-of-use assets		815,725	-
Acquisition of intangible assets	6(12)	(5,688)	-
Increase in net receivable/payable on raw materials		-	(3,892,523)
(Increase) decrease in refundable deposits		(22,064)	11,319
(Increase) decrease in other non-current assets		(89,141)	577,651
Interest received		2,129,618	2,144,280
Dividends received		29,377	890,728
Net cash flows from acquisition of subsidiaries	6(29)	16,426	242,301
Net cash flows (used in) from investing activities		(25,366,535)	11,089,943
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(31)	28,359,445	45,053,910
Decrease in short-term loans	6(31)	(27,090,802)	(58,719,346)
Payments of lease liabilities	6(31)	(170,408)	(147,209)
Decrease in other non-current liabilities		(19,452)	(38,868)
Interest paid		(259,009)	(67,588)
Cash dividends paid	6(18)	(2,263,176)	(2,404,625)
Net cash flows used in financing activities		(1,443,402)	(16,323,726)
Effect of changes in foreign currency exchange rates on cash		(391,926)	2,439,842
Net (decrease) increase in cash and cash equivalents		(30,747,644)	6,275,835
Cash and cash equivalents at beginning of year		78,001,243	71,725,408
Cash and cash equivalents at end of year		<u>\$ 47,253,599</u>	<u>\$ 78,001,243</u>

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

FOXCONN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

The Company was originally known as Q-RUN Technology Co., Ltd. and established on April 26, 1990. On March 1, 2004, the Company merged with Foxconn Precision Components Co., Ltd. and was renamed as Foxconn Technology Co., Ltd. The Company and its subsidiaries (collectively referred herein as “the Group”) are primarily engaged in manufacturing, processing and sales of case, heat dissipation modules and consumer electronics products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

Amendments to IAS 12, ‘International tax reform - pillar two model rules’

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). An entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Investment holdings in companies in Mainland China, Hong Kong and America primarily engaged in manufacturing, sale, research and development of computer thermal module and computer components	100	100	
Foxconn Technology Co., Ltd.	Q-Run Holdings Ltd.	Investment holdings in companies in Mainland China, Hong Kong, Singapore and America primarily engaged in manufacturing, sale, research and development of aluminum magnesium case and computer components	100	100	
Foxconn Technology Co., Ltd.	Q-Run Investment Co., Ltd.	Investment holdings in R.O.C. companies	100	100	
Foxconn Technology Co., Ltd.	Sotera Wireless, Inc.	Sales of wireless vital sign monitoring system	53.93	53.93	(b)
Foxconn Technology Co., Ltd.	FTC Health Corporation	Medical equipment and precision instruments wholesale and retail	100	100	(c)
Foxconn Technology Co., Ltd.	PKM Corporation	Game consoles reselling business	91.12	91.12	(d)
Foxconn Technology Co., Ltd.	FTC Japan Co., Ltd.	Electronic products and medical supplies production and sales, health management service business, long term care equipment purchase and lease services	100	-	(e)

Investor	Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Foxconn Technology Co., Ltd.	Ultimate Aluminum Magnesium Technology Co., Ltd.	Aluminum casting, aluminum and magnesium rolling, stretching, extruding, and manufacture of metal structure and building component	100	-	(h)
Foxconn Technology Co., Ltd.	FTC Technology Vietnam Company Limited	Import, design, manufacture and sale of electronic products and components, precision instruments and medical devices	100	-	(i)
FTC Health Corporation	Refront IoMT Corp.	Medical equipment and precision instruments wholesale and retail	80	-	(g)
Foxconn Precision Components Holding Co., Ltd.	Atkinson Holdings Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Holdings Ltd.	Q-Run Far East Corporation	Investment holdings and reinvestment	100	100	
Q-Run Holdings Ltd.	World Trade Trading Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Holdings Ltd.	High Tempo International Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Holdings Ltd.	FTC Technology Inc.	Investment holdings and reinvestment	100	100	
Q-Run Holdings Ltd.	Foxconn Technology Pte.Ltd.	Sales, investment holdings and reinvestment	100	100	
Atkinson Holdings Ltd.	Kenny International Ltd.	Investment holdings and reinvestment	100	100	

Investor	Subsidiary	Main Business Activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
Atkinson Holdings Ltd.	Double Wealth Profits Ltd.	Investment holdings and reinvestment	100	100	
Atkinson Holdings Ltd.	Precious Star International Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Far East Corporation	Eastern Star Limited	Investment holdings and reinvestment	100	100	
Q-Run Far East Corporation	Topfry Industrial Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Far East Corporation	Gold Glory International Ltd.	Investment holdings and reinvestment	100	100	
Q-Run Far East Corporation	New Glory Holdings Ltd.	Investment holdings and reinvestment	100	100	
Foxconn Technology Pte.Ltd.	FTP Technology Inc.	Investment holdings and reinvestment	100	100	
Kenny International Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	22.76	22.76	
Double Wealth Profits Ltd.	Fuzhun Precision Industry (Shenzhen) Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	100	100	
Eastern Star Limited	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and peripherals and computer cases	87.63	87.63	
Eastern Star Limited	Fuzhun Precision Electronics (Hebi) Co., Ltd.	New alloy material, precision molds, new electronic components, portable computers and their components	100	100	

Investor	Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Precious Star International Ltd.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and related peripherals, computer cases and metal stamping	12.37	12.37	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Qingdao Hygen Innovative Alloy Materials Co., Ltd	Research, development, production and sales of aluminum alloy materials, rail vehicle components, car accessories and electronic components; manufacturing and sales of structured metal products and metal container (not including precious metal and electroplating)	70	70	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Fuzhun Precision Industry (Shenyang) Co., Ltd.	Manufacture and sale of automobile parts; manufacture and sale of aluminum alloy parts used for automobiles and electronics	100	100	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Hon Fujin Precision Industry (Jincheng) Co., Ltd.	Manufacture and sale of medical device, hygiene products, disposable medical supplies; producing, wholesale and import and export of medicines	100	100	(a)
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Manufacturing and marketing of computer components (computer thermal module)	65	65	(f)
Topfry Industrial Ltd.	Fuhuigang Industrial (Shenzhen) Co., Ltd.	Manufacturing and marketing of computer case – electronic and electrical components	100	100	
Gold Glory International Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	77.24	77.24	

Investor	Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Manufacturing and marketing of computer components (computer thermal module)	35	35	
Fu Yu Precision Components (Kunshan) Co., Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case – electronic and electrical components	50.62	50.62	
New Glory Holdings Limited	YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case – electronic and electrical components	49.38	49.38	
New Glory Holdings Limited	Nanning Funing Precision Electronics Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	100	100	

- (a) The Group's subsidiary, Hon Fujin Precision Industry (Jincheng) Co., Ltd., completed registration of incorporation in the second quarter of 2022, and was included in the consolidated financial statements since the incorporation completion date.
- (b) The Group's subsidiary, Sotera Wireless, Inc., was acquired from a business combination in the third quarter of 2022, and was included in the consolidated financial statements since the business combination date. Refer to Note 6(29) for more details.
- (c) The Group's subsidiary, FTC Health Corporation, completed registration of incorporation in the third quarter of 2022, and was included in the consolidated financial statements since the incorporation completion date.
- (d) On November 1, 2022, the Group acquired a 91.12% equity interest in PKM Corporation. The Group obtained control over the company and the company was included in the consolidated financial statements since the business combination date.
- (e) The Group incorporated FTC Japan Co., Ltd. on December 26, 2022, and was included in the consolidated financial statements since the incorporation completion date.
- (f) The Group reorganized the investment structure in the fourth quarter of 2022. The Group's Hon Fujin Precision Industry (Taiyuan) Co., Ltd. acquired a 65% equity interest in Champ Tech Optical (Foshan) Corporation from Fuzhun Precision (Shenzhen) Industry Co., Ltd.
- (g) On February 24, 2023, the Group's subsidiary, FTC Health Corporation, acquired an 80% equity interest in Refront IoMT Corp.. The Group obtained control over the company and the company was included in the consolidated financial statements since the business combination date. Please refer to Note 6(29) for more details.
- (h) The Group incorporated Ultimate Aluminum Magnesium Technology Co., Ltd. on September 21, 2023, and was included in the consolidated financial statements since the incorporation completion date.
- (i) The Group incorporated FTC Technology Vietnam Company Limited on September 8, 2023, and was included in the consolidated financial statements since the incorporation completion date.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
(a) The objective of the Group's business model is achieved by collecting contractual cash flows.
(b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognized in other comprehensive income.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) – operating leases

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

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for under equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for buildings and structures machinery and equipment and other equipment are 3~55 years, 2~10 years and 2~10 years, respectively.

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee;
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss the difference between the remeasured lease liability and the change in right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(19) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Patent rights and technical skill are amortized on a straight-line basis over their estimated useful lives of 5 years.
- C. Computer software is amortized on a straight-line basis over their estimated useful lives of 3 years.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal

should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of goodwill that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Loans

Borrowings comprise long-term and short-term loans and other long-term and short-term loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

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

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Non-hedging derivative instruments

- A. Non-hedging derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivative instruments are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivative instruments are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative instruments are closely related in the host

contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative instruments is accounted for differently from the host contract as derivative instruments while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation, directors' and supervisors' remuneration

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

(28) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(29) Dividends

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

(30) Revenue recognition

- A. The Group is primarily engaged in manufacturing and sales of consumer electronics products. Sales are recognized when control of the products has transferred, being 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, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

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

(32) Business combinations

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

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition

The Group provides integrated electronics manufacturing services to meet the following criteria by judgments, and recognizes revenue on a gross basis:

- A. The Group is primarily responsible for the provision of goods or services;
B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Due to the rapid technology innovation, short lifespan of these inventories and fluctuations in market prices, there might be material changes to the evaluation. For inventories age over a certain period and

individually recognized as obsolete inventories, the net realizable value was calculated based on historical data of inventory write-down.

As of December 31, 2023, information on the carrying amount of inventories is provided in Note 6(6).

B. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

As of December 31, 2023, details of the carrying amount of the Group's investments accounted for under the equity method, net of impairment loss are provided in Note 6(7).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 136	\$ 1,130
Checking accounts and demand deposits	35,137,754	53,604,037
Cash equivalents		
Time deposits	<u>12,115,709</u>	<u>24,396,076</u>
	<u>\$ 47,253,599</u>	<u>\$ 78,001,243</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Time deposits with maturity in excess of three months and restricted time deposits on December 31, 2023 and 2022 have been listed under "financial assets at amortized cost - current" and "financial assets at amortized cost - non-current".

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

<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificate	\$ 874,664	\$ 219,077
Hybrid instrument- Convertible preference share	386,226	283,453
Unlisted shares	<u>58,417</u>	<u>-</u>
	<u>\$ 1,319,307</u>	<u>\$ 502,530</u>
<u>Liabilities</u>		
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative - Convertible bonds	<u>\$ 643</u>	<u>\$ 9,364</u>

- A. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 18,148	(\$ 167,023)
Beneficiary certificate	203,376	(56,864)
Hybrid instrument	(19,965)	(145,011)
Unlisted shares	2,679	-
	<u>\$ 204,238</u>	<u>(\$ 368,898)</u>

- B. The counterparties of derivative instruments held by the Group are all banks with good credit quality or financial institutions with investment grade credit ratings that are above A.
- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. On July 28, 2022, the Group acquired series D preference shares issued by ZAP Medical System, Ltd. by cash in the amount of USD 15,000 thousand. Under the agreement, the Group has the right to require the conversion of preference share when specific conditions are met.
- E. The derivative instruments of convertible bonds pertained to the separable conversion options and the redemptions of convertible bonds issued by the Company's subsidiary, Sotera Wireless Inc. The convertible bonds and their derivative instruments issued by the subsidiary, Sotera Wireless, Inc., were consolidated and written off by the Group.
- F. On March 14, 2023, the Group invested cash of USD 30,000 thousand in GTM Capital Healthcare Fund L.P., a private fund, shown as financial assets at fair value through profit or loss. In addition, the private fund returned the investment capital of USD 5,000 thousand on May 19, 2023.
- G. On November 10, 2023, the Group disposed Jinan Fujie Industrial Investment Fund Partnership (shown as financial assets at fair value through profit or loss) with a transaction amount of RMB 89,500 thousand in accordance with the agreement of withdrawal from partnership.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments	<u>\$ 25,992,583</u>	<u>\$ 25,222,349</u>

- A. The Group has elected to classify strategic investments as financial assets at fair value through other comprehensive income.
- B. The Group has no financial assets at fair value through other comprehensive income pledged to others.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
Fair value change recognized in other comprehensive income (loss)	\$ 852,207	(\$ 15,866,869)
Dividend income recognized in profit or loss held at end of year	\$ 34,574	\$ 890,728

Please refer to table 2 for information on financial assets at fair value through other comprehensive income.

(4) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity in excess of three months	\$ 8,304,860	\$ 250,207
Pledged time deposits	649	10,367
Bank debentures-trust fund	2,163,520	-
	<u>\$ 10,469,029</u>	<u>\$ 260,574</u>
Non-current items:		
Time deposits with maturity in excess of one year	\$ 19,470,140	\$ -
Pledged time deposits	7,583	-
Bank debentures-trust fund	-	2,203,442
	<u>\$ 19,477,723</u>	<u>\$ 2,203,442</u>

A. Please refer to Note 6(22) for information on recognized gains and losses on financial assets at amortized cost.

B. In March 2018 and December 2017, the Group invested in the trust fund named Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust for RMB 500 million and RMB 1 billion, respectively. The fund was mainly created for the investment in Guangzhou Guangyin Nanyue Intelligent Technology Industrial Investment Partnership. This investment is included in “financial assets at amortized cost-current.”

As of December 31, 2023, the Group has received cumulative return in the amount of RMB 1 million in accordance with the investment agreement.

C. Details of the Group’s financial assets at amortized cost pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8.

D. All of the Group's investments have high credit quality.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 206,120	\$ 247,183
Accounts receivable	<u>6,380,525</u>	<u>13,771,686</u>
	6,586,645	14,018,869
Less: Allowance for uncollectible accounts	(<u>240,127</u>)	(<u>14,926</u>)
	<u>\$ 6,346,518</u>	<u>\$ 14,003,943</u>

A. The Group does not hold any collateral as security.

B. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 388,802	\$ 609,078
Work in process	487,820	774,855
Finished goods	<u>2,401,447</u>	<u>3,912,538</u>
	3,278,069	5,296,471
Less: Allowance for inventory obsolescence and market price decline	(<u>285,215</u>)	(<u>317,112</u>)
	<u>\$ 2,992,854</u>	<u>\$ 4,979,359</u>

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of inventories sold	\$ 68,987,736	\$ 83,535,717
(Gain on value recovery)/loss on inventory obsolescence and market price decline	(26,346)	241,768
Revenue from sale of scraps	(<u>154,683</u>)	(<u>192,546</u>)
	<u>\$ 68,806,707</u>	<u>\$ 83,584,939</u>

As the Group sold some inventory with net realizable value lower than its cost, the net realizable value for inventory was reversed for the year ended December 31, 2023.

(7) Investments accounted for using equity method

Investees	2023	2022
At January 1	\$ 5,087,554	\$ 4,730,284
Share of loss of investments accounted for using equity method	(130,848)	(144,965)
Change in retained earnings	(104,278)	-
Change in capital surplus	(25,482)	57,550
Impairment loss	(271,580)	-
Change in other equity interest (Note 6(19))	(<u>23,295</u>)	<u>444,685</u>
At December 31	<u>\$ 4,532,071</u>	<u>\$ 5,087,554</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates	<u>\$ 4,532,071</u>	<u>\$ 5,087,554</u>

A. The Group's share of the operating results in all individually immaterial associates are summarized below:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Loss for the year from continuing operations	(\$ 130,848)	(\$ 144,965)
Other comprehensive (loss) income, net of tax	(23,295)	444,685
Total comprehensive (loss) income for the year	<u>(\$ 154,143)</u>	<u>\$ 299,720</u>

The Group's investment, Productive Technologies Company Limited (Original name: IDG Energy Investment Limited), has quoted market prices. As of December 31, 2023 and 2022, the fair value was \$2,683,900 and \$5,767,740, respectively. Based on the assessment of the future recoverable amount, an impairment loss of \$271,580 was recognized for the year ended December 31, 2023.

(8) Property, plant and equipment

	2023					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress and equipment under acceptance	Total
At January 1						
Cost	\$ 61,172	\$ 7,967,185	\$ 9,025,929	\$ 3,110,568	\$ 223,922	\$ 20,388,776
Accumulated depreciation and impairment	<u>-</u>	<u>(6,037,157)</u>	<u>(7,455,900)</u>	<u>(2,665,929)</u>	<u>-</u>	<u>(16,158,986)</u>
	<u>\$ 61,172</u>	<u>\$ 1,930,028</u>	<u>\$ 1,570,029</u>	<u>\$ 444,639</u>	<u>\$ 223,922</u>	<u>\$ 4,229,790</u>
Opening net book amount as at January 1	\$ 61,172	\$ 1,930,028	\$ 1,570,029	\$ 444,639	\$ 223,922	\$ 4,229,790
Acquired in a business combination	-	-	13	45	-	58
Additions	-	23,200	42,107	84,671	32,184	182,162
Reclassifications and transfer	-	(153,846)	7,902	15,577	(56,865)	(187,232)
Disposals	-	(185,572)	(51,210)	(34,455)	(121,054)	(392,291)
Depreciation	-	(297,780)	(466,867)	(143,792)	-	(908,439)
Net exchange differences	(610)	(25,308)	(21,521)	(6,508)	(1,795)	(55,742)
Closing net book amount as at December 31	<u>\$ 60,562</u>	<u>\$ 1,290,722</u>	<u>\$ 1,080,453</u>	<u>\$ 360,177</u>	<u>\$ 76,392</u>	<u>\$ 2,868,306</u>
At December 31						
Cost	\$ 60,562	\$ 4,847,414	\$ 6,175,549	\$ 1,906,033	\$ 76,392	\$ 13,065,950
Accumulated depreciation and impairment	<u>-</u>	<u>(3,556,692)</u>	<u>(5,095,096)</u>	<u>(1,545,856)</u>	<u>-</u>	<u>(10,197,644)</u>
	<u>\$ 60,562</u>	<u>\$ 1,290,722</u>	<u>\$ 1,080,453</u>	<u>\$ 360,177</u>	<u>\$ 76,392</u>	<u>\$ 2,868,306</u>

2022

	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress and equipment under acceptance	Total
At January 1						
Cost	\$ 51,850	\$ 7,655,014	\$ 12,819,001	\$ 3,256,068	\$ 222,858	\$ 24,004,791
Accumulated depreciation	-	(5,497,538)	(11,260,967)	(2,687,873)	-	(19,446,378)
	<u>\$ 51,850</u>	<u>\$ 2,157,476</u>	<u>\$ 1,558,034</u>	<u>\$ 568,195</u>	<u>\$ 222,858</u>	<u>\$ 4,558,413</u>
Opening net book amount as at January 1	\$ 51,850	\$ 2,157,476	\$ 1,558,034	\$ 568,195	\$ 222,858	\$ 4,558,413
Acquired in a business combination	8,752	1,998	757	5,497	-	17,004
Additions	-	54,612	414,762	179,338	102,454	751,166
Transfers	-	40,195	192,946	(164,064)	(104,092)	(35,015)
Disposals	-	-	(79,011)	(1,199)	-	(80,210)
Depreciation	-	(351,043)	(534,510)	(174,052)	-	(1,059,605)
Impairment loss	-	(241)	(2,450)	(274)	-	(2,965)
Net exchange differences	<u>570</u>	<u>27,031</u>	<u>19,501</u>	<u>31,198</u>	<u>2,702</u>	<u>81,002</u>
Closing net book amount as at December 31	<u>\$ 61,172</u>	<u>\$ 1,930,028</u>	<u>\$ 1,570,029</u>	<u>\$ 444,639</u>	<u>\$ 223,922</u>	<u>\$ 4,229,790</u>
At December 31						
Cost	\$ 61,172	\$ 7,967,185	\$ 9,025,929	\$ 3,110,568	\$ 223,922	\$ 20,388,776
Accumulated depreciation and impairment	-	(6,037,157)	(7,455,900)	(2,665,929)	-	(16,158,986)
	<u>\$ 61,172</u>	<u>\$ 1,930,028</u>	<u>\$ 1,570,029</u>	<u>\$ 444,639</u>	<u>\$ 223,922</u>	<u>\$ 4,229,790</u>

The significant components of buildings and structures include main plants and leasehold improvements, which are depreciated over 20~55 and 3~11 years, respectively.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land use right, buildings and structures as well as other equipment. Except for the rental period of land use right which is 50 years, rental contracts are typically made for periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land use right	\$ 497,385	\$ 772,856
Buildings and structures	465,044	594,616
Others	4,849	6,685
	<u>\$ 967,278</u>	<u>\$ 1,374,157</u>
	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Land use right	\$ 17,223	\$ 22,633
Buildings and structures	171,604	155,425
Others	5,863	8,766
	<u>\$ 194,690</u>	<u>\$ 186,824</u>

C. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 32,483	\$ 33,720
Expense on short-term lease contracts	58,073	73,608
Expense on leases of low-value assets	2,212	2,011

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$67,705 and \$337,680, respectively.

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$263,176 and \$256,548, respectively.

F. Information about the right-of-use assets that was pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessor

A. The Group leases various assets including buildings, machinery and equipment. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amount of \$288,873 and \$258,708, respectively.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023		December 31, 2022
2024	\$ 143,358	2023	\$ 154,877
2025	59,931	2024	151,680
2026	49,050	2025	66,712
2027	891	2026	50,086
2028	31	2027	-
	<u>\$ 253,261</u>		<u>\$ 423,355</u>

The rent income recognized by the Group is measured based on the area actually used by the lessee. The lease receivables listed above are calculated based on the area actually used by the lessee at the balance sheet date.

(11) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 95,910	\$ 2,791,480	\$ 2,887,390
Accumulated depreciation and impairment	-	(1,727,380)	(1,727,380)
	<u>\$ 95,910</u>	<u>\$ 1,064,100</u>	<u>\$ 1,160,010</u>
Opening net book amount as at January 1	\$ 95,910	\$ 1,064,100	\$ 1,160,010
Transfer in	-	153,846	153,846
Depreciation	-	(171,983)	(171,983)
Net exchange differences	-	(18,566)	(18,566)
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 1,027,397</u>	<u>\$ 1,123,307</u>
At December 31			
Cost	\$ 95,910	\$ 3,425,475	\$ 3,521,385
Accumulated depreciation and impairment	-	(2,398,078)	(2,398,078)
	<u>\$ 95,910</u>	<u>\$ 1,027,397</u>	<u>\$ 1,123,307</u>

	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 95,910	\$ 2,852,676	\$ 2,948,586
Accumulated depreciation and impairment	-	(1,700,762)	(1,700,762)
	<u>\$ 95,910</u>	<u>\$ 1,151,914</u>	<u>\$ 1,247,824</u>
Opening net book amount as at January 1	\$ 95,910	\$ 1,151,914	\$ 1,247,824
Transfer in	-	35,012	35,012
Depreciation	-	(136,846)	(136,846)
Net exchange differences	-	14,020	14,020
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 1,064,100</u>	<u>\$ 1,160,010</u>
At December 31			
Cost	\$ 95,910	\$ 2,791,480	\$ 2,887,390
Accumulated depreciation and impairment	-	(1,727,380)	(1,727,380)
	<u>\$ 95,910</u>	<u>\$ 1,064,100</u>	<u>\$ 1,160,010</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 227,187</u>	<u>\$ 196,209</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 171,983</u>	<u>\$ 136,846</u>

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 was \$2,397,003 and \$2,002,528, respectively. Valuations were made using the comparative approach which is categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

	2023			
	Patent rights and technical skills	Computer software	Goodwill	Total
At January 1				
Cost	\$ 580,982	\$ -	\$ 1,920,455	\$ 2,501,437
Accumulated amortization	(474,469)	-	-	(474,469)
	<u>\$ 106,513</u>	<u>\$ -</u>	<u>\$ 1,920,455</u>	<u>\$ 2,026,968</u>
At January 1	\$ 106,513	\$ -	\$ 1,920,455	\$ 2,026,968
Additions	-	5,688	-	5,688
Price allocation adjustment	36,259	-	(36,259)	-
Acquired in a business combination	-	18	2,333	2,351
Amortization	(113,484)	(1,475)	-	(114,959)
Net exchange differences	(281)	-	(21,020)	(21,301)
At December 31	<u>\$ 29,007</u>	<u>\$ 4,231</u>	<u>\$ 1,865,509</u>	<u>\$ 1,898,747</u>
At December 31				
Cost	\$ 606,714	\$ 5,794	\$ 1,865,509	\$ 2,478,017
Accumulated amortization	(577,707)	(1,563)	-	(579,270)
	<u>\$ 29,007</u>	<u>\$ 4,231</u>	<u>\$ 1,865,509</u>	<u>\$ 1,898,747</u>
	2022			Total
	Patent rights and technical skills	Goodwill		
At January 1				
Cost	\$ 334,847	\$ 1,146,270	\$	1,481,117
Accumulated amortization	(114,804)	-	(	114,804)
	<u>\$ 220,043</u>	<u>\$ 1,146,270</u>	<u>\$</u>	<u>1,366,313</u>
At January 1	\$ 220,043	\$ 1,146,270	\$	1,366,313
Acquired in a business combination	-	760,288		760,288
Amortization	(116,603)	-	(	116,603)
Net exchange differences	3,073	13,897		16,970
At December 31	<u>\$ 106,513</u>	<u>\$ 1,920,455</u>	<u>\$</u>	<u>2,026,968</u>
At December 31				
Cost	\$ 580,982	\$ 1,920,455	\$	2,501,437
Accumulated amortization	(474,469)	-	(	474,469)
	<u>\$ 106,513</u>	<u>\$ 1,920,455</u>	<u>\$</u>	<u>2,026,968</u>

A. As of December 31, 2023 and 2022, goodwill allocated to the cash-generating units of production and sales of mechanical components' operating segments amounted to 1,865,509 and \$1,920,455, respectively.

- B. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,	
	2023	2022
Gross margin	20.99%	19.93%
Growth rate	3%	3%
Discount rate	15.59%	16.03%

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(13) Short-term loans

Type of loans	December 31, 2023	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 10,351,090	0.22%~6.03%	None
Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 9,021,660	0.24%~4.92%	None
Other short-term loans	96,951	4.35%	"
	<u>\$ 9,118,611</u>		

(14) Other payables

	December 31, 2023	December 31, 2022
Awards and salaries payable	1,122,692	1,257,281
Payable on module expense	904,408	1,177,400
Employees' compensation payable	795,584	857,922
Consumption goods expense payable	559,627	709,832
General operating expenses payable	384,271	360,409
Payable for purchases made by parties on behalf of others	-	629,272
Others	3,494,026	2,206,739
	<u>\$ 7,260,608</u>	<u>\$ 7,198,855</u>

(15) Pensions

A. Defined benefit plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognized in the balance sheet are as follows (shown as ‘other non-current liabilities’):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 89,619)	(\$ 199,309)
Fair value of plan assets	<u>36,313</u>	<u>34,441</u>
Net defined benefit liability	<u>(\$ 53,306)</u>	<u>(\$ 164,868)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2023</u>			
Balance at January 1	(\$ 199,309)	\$ 34,441	(\$ 164,868)
Past service cost	(1,777)	-	(1,777)
Interest income	(<u>2,790</u>)	<u>495</u>	(<u>2,295</u>)
	(<u>203,876</u>)	<u>34,936</u>	(<u>168,940</u>)
Remeasurements			
Return on plan assets (Note)	-	263	263
Change in financial assumptions	(659)	-	(659)
Experience adjustments	<u>106,136</u>	<u>-</u>	<u>106,136</u>
	<u>105,477</u>	<u>263</u>	<u>105,740</u>
Pension fund contribution	-	1,114	1,114
Paid pension	<u>8,780</u>	<u>-</u>	<u>8,780</u>
	<u>8,780</u>	<u>1,114</u>	<u>9,894</u>
Balance at December 31	<u>(\$ 89,619)</u>	<u>\$ 36,313</u>	<u>(\$ 53,306)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
Balance at January 1	(\$ 74,402)	\$ 34,137	(\$ 40,265)
Past service cost	(1,999)	-	(1,999)
Interest income	(558)	263	(295)
	(76,959)	34,400	(42,559)
Remeasurements			
Return on plan assets (Note)	-	2,714	2,714
Change in financial assumptions	9,901	-	9,901
Experience adjustments	(136,154)	-	(136,154)
	(126,253)	2,714	(123,539)
Pension fund contribution	-	1,230	1,230
Paid pension	3,903	(3,903)	-
	3,903	(2,673)	1,230
Balance at December 31	(\$ 199,309)	\$ 34,441	(\$ 164,868)

Note: The amount included in interest income or expense is excluded.

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after approval by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.40%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increase	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	\$ 1,686	(\$ 1,733)	(\$ 1,668)	\$ 1,631
December 31, 2022				
Effect on present value of defined benefit obligation	\$ 3,888	(\$ 4,009)	(\$ 3,845)	\$ 3,748

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 are \$1,800.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The subsidiaries in mainland China have defined contribution pension plans and the Group contributes an amount monthly based on 14%~20% of employees’ monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

C. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$337,125 and \$390,707, respectively.

(16) Share capital

As of December 31, 2023, the Company’s authorized capital was \$20,000,000 (including subscription warrant or 50 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$14,144,852, consisting of 1,414,485 thousand ordinary shares with a par value of \$10 (in dollars) per share.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the year (in thousands) is as follows:

	2023	2022
January 1 (December 31)	1,414,485	1,414,485

(17) Capital surplus

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

(18) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:
- (a) Covering accumulated deficit;
 - (b) Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause;
 - (c) Setting aside a special reserve in accordance with applicable legal and regulatory requirements.

The remaining earnings along with the unappropriated earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with the dividend policy, the proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

The Company authorized the Board of Directors to resolve by the presence of more than two-thirds of the Directors and voting by a majority of the Directors present to distribute all or part of dividends and bonuses, capital surplus or legal reserve to be distributed by way of cash, without prejudice to the preceding requirement that a resolution shall be resolved at the shareholder's meeting.

The Company is at the growing stage. The Company's stock dividend policy shall consider the Company's current and future investment environment, capital needs, local and foreign competition situation and capital budget, along with shareholders' profit and the Company's long-term financial plans. The shareholders' dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 15% of the distributable earnings for the period and the cash dividends shall not be less than 10% of the shareholders' dividends.

- B. According to related regulations, 10% of the balance of earnings after tax less the accumulated loss of prior years should be set aside as legal reserve, until such legal reserve amount reaches the total authorized capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2022 and 2021 had been resolved at the stockholders' meeting on May 31, 2023 and 2022, respectively. Details are summarized below:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 416,761		\$ 489,943	
Special reserve	3,823,676		-	
Cash dividends	<u>2,263,176</u>	\$ 1.6	<u>2,404,625</u>	\$ 1.7
	<u>\$ 6,503,613</u>		<u>\$ 2,894,568</u>	

The appropriations of earnings for 2023 as approved at the Board of Directors' meeting on March 13, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 36,442	
Special reserve	33,646	
Cash dividends	<u>2,121,728</u>	\$ 1.5
	<u>\$ 2,191,816</u>	

The information on distribution of earnings will be posted in the "Market Observation Post System" of the TWSE.

(19) Other equity items

	2023		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	(\$ 602,651)	(\$ 3,221,025)	(\$ 3,823,676)
Revaluation of fair value	852,207	-	852,207
Currency translation differences:			
- Group	-	(862,557)	(862,557)
- Associates	-	(23,295)	(23,295)
At December 31	<u>\$ 249,556</u>	<u>(\$ 4,106,877)</u>	<u>(\$ 3,857,321)</u>
	2022		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	\$ 15,284,218	(\$ 9,509,327)	\$ 5,774,891
Revaluation of fair value	(15,886,869)	-	(15,886,869)
Currency translation differences:			
- Group	-	5,843,617	5,843,617
- Associates	-	444,685	444,685
At December 31	<u>(\$ 602,651)</u>	<u>(\$ 3,221,025)</u>	<u>(\$ 3,823,676)</u>

(20) Non-controlling interests

	Years ended December 31,	
	2023	2022
At January 1	(\$ 189,869)	(\$ 121,172)
Shares attributable to non-controlling interests:		
Gain (loss) for the year	53,326	(68,281)
Currency translation differences	1,168	(10,277)
Changes in non-controlling interests	9,290	9,861
At December 31	(\$ 126,085)	(\$ 189,869)

The increase in non-controlling interest for the year ended December 31, 2023 arose from the Group acquiring an 80% equity interest in Refront IoMT Corp. in the amount of \$37,162 thousand on February 24, 2022. The transaction resulted in an increase in the Group's non-controlling interest. Refer to Note 6(29) for details of related transactions.

(21) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 74,533,131	\$ 90,469,506

The Group derives revenue from the transfer of goods and services at a point in time in the following categories:

	Year ended December 31, 2023			
	Electronic products trading services	Production and sales	Others	Total
Revenue from contracts with customers	\$ 63,164,526	\$ 10,963,907	\$ 404,698	\$ 74,533,131

	Year ended December 31, 2022			
	Electronic products trading services	Production and sales of mechanical components	Others	Total
Revenue from contracts with customers	\$ 73,388,324	\$ 16,394,396	\$ 686,786	\$ 90,469,506

(22) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 2,077,593	\$ 1,790,146
Interest income from financial assets at amortized cost	775,558	240,516
	\$ 2,853,151	\$ 2,030,662

(23) Other income

	Years ended December 31,	
	2023	2022
Rental revenue	\$ 288,873	\$ 258,708
Government grants revenue	82,123	164,318
Dividend income	34,574	890,728
Others	392,686	436,621
	<u>\$ 798,256</u>	<u>\$ 1,750,375</u>

(24) Other gains and loss

	Years ended December 31,	
	2023	2022
Gains on disposal of property, plant and equipment through profit or loss	\$ 407,012	\$ 210,208
Net currency exchange (loss) gains	(78,156)	696,344
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	204,238	(368,898)
Gain on disposal of right-of-use assets through profit or loss	556,601	-
Impairment loss of investments accounted for using equity method	(271,580)	-
Impairment loss of property, plant and equipment	-	(2,965)
Others	(217,707)	(224,221)
	<u>\$ 600,408</u>	<u>\$ 310,468</u>

In March 2023, a subsidiary of the Group, Qingdao Hiyn Materials Co., Ltd, resolved at a shareholders' meeting to approve a government land use right expropriation and sign a compensation agreement for a total transaction price of RMB 319,931 thousand. The aforementioned transaction was completed in April 2023. Right-of-use assets of RMB 56,508 thousand and property, plant and equipment of RMB 58,566 thousand were disposed and gain on disposal of RMB 165,388 thousand was recognized. The proceeds from the aforementioned disposals had been fully collected in 2023.

(25) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 5,097,460	\$ 5,660,241
Depreciation	1,275,112	1,383,275
Amortization	114,959	116,603
	<u>\$ 6,487,531</u>	<u>\$ 7,160,119</u>

(26) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 4,066,190	\$ 4,515,610
Pension costs	341,197	393,001
Labor and health insurance fees	228,231	250,637
Other personnel expenses	461,842	500,993
	<u>\$ 5,097,460</u>	<u>\$ 5,660,241</u>

- A. According to the Company's Articles of Incorporation, if the Company accrues profit (referring to profit before tax prior to deducting the appropriation of employees' compensation and directors' remuneration), 4%~6% should be appropriated as employees' compensation.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$255,874 and \$204,225, respectively. The aforementioned amounts were recognized in salary expenses. For the years ended December 31, 2023 and 2022, the employees' compensation was estimated and accrued based on 5% and 4% of profit of current year distributable as of the end of reporting year.
- C. Employees' compensation for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 and 2022 financial statements. In 2023 and 2022, the employees' compensation was distributed in the form of cash amounting to \$255,874 and \$204,225, respectively.
- D. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

- A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 969,185	\$ 3,016,839
Tax on undistributed surplus earnings	-	100,243
Prior year income tax overestimation	(48,162)	(294,324)
Total current tax	<u>921,023</u>	<u>2,822,758</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>113,072</u>	(431,812)
Income tax expense	<u>\$ 1,034,095</u>	<u>\$ 2,390,946</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 1,438,171	\$ 1,030,290
Change in estimated deferred tax	-	1,986,549
Exempt income according to tax law	(654,446)	(431,812)
Additional tax on undistributed earnings	-	100,243
Prior year income tax overestimation	(48,162)	(294,324)
Tax effect from controlled foreign companies	298,532	-
Income tax expense	<u>1,034,095</u>	<u>2,390,946</u>
Origination and reversal of temporary differences	(113,072)	431,812
Prior year income tax underestimation (overestimation)	48,162	(1,692,225)
Prepaid income tax	(202,965)	(164,660)
Prior year income tax payable	1,879	(465)
Net exchange differences	(18,845)	10,306
Current income tax liabilities	<u>\$ 749,254</u>	<u>\$ 975,714</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
Deferred tax assets:					
Reserve for inventory obsolescence and market price decline	\$ 25,636	\$ 3,711	\$ -	\$ -	\$ 29,347
Permanent loss on market value decline of long-term equity investments	16,222	-	-	-	16,222
Differences in useful lives of property, plant and equipment	463,689	21,499	-	(8,735)	476,453
Unused compensated absences for employee	11,686	(2,122)	-	(43)	9,521
Net investment income or loss accounted for using equity method	276,756	(48,827)	-	(4,257)	223,672
Unrealized valuation loss on financial instruments	101,561	(78,756)	-	(211)	22,594
Others	101,733	39,382	(21,148)	(1,457)	118,510
	<u>\$ 997,283</u>	<u>(\$ 65,113)</u>	<u>(\$ 21,148)</u>	<u>(\$ 14,703)</u>	<u>\$ 896,319</u>
Deferred tax liabilities:					
Foreign investment income using equity method	(\$ 261,156)	(\$ 99,957)	\$ -	\$ -	(\$ 361,113)
Long-term investment	(26,921)	-	-	-	(26,921)
Differences in useful lives of property, plant and equipment	(25,167)	25,247	-	488	568
Unrealized exchange gain	(22,802)	-	-	412	(22,390)
Others	(116,711)	26,751	-	1,654	(88,306)
	<u>(\$ 452,757)</u>	<u>(\$ 47,959)</u>	<u>\$ -</u>	<u>\$ 2,554</u>	<u>(\$ 498,162)</u>
	<u>\$ 544,526</u>	<u>(\$ 113,072)</u>	<u>(\$ 21,148)</u>	<u>(\$ 12,149)</u>	<u>\$ 398,157</u>

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
Deferred tax assets:					
Reserve for inventory obsolescence and market price decline	\$ 3,146	\$ 22,490	\$ -	\$ -	\$ 25,636
Permanent loss on market value decline of long-term equity investments	16,222	-	-	-	16,222
Differences in useful lives of property, plant and equipment	513,570	(56,304)	-	6,423	463,689
Unused compensated absences for employee	10,522	1,094	-	70	11,686
Net investment income or loss accounted for using equity method	240,891	33,060	-	2,805	276,756
Unrealized valuation loss on financial instruments	68,357	32,413	-	791	101,561
Others	78,474	(2,300)	24,708	851	101,733
	<u>\$ 931,182</u>	<u>\$ 30,453</u>	<u>\$ 24,708</u>	<u>\$ 10,940</u>	<u>\$ 997,283</u>
Deferred tax liabilities:					
Foreign investment income using equity method	(\$ 687,287)	\$ 456,405	\$ -	(\$ 30,274)	(\$ 261,156)
Long-term investment	-	(27,015)	-	94	(26,921)
Differences in useful lives of property, plant and equipment	-	(25,247)	-	80	(25,167)
Unrealized exchange gain	-	(22,802)	-	-	(22,802)
Others	(135,013)	20,018	-	(1,716)	(116,711)
	<u>(\$ 822,300)</u>	<u>\$ 401,359</u>	<u>\$ -</u>	<u>(\$ 31,816)</u>	<u>(\$ 452,757)</u>
	<u>\$ 108,882</u>	<u>\$ 431,812</u>	<u>\$ 24,708</u>	<u>(\$ 20,876)</u>	<u>\$ 544,526</u>

- D. The Company did not recognize taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the temporary differences unrecognized as deferred tax liabilities were \$74,321,794 and \$72,144,929, respectively. Above mentioned taxable temporary differences arose from the differences between the estimated carrying amounts of long-term investments in foreign subsidiaries and tax payable. The Company will not dispose the subsidiaries in the foreseeable future nor remit back the earnings, and accordingly, deferred tax liabilities were not recognized.
- E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

F. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Pillar Two legislation was enacted in places, including Japan and Vietnam, etc., the jurisdictions in which certain subsidiaries are incorporated, and will come into effect from the 2024 fiscal year. In addition, for certain subsidiaries which were incorporated in Singapore, Pillar Two legislation had been substantially enacted in Singapore and is expected to come into effect from the 2025 fiscal year. Thus, the Group has no related current tax exposure as of December 31, 2023.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. For subsidiaries within the jurisdictions of Japan, Vietnam and Singapore, the average effective tax rate based on accounting profit is over 15% for the year ended December 31, 2023. However, due to the complexities in the Pillar Two legislation and the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the Group is still assessing the relevant matters for applying the Pillar Two legislation.

The Group has applied the amendments to IAS 12, 'Income taxes' published on May 23, 2023, and applied the exception to recognizing deferred tax assets and liabilities related to Pillar Two income taxes.

(28) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 4,260,720</u>	1,414,485	<u>\$ 3.01</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,260,720		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>5,581</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,260,720</u>	<u>1,420,066</u>	<u>\$ 3.00</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 4,266,446</u>	1,414,485	<u>\$ 3.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,266,446		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>4,702</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,266,446</u>	<u>1,419,187</u>	<u>\$ 3.01</u>

(29) Business combinations

- A. The group acquired a 53.93% equity interest in Sotera Wireless, Inc. in the amount of USD 45 thousand and obtained control over the company on July 11, 2022. The company is primarily engaged in the sales of wireless vital sign monitoring system in America. As a result of the acquisition, the Group is expected to enter international OEM of biotechnology medical devices market. It also expects to reduce costs through economies of scale.
- B. The group acquired a 91.12% equity interest in PKM Corporation in the amount of JPY 527,383 thousand and obtained control over the subsidiary on November 1, 2022. The subsidiary is primarily engaged in the sales of various gaming consoles and expendables in Japan. As a result of the acquisition, the Group is expected to integrate channels and reduce costs.
- C. The group acquired an 80% equity interest in Refront IoMT Corp. in the amount of \$37,162 and obtained control over the company on February 24, 2023. The company is primarily a medical equipment service provider in Taiwan. As a result of the acquisition, the Group is expected to acquire medical devices, sales experience, team and channels.
- D. The following table summarizes the consideration paid for the above acquisitions and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the acquisition date:

	<u>July 11, 2022</u>	<u>November 1, 2022</u>	<u>February 24, 2023</u>
	<u>Sotera Wirless, Inc.</u>	<u>PKM Corporation</u>	<u>Refront IoMT Corp.</u>
Purchase consideration			
Cash paid	\$ 1,335	\$ 115,075	\$ 37,162
Fair value of the non-controlling interest	1,141	-	-
Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets	-	11,215	9,290
Recognized amount of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	35,598	323,113	53,588
Accounts receivable, net	15,989	13,722,935	6,982
Other receivable	-	-	20
Inventories	-	50,064	50,710
Other current assets	7,397	202,581	7,687
Property, plant and equipment	5,784	11,220	58
Right-of-use assets	21,594	-	-
Intangible assets	36,259	-	18
Other non-current assets	715	63	15,250
Short-term loans	- (	218,200)	-
Accounts payable	(2,139)	(13,827,994)	(36,476)
Other payable	-	- (	9,785)
Lease liabilities	(22,692)	-	-
Conversion of convertible bonds	(640,373)	-	-
Other current liabilities	(131,045)	(121,727)	(19)
Other non-current liabilities	(48,640)	- (	43,914)
Bonds payable	-	(1,996)	-
Total identifiable net assets	(721,553)	140,059	44,119
Goodwill	\$ 724,029	(\$ 13,769)	\$ 2,333

- E. The fair value of the acquired identifiable intangible assets (including patent rights) from the above acquisition of Sotera Wireless, Inc. was \$36,259. Refer to Note 6(12), intangible assets, for more details.
- F. The operating revenue included in the consolidated statement of comprehensive income since November 1, 2022 contributed by PKM Corporation was \$66,218. PKM Corporation also contributed loss before income tax of \$36,808 over the same period. Had PKM Corporation been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of \$72,428 and profit before income tax of \$7,401 for the year ended December 31, 2022.
- G. The operating revenue included in the consolidated statement of comprehensive income since February 24, 2023 contributed by Refront IoMT Corp. was \$96,634. Refront IoMT Corp. also contributed profit before income tax of \$11,271 over the same period. Had Refront IoMT Corp. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$74,539,325 and profit before income tax of \$4,311,711 for the year ended December 31, 2023.

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 182,162	\$ 751,166
Add: Opening balance of payable on equipment	71,489	194,191
Less: Ending balance of payable on equipment	(40,472)	(71,489)
Cash paid during the year	<u>\$ 213,179</u>	<u>\$ 873,868</u>
	Years ended December 31,	
	2023	2022
Disposal of property, plant and equipment	\$ 799,303	\$ 290,418
Add: Opening balance of receivable on equipment	102,673	2,175
Less: Ending balance of receivable on equipment	(348,226)	(102,673)
Cash received during the year	<u>\$ 553,750</u>	<u>\$ 189,920</u>

(31) Changes in liabilities from financing activities

	2023		
	Short-term loans	Lease liabilities	Total liabilities from financing activities
At January 1	\$ 9,118,611	\$ 672,056	\$ 9,790,667
Changes in cash flows from financing activities	1,268,643	(202,891)	1,065,752
Amortization of interest expense	-	32,483	32,483
Additions	-	67,705	67,705
Impact of changes in foreign exchange rate	(36,164)	(23,225)	(59,389)
At December 31	<u>\$ 10,351,090</u>	<u>\$ 546,128</u>	<u>\$ 10,897,218</u>

	2022		
	Short-term loans	Lease liabilities	Total liabilities from financing activities
At January 1	\$ 22,509,000	\$ 455,680	\$ 22,964,680
Changes in cash flows from financing activities	(13,665,436)	(180,929)	(13,846,365)
Acquired from a business combination	218,200	22,692	240,892
Amortization of interest expense	-	33,720	33,720
Additions	-	337,680	337,680
Impact of changes in foreign exchange rate	56,847	3,213	60,060
At December 31	<u>\$ 9,118,611</u>	<u>\$ 672,056</u>	<u>\$ 9,790,667</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Hon Hai Precision Industry Co., Ltd. and Subsidiaries (Hon Hai and Subsidiaries)	Entities with significant influence to the Group
Fulian Technology (Shanxi) Co., Ltd. (Fulian Technology (Shanxi))	Entities with significant influence to the Group's subsidiaries
Hong Fu Jin Precision Electronics (Yantai) Co., Ltd. (Hong Fu Jin (Yantai))	"
Hong Fu Jin Precision Electronics (Wuhan) Co., Ltd. (Hong Fu Jin (Wuhan))	"
Foxconn Precision Electronics (Taiyuan) Co., Ltd. (Foxconn (Taiyuan))	"
Fast Victor Limited	"
Pan-International Industrial Corporation and Subsidiaries	Other related party
Sharp Corporation and Subsidiaries	"
Sharp North Malaysia Sdn. Bhd	"
Innolux Corporation and Subsidiaries	"
CyberTAN Technology Inc. and Subsidiaries	"
Foxsemicon Integrated Technology (Kunshan) Inc.	"
General Interface Solution Holding Limited and Subsidiaries	"
SIO International Holdings Limited Taiwan Branch	"
Garuda International Limited and Subsidiaries	"
Hebi Gengde Electronics Co., Ltd.	"
Zhoukou Gengde Electronics Co., Ltd.	"
Cheng Uei Precision Industry Co., Ltd.	"
iCare Diagnostics International Co. Ltd.	"
Yongyao Biotech Corp.	"
Microelectronics Technology, Inc.	"
YL Capital Ltd.	"
AMAX Engineering Corporation	"
Evershine Biotech Corp.	"
Yonglin Life Technology Fund I. LP	"
Regain Biotech Corp.	"
Zap Medical System, Ltd.	"
Chuang, Hung-Jen	"

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2023	2022
Sales of goods and services:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	\$ 6,222,550	\$ 8,097,589
Other related parties	<u>131,665</u>	<u>326,577</u>
	<u>\$ 6,354,215</u>	<u>\$ 8,424,166</u>

Except for circumstances in which there are no similar transactions for reference and the prices and credit period are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days. For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods and services:		
Entities with significant influence to the Group		
-Hong Fu Jin (Yantai)	\$ 46,096,693	\$ 57,817,381
-Hon Hai and Subsidiaries	863,420	1,589,149
Other related parties	<u>6,740,342</u>	<u>5,302,656</u>
	<u>\$ 53,700,455</u>	<u>\$ 64,709,186</u>

Except for circumstances in which there are no similar transactions for reference and the prices and payment terms are negotiated by both parties, the Group makes purchases from the aforementioned related party at the prevailing market price, with payment period of 30 to 90 days.

C. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	\$ 1,008,380	\$ 1,713,975
-Fulian Technology (Shanxi)	629,324	3,681,945
-Hong Fu Jin (Wuhan)	541,573	360,228
Other related parties	<u>75,400</u>	<u>109,112</u>
	2,254,677	5,865,260
Less: Allowance for uncollectible accounts	(<u>64,736</u>)	(<u>65,003</u>)
	<u>2,189,941</u>	<u>5,800,257</u>
Other receivables-purchases made on behalf of associates:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	407,202	3,076,245
Other related parties	834,206	1,034,614
Other receivables-other:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	1,061,347	137,026
-Foxconn (Taiyuan)	1,651,423	18,610
Other related parties	<u>138</u>	<u>720</u>
	<u>3,954,316</u>	<u>4,267,215</u>
	<u>\$ 6,144,257</u>	<u>\$ 10,067,472</u>

The receivables from related parties arise mainly from sales transactions. The amount is due three months after the invoice date. The receivables are unsecured and non-interest bearing.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	\$ 576,287	\$ 2,309,568
-Hong Fu Jin (Yantai)	2,552,007	20,739,951
Other related parties		
-Sharp North Malaysia Sdn. Bhd.	889,459	813,057
-Others	71,555	461,583
	<u>4,089,308</u>	<u>24,324,159</u>
Other payables:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries		
Payables for equipment	175	26
Others	312,607	323,370
-Fast Victor Limited		
Others	1,282,103	-
Other related parties		
Others	20,802	1,885
	<u>1,615,687</u>	<u>325,281</u>
	<u>\$ 5,704,995</u>	<u>\$ 24,649,440</u>

The payables to related parties arise mainly from purchase transactions and are at arm's-length, non-interest bearing and payable within 30 to 90 days.

E. Raw materials purchased on behalf of others

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries		
Raw materials purchased on behalf of associates	\$ 26,470,857	\$ 34,454,600
Associates purchasing raw materials on behalf of the Group	-	19
Other related parties		
Raw materials purchased on behalf of associates	<u>3,787,912</u>	<u>2,018,031</u>
	<u>\$ 30,258,769</u>	<u>\$ 36,472,650</u>

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group		
-Hon Hai and Subsidiaries	\$ 4,957	\$ 62,871
Other related parties	-	33
	<u>\$ 4,957</u>	<u>\$ 62,904</u>

(b) Proceeds from sale of property, plant and equipment:

	Years ended December 31,			
	2023		2022	
	Proceeds from		Proceeds from	
	sale of property,		sale of property,	
	plant and		plant and	
Sale of property, plant and equipment:	<u>equipment</u>	<u>Gain on sale</u>	<u>equipment</u>	<u>Gain on sale</u>
Entities with significant influence to the Group				
-Hon Hai and Subsidiaries	<u>\$ 358,014</u>	<u>\$ 279,829</u>	<u>\$ 249,621</u>	<u>\$ 161,764</u>

(c) Acquisition of financial assets:

Year ended December 31, 2023					
Related Party					
Categories	Accounts	No. of shares	Objects	Amount	Note
Other related parties	Note (i)	6,520 thousand	Common stocks of Refront IoMT Corp.	\$ 37,162	(i)
YL Capital Ltd.	Financial assets at fair value through profit or loss -non-current	-	GTM Capital Healthcare Fund L.P.	910,890	(ii)
Other related parties	Financial assets at fair value through profit or loss -non-current	1,418 thousand	Preference shares of AcroViz Inc.	12,758	
				<u>\$ 960,810</u>	
Year ended December 31, 2022					
Related Party					
Categories	Accounts	No. of shares	Objects	Amount	Note
Other related parties	Note (iii)	-	Convertible bonds of Sotera Wireless, Inc.	\$ 517,942	(iii)
Other related parties	Note (iii)	10,003 thousand	Preference shares of Sotera Wireless, Inc.	1,335	(iii)
Other related parties	Financial assets at fair value through profit or loss -non-current	10,033 thousand	Convertible preference shares of ZAP Medical System, Ltd.	449,025	
				<u>\$ 968,302</u>	

- (i) On February 24, 2023, the Group's subsidiary, FTC Health Corporation, acquired an 80% equity interest in Refront IoMT Corp. The Group obtained control over the company and the company was included in the consolidated financial statements since the business combination date. Refer to Note 6(29) for more details.
- (ii) The private fund, GTM Capital Healthcare Fund L.P., returned the investment capital of USD 5,000 thousand on May 19, 2023.
- (iii) On July 11, 2022, the Company acquired a 53.93% equity interest in Sotera Wireless, Inc. The Company obtained control over the subsidiary and the subsidiary was included in the consolidated financial statements since the business combination date. Refer to Note 6(29) for more details.

G. Lease transactions - lessee

- (a) The Group leases plant from entities with significant influence to the Group. Rental contracts are typically made for periods of 1 to 6 years. Rents are paid at the beginning or end of each month.

- (b) Additions to right-of-use assets:

The Group acquired right-of-use assets from related parties amounting to \$14,078 and \$288,043 for the years ended December 31, 2023 and 2022, respectively.

- (c) Lease liabilities:

- i. Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Entities with significant influence to the Group	\$ <u>130,573</u>	\$ <u>124,150</u>
Non-current:		
Entities with significant influence to the Group	\$ <u>8,625</u>	\$ <u>130,176</u>

- ii. Interest expense

	<u>Years ended December 31,</u> <u>2023</u>	<u>2022</u>
Entities with significant influence to the Group	\$ <u>9,649</u>	\$ <u>19,979</u>

H. Loans to/from related parties:

Loans from related parties

- (a) Outstanding balance (listed in "short-term loans"):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	\$ <u>-</u>	\$ <u>96,951</u>

- (b) Interest expense

	<u>Years ended December 31,</u> <u>2023</u>	<u>2022</u>
Other related parties	\$ <u>1,406</u>	\$ <u>4,291</u>

I. Rental income

Foxconn Precision Electronics (Taiyuan) Co., Ltd. (referred herein as “Foxconn (Taiyuan)”), a subsidiary of Hon Hai, leases part of plants, offices and dormitories in Taiyuan. Lease price is agreed upon by both parties and the Group collects rent monthly from Foxconn (Taiyuan) in accordance with the agreement. The rental income under operating leases for the years ended December 31, 2023 and 2022 were \$119,995 and \$106,915, respectively.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 22,750	\$ 22,753
Post-employment benefits	402	402
Share-based payments	4,274	8,866
	<u>\$ 27,426</u>	<u>\$ 32,021</u>

8. PLEDGED ASSETS

As of December 31, 2023 and 2022, the book value of the Group’s assets pledged as collateral is as follows:

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Land use right (shown as ‘right-of-use assets’)	<u>\$ -</u>	<u>\$ 105,771</u>	Sealed up by creditors (Note)
Pledged time deposits (shown as ‘financial assets at amortized cost - current’ and ‘financial assets at amortized cost - non-current’)	<u>\$ 8,232</u>	<u>\$ 10,367</u>	Customs guarantee

Note: Our subsidiary’s creditors proposed a request for property preservation and proceeded a seal-up. Please see Note 7(2) for loans from related parties. The shareholders during their meeting has approved the land use right to be expropriated by the government on March 9, 2023, and the land use right was disposed in the second quarter of 2023.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

On June 12, 2019, MASIMO CORPORATION filed a patent infringement against Sotera Wireless, Inc. The case is tried by the United States District Court for the Southern District of California. Currently, the Group has insured sufficient defensive patent insurance and has no significant unrecognized liabilities as of the financial report date.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 22,370</u>	<u>\$ 31,227</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 13, 2024, the Board of Directors has approved the proposal for the appropriation of earnings in 2023, as described in Note 6(18).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including "current and non-current loans" as shown in the consolidated balance sheet) less cash and cash equivalents. Total is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio below 70%.

(2) Financial instruments

A. Financial instruments by category

Financial assets of the Company and its subsidiaries (financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and losses, financial assets measured at amortized cost, cash and cash equivalents, accounts receivable (including related parties), other receivables and refundable deposits) and financial liabilities (short-term loans, financial liabilities measured at fair value through profit or loss, accounts payable (including related parties), other payables, lease liabilities, financial liabilities measured at amortized cost and guarantee deposit received) is provided in Note 6 and consolidated balance sheet.

B. Risk management policies

(a) Risk categories:

The Group employs a comprehensive financial risk management and control system to clearly identify, measure and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Management objectives:

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.

iii. The Group's overall risk management policy focuses on the unpredictable items in financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.

iv. For the information on the derivative financial instruments that the Group enters into, refer to Note 6(2).

(c) Management system:

i. Risk management is executed by the Group's finance department by following policies approved by the Board. Through cooperation with the Group's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.

- ii. The Board has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.
- C. Significant financial risks and degrees of financial risks
 - (a) Market risk
 - Foreign exchange risk
 - i. Nature:

The Group is a multinational group in the Electronic manufacturing services industry. Most of the exchange rate risk from operating activities comes from:

 - (i) Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different. Because the amount after the assets and liabilities are offset is insignificant, income/loss is insignificant as well. (Note: The Group has several sites in various countries and thus is exposed to various foreign exchange risks. The main risk arises from USD and RMB.)
 - (ii) Changes in exchange rates of functional currencies to presentation currency at different timing will cause another foreign exchange risk.
 - (iii) Except for the above transactions (operating activities) recognized in the income statement, assets and liabilities recognized in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.
 - ii. Management:
 - (i) For such risks, the Group has set up policies requiring companies in the Group to manage its exchange rate risks.
 - (ii) As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the consolidated financial statements, it is managed by the Group's finance department.
 - iii. Sources of risk:
 - (i) U.S. dollars and NT dollars:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated assets, such as cash, cash equivalents, accounts receivable, other receivables and time deposits with maturity in excess of three months, and U.S. dollar-denominated liabilities, such as loans, accounts payable and other payables, into New Taiwan dollars.
 - (ii) U.S. dollars and RMB:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated cash, cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, which results in exchange loss or gain when they are translated into RMB.
 - (iii) U.S. dollars and JPY:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated cash, cash equivalents and accounts receivable, loans, accounts payable and other payables, which results in exchange loss or gain when they are translated into JPY.

iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 316,548	30.71	\$ 9,721,189	1%	\$ 97,212
USD : RMB	50,585	7.0973	1,553,465	1%	15,535
USD : JPY	191,809	140.8451	5,890,454	1%	58,905
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD : NTD	3,353,404	30.71	102,983,027		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	248,461	30.71	\$ 7,630,226	1%	76,302
USD : RMB	29,750	7.0973	913,623	1%	9,136
USD : JPY	185,767	140.8451	5,704,905	1%	57,049
December 31, 2022					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 1,106,545	30.71	\$ 33,981,987	1%	\$ 339,820
USD : RMB	152,142	6.9646	4,672,281	1%	46,723
USD : JPY	498,723	131.5789	15,315,783	1%	153,158
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD : NTD	3,270,826	30.71	100,447,075		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	833,043	30.71	25,582,736	1%	255,827
USD : RMB	29,030	6.9646	891,511	1%	8,915
USD : JPY	482,452	131.5789	14,816,101	1%	148,161

- v. Total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to (\$78,156) and \$696,344, respectively.

Price risk

i. Nature

The Group primarily invests in domestic and foreign publicly traded and unlisted equity instruments, which are accounted for as financial assets at fair value through other comprehensive income. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

ii. Extent

If the price of such equity instrument rises or falls by 1%, by all other factors held constant, the impact on other comprehensive income due to equity instruments measured at fair value through other comprehensive income would increase/decrease \$259,926 and \$252,223 for the years ended December 31, 2023 and 2022, respectively.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term loans. Short-term loans with floating rates expose the Group to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

If short-term loans interest rates rise or fall by 1%, with all other factors held constant, profit after tax would decrease/increase by \$5,122 and \$6,244 for the years ended December 31, 2023 and 2022, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and short-term investments with banks and financial institutions, and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade credit ratings and government agencies, so there is no significant default concerns and credit risk.

- ii. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 90 days based on the terms, there has been deemed that a breach of contract has occurred.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial assets because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The ageing analysis of accounts receivable (including related parties and receivables transferred to other receivables) is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 7,465,614	\$ 7,400,027
0 to 90 days	848,390	12,269,895
91 to 180 days	13,380	11,197
181 to 270 days	40,686	202,016
271 to 360 days	141,743	697
Over 361 days	331,509	297
	<u>\$ 8,841,322</u>	<u>\$ 19,884,129</u>

The above ageing analysis was based on past due date.

- v. As of December 31, 2023 and 2022, accounts receivable (including related parties) and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables (including related parties) from contracts with customers amounted to \$25,360,694.
- vi. The Group assesses the expected credit losses of accounts receivable (including those from related parties) as follows:
- Assess the estimates expected credit losses on an individual basis if a significant default has occurred to certain customers.
 - Accounts receivable are divided into segments according to the Group's credit rating standards; expected credit losses for each segment are assessed based on the specific loss rate or provision matrix for the segment.
 - Loss rates are calculated based on past and current information, taking into account forward-looking information provided by the Business Indicators Database of the National Development Council and the Basel Committee on Banking Supervision.
 - As of December 31, 2023 and 2022, the loss allowance for accounts receivable (including related parties), assessed using loss rate or provision matrix, is as follows:

	Individual	Group 1 and 2	Group 3	Group 4	Total
<u>December 31, 2023</u>					
Expected loss rate	<u>100%</u>	<u>0.0525%</u>	<u>0.0735%</u>	<u>0.0735%-12.3445%</u>	
Total book value	<u>\$ 263,574</u>	<u>\$ 7,593,746</u>	<u>\$ 428,510</u>	<u>\$ 555,492</u>	<u>\$ 8,841,322</u>
Allowance for uncollectible accounts	<u>\$ 263,574</u>	<u>\$ 3,986</u>	<u>\$ 315</u>	<u>\$ 36,988</u>	<u>\$ 304,863</u>
	<u>Individual</u>	<u>Group 1 and 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	<u>100%</u>	<u>0.0330%</u>	<u>0.0770%</u>	<u>0.0770%</u>	
Total book value	<u>\$ 64,663</u>	<u>\$ 18,575,277</u>	<u>\$ 384,778</u>	<u>\$ 859,411</u>	<u>\$ 19,884,129</u>
Allowance for uncollectible accounts	<u>\$ 64,663</u>	<u>\$ 14,316</u>	<u>\$ 289</u>	<u>\$ 661</u>	<u>\$ 79,929</u>

- Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.
- Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.
- Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.
- Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.
- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including related parties) is as follows:

	2023	2022
At January 1	\$ 79,929	\$ 7,971
Loss on provision for impairment	228,790	71,837
Effect of foreign exchange	(3,856)	121
At December 31	<u>\$ 304,863</u>	<u>\$ 79,929</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by each of the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. The Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

Except for lease liabilities listed below, as of December 31, 2023 and 2022, the Group's non-derivative financial liabilities (including short-term loans, accounts payable and other payables) and derivative financial liabilities (including foreign exchange contracts, cross currency swap contracts and forward foreign exchange contracts) will expire within 1 year.

	Less than 1 year	Between 1 to 2 years	Over 2 years	Total
<u>December 31, 2023</u>				
Lease liability	<u>\$ 220,167</u>	<u>\$ 60,919</u>	<u>\$ 396,924</u>	<u>\$ 678,010</u>
<u>December 31, 2022</u>				
Lease liability	<u>\$ 194,891</u>	<u>\$ 184,170</u>	<u>\$ 428,932</u>	<u>\$ 807,993</u>

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in stocks without active market, stocks with active market which are in the lockup period and convertible bonds is included in Level 3.

B. Fair value information on investment property at cost is provided in Note 6(11).

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-non-current				
Beneficiary certificate	\$ -	\$ -	\$ 874,664	\$ 874,664
Hybrid instrument	-	-	386,226	386,226
Unlisted shares	-	-	58,417	58,417
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,319,307</u>	<u>\$ 1,319,307</u>
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>\$ 21,230,433</u>	<u>\$ -</u>	<u>\$ 4,762,150</u>	<u>\$ 25,992,583</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 643)</u>	<u>(\$ 643)</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-non-current				
Beneficiary certificate	\$ -	\$ -	\$ 219,077	\$ 219,077
Hybrid instrument	-	-	283,453	283,453
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,530</u>	<u>\$ 502,530</u>
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>\$ 20,609,787</u>	<u>\$ -</u>	<u>\$ 4,612,562</u>	<u>\$ 25,222,349</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 9,364)</u>	<u>(\$ 9,364)</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. The fair value of foreign investment fund is measured by reference to counterparty quotes.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 5,105,728	\$ 4,218,217
Gains and losses recognized in profit or loss	195,396	(209,566)
Gains and losses recognized in other comprehensive income	135,518	427,212
Acquired from a business combination	-	(272)
Additions	1,185,506	531,043
Disposal	(536,513)	(46,320)
Redemption of conversion of convertible bonds	-	(35,012)
Effect of foreign exchange	(4,821)	220,426
At December 31	<u>\$ 6,080,814</u>	<u>\$ 5,105,728</u>

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out of Level 3.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation Technique	Significant Unobservable Input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 811,352	Net asset value	Composite discount rate	18.36%	The higher the composite discount rate, the lower the fair value.
"	63,312	Net asset value	Expected equity value volatility rate	10.93%~25.30%	The higher the expected equity value volatility, the lower the fair value.
Lock-up period listed company shares	2,430,450	Market price method	Discount for lack of marketability	12.06%	The higher the discount for marketability, the lower the fair value.
Unlisted shares	2,250,300	Net asset value	Composite discount rate	1.00%	The higher the composite discount rate, the lower the fair value.
"	111,254	Market price method	Not applicable	Not applicable	Not applicable
"	146	Market price method	Composite discount rate	25.00%	The higher the composite discount rate, the lower the fair value.
Unlisted preference shares	28,417	Income approach method	Composite discount rate	30.00%	The higher the composite discount rate, the lower the fair value.
Hybrid instrument:					
Unlisted preference shares	319,446	Market price method	Expected equity value volatility rate	51.28%~53.60%	The higher the expected equity value volatility, the lower the fair value.
"	66,780	Income approach method	Composite discount rate	25.00%	The higher the composite discount rate, the lower the fair value.
Derivative instruments:					
Derivative instruments-Convertible Bonds	(643)	Market price method	Expected equity value volatility rate	66.14%	The higher the expected equity value volatility, the lower the fair value.

	Fair value at December 31, 2022	Valuation Technique	Significant Unobservable Input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 219,077	Net asset value	Composite discount rate	5%	The higher the composite discount rate, the lower the fair value.
Lock-up period listed company shares	2,400,200	Market price method	Discount for lack of marketability	29.04%	The higher the discount for marketability, the lower the fair value.
Unlisted shares	2,160,553	Net asset value	Composite discount rate	1%	The higher the composite discount rate, the lower the fair value.
"	51,809	Market price method	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Unlisted preference shares	283,453	Market price method	Expected equity value volatility rate	50.51%	The higher the expected equity value volatility, the lower the fair value.
Derivative instruments:					
Derivative instruments- Convertible Bonds	(9,364)	Discounted Cash Flow	Expected equity value volatility rate	52.16%	The higher the expected equity value volatility, the lower the fair value.

G. The Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. The following is the effect on profit (loss), other comprehensive income (loss) from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Hybrid instrument and Derivative instruments	Expected equity value volatility rate or Composite discount rate	±1%	<u>\$ 2,216</u>	<u>(\$ 1,999)</u>	<u>\$ -</u>	<u>\$ -</u>
Equity instrument and Beneficiary certificate	Expected equity value volatility rate, Composite discount rate or Discount from lack of marketability	±1%	<u>\$ 10,457</u>	<u>(\$ 10,432)</u>	<u>\$ 50,696</u>	<u>(\$ 50,696)</u>

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Hybrid instrument and Derivative instruments	Expected equity value volatility rate	±1%	<u>\$ 1</u>	<u>(\$ 1)</u>	<u>\$ -</u>	<u>\$ -</u>
Equity instrument and Beneficiary certificate	Composite discount rate or Discount from lack of marketability	±1%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,316</u>	<u>(\$ 57,316)</u>

(4) Other

The Group has adopted appropriate epidemic prevention measures to cope with the spread of the new coronavirus (COVID-19). The government has also implemented several epidemic prevention measures. The pandemic has not caused any significant effect on the Group's operations and business for the year ended December 31, 2022.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to Notes 6(2), 6(24) and 12(3).
- J. Significant inter-company transactions during the reporting period: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Information of major shareholders

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the assembly and sales of cases, heat dissipation modules and consumer electronics products. The chief operating decision-maker manages abovementioned items by business activities. Currently, business activities can be categorized into trading services of electronic products and manufacturing and sales of mechanism and components.

Revenue and operating income of operating segments are used by the Group's chief operating decision-maker for imputation of internal costs and allocation of expenses to segment profit (loss) and are used as an indication for assessment of performance and allocation of resources.

(2) Measurement of segment information

The financial information of reportable segments provided to the chief operating decision maker is as follows:

	Year ended December 31, 2023		
	Electronic products trading services	Production and sales of mechanical components	Total
External revenue	\$ 63,164,526	\$ 10,963,907	\$ 74,128,433
Inter-segment revenue	81,541,721	2,820,076	84,361,797
Segment revenue	<u>\$ 144,706,247</u>	<u>\$ 13,783,983</u>	<u>\$ 158,490,230</u>
Measurement of segment profit or loss	<u>\$ 1,525,214</u>	<u>\$ 2,168,793</u>	<u>\$ 3,694,007</u>
Depreciation and amortization	<u>\$ 11,087</u>	<u>\$ 1,378,984</u>	<u>\$ 1,390,071</u>
Interest income	<u>\$ 163,175</u>	<u>\$ 2,689,976</u>	<u>\$ 2,853,151</u>
Interest expense	<u>\$ 177,086</u>	<u>\$ 63,790</u>	<u>\$ 240,876</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Year ended December 31, 2022		
	Electronic products trading services	Production and sales of mechanical components	Total
External revenue	\$ 73,388,324	\$ 16,394,396	\$ 89,782,720
Inter-segment revenue	1,006,376	3,627,570	4,633,946
Segment revenue	<u>\$ 74,394,700</u>	<u>\$ 20,021,966</u>	<u>\$ 94,416,666</u>
Measurement of segment profit or loss	<u>\$ 1,553,133</u>	<u>\$ 2,110,477</u>	<u>\$ 3,663,610</u>
Depreciation and amortization	<u>\$ 2,256</u>	<u>\$ 1,497,622</u>	<u>\$ 1,499,878</u>
Interest income	<u>\$ 65,416</u>	<u>\$ 1,965,246</u>	<u>\$ 2,030,662</u>
Interest expense	<u>\$ 142,227</u>	<u>\$ 67,246</u>	<u>\$ 209,473</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The measurement of operating segment assets is not provided to the operating decision-maker; thus, the measurement that shall be disclosed is zero.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement.

A reconciliation of reportable segment profit or loss to the profit/ (loss) before tax and discontinued operations for the years ended December 31, 2023 and 2022 is provided as follows:

Operating revenue	Years ended December 31,	
	2023	2022
Reportable segments revenue	\$ 158,490,230	\$ 94,416,666
Other segments revenue	404,698	686,786
Elimination of inter-segment revenue	(84,361,797)	(4,633,946)
Total corporate revenue	<u>\$ 74,533,131</u>	<u>\$ 90,469,506</u>
Profit and loss	Years ended December 31,	
	2023	2022
Profit of reportable segment	\$ 3,694,007	\$ 3,663,610
Profit of other operating segments	620,039	534,555
Post-tax profit	<u>\$ 4,314,046</u>	<u>\$ 4,198,165</u>

(4) Information on product

Operating revenue	Years ended December 31,	
	2023	2022
Electronic products	\$ 63,164,526	\$ 73,388,324
Mechanism and components	10,963,907	16,394,396
Others	404,698	686,786
	<u>\$ 74,533,131</u>	<u>\$ 90,469,506</u>

(5) Geographical information

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

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 10,977,459	\$ 5,977,327	\$ 13,758,429	\$ 7,905,875
Japan	53,673,585	16,832	64,362,891	11,880
Taiwan	2,224,275	983,379	2,224,673	957,611
USA	1,875,000	15,848	3,066,371	24,024
Others	5,782,812	77,084	7,057,142	2
	<u>\$ 74,533,131</u>	<u>\$ 7,070,470</u>	<u>\$ 90,469,506</u>	<u>\$ 8,899,392</u>

(6) Major customer information

Details of customers contributing more than 10% of operating revenue of the Group for the years ended December 31, 2023 and 2022 are as follows:

Customer	Years ended December 31,			
	2023		2022	
	Revenue	%	Revenue	%
A Group	\$ -	0%	\$ 48,869,790	54%
C Group	52,845,441	71%	17,236,873	19%
B Group	6,378,463	9%	8,097,591	9%
	<u>\$ 59,223,904</u>		<u>\$ 74,204,254</u>	

Foxconn Technology Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Fuzhun Precision Industry (Shenyang) Co., Ltd.	Other receivables	Y	\$ 142,240	\$ 138,464	\$ 138,464	3.195%	Short-term financing	\$ -	Business operation	\$ -	None	\$ -	\$ 63,898,768	\$ 127,797,537	Note 1
2	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Hon Fujin Precision Industry (Jincheng) Co., Ltd.	Other receivables	Y	103,511	-	-	3.285%	Short-term financing	-	Business operation	-	None	-	63,898,768	127,797,537	Note 1

Note 1: Limit on loans granted for a single foreign company whose voting rights are 100% owned directly and indirectly by the company is 200% of the net assets of the creditor's subsidiary and 400% for ceiling on total loans.

Foxconn Technology Co., Ltd. and Subsidiaries								
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)								
Year ended December 31, 2023								
Expressed in thousands of NTD (Except as otherwise indicated)								
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				
				Number of shares	Book value	Ownership (%)	Fair value	Note
Foxconn Technology Co., Ltd.	Common stock of CyberTAN Technology Inc.	Other related party	Financial assets at fair value through other comprehensive income - non-current	10,035,348	\$ 220,276	3.04	\$ 220,276	
”	Common stock of Pan-International Industrial Corp.	”	”	1,079,986	38,285	0.21	38,285	
”	Common stock of Innolux Corporation	None	”	109,666,570	1,568,232	1.21	1,568,232	
”	Common stock of Advanced Optoelectronic Technology, Inc.	”	”	1,000	30	-	30	
”	Common stock of Modest Benefits Taiwan E Chain Co., Ltd.	”	”	150,000	73	0.25	73	
”	Common stock of H2U Corporation	”	”	273,000	29,296	1.08	29,296	
”	Common stock of EirGenix Inc.	”	”	27,500,000	2,430,450	8.98	2,430,450	
”	Common stock of Rooti Labs Ltd.	”	”	14,553	36,603	5.00	36,603	
”	Convertible preferred share of ZAP Medical System, LTD.	Other related party	Financial assets at fair value through profit and loss - non-current	10,032,773	256,191	5.65	256,191	
”	Covertible bonds of Sotera Wireless, Inc	Subsidiaries	”	-	658,448	-	658,448	
”	Lakestar Growth II Fund L.P.	None	”	-	42,987	1.99	42,987	
”	GTM Captial Healthcare Fund L.P.	Other related party	”	-	811,352	50.00	811,352	
Q-Run Investment Co., Ltd.	Common stock of CyberTAN Technology Inc.	”	Financial assets at fair value through other comprehensive income - non-current	700,000	15,365	0.21	15,365	
”	Common stock of Innolux Corporation	None	”	104,061,388	1,488,078	1.15	1,488,078	
”	Common stock of Advanced Optoelectronic Technology, Inc.	”	”	7,672,000	227,091	5.31	227,091	
”	Common stock of Modest Benefits Taiwan E Chain Co., Ltd.	”	”	150,000	73	0.25	73	
”	Preferred share of AcroViz Inc.	”	Financial assets at fair value through profit and loss - non-current	2,597,500	28,417	12.30	28,417	
”	Common stock of Bailey Biofund Inc.	”	”	3,000,000	30,000	1.50	30,000	
Q-Run Holdings Ltd.	Common stock of China Harmony Auto Holding Ltd.	”	Financial assets at fair value through other comprehensive income - non-current	38,452,340	93,398	2.52	93,398	
”	Common stock of FE Holdings USA, Inc.	Subsidiary with significant influence to the Group	”	8,040	2,250,300	10.74	2,250,300	
”	Common stock of VIZIO Holding Corp.	None	”	14,412,115	3,407,990	7.31	3,407,990	
”	Common stock of KDH Design Co., Ltd.	”	”	54,795	15,355	2.20	15,355	
”	Yosemite Fund I, Fund L.P.	”	Financial assets at fair value through profit and loss - non-current	-	20,325	3.87	20,325	
”	Convertible preferred share of Acoustic Wave Cell Therapy, Inc.	”	”	637,694	66,780	7.64	66,780	
”	Convertible preferred share of Neteera Technologies Ltd.	”	”	58,204	63,255	1.50	63,255	
Foxconn Technology Pte. Ltd.	Common stock of Sharp Corporation	Other related party	Financial assets at fair value through other comprehensive income - non-current	64,640,000	14,171,688	9.96	14,171,688	
Hon Fujin Precision Industry (Tai yuan) Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	None	Financial assets at amortized cost - non-current	-	2,163,520	-	2,163,520	

Foxconn Technology Co., Ltd. and Subsidiaries

Aggregate purchases or sale of the same securities reaching \$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023			
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount		
Foxconn Technology Co., Ltd.	GTM Captial Healthcare Fund L.P.	Note 1	YL Capital Ltd.	Other related party	-	\$ -	-	USD 30,000 thousand	-	USD 5,000 thousand	USD 5,000 thousand	\$ -	-	USD 25,000 thousand		
"	Ultimate Aluminum Magnesium Technology Co., Ltd.	Note 2	Ultimate Aluminum Magnesium Technology Co., Ltd.	Subsidiaries	-	-	83,500	835,000	-	-	-	-	83,500	835,000		
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	Note 1	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	None	Note 4	RMB 49,713 thousand	-	-	Note 4	RMB 89,500 thousand	RMB 89,500 thousand	RMB 34,661 thousand	-	-		

Note 1 : Recorded in "Financial assets at fair value through profit or loss - non-current", the ending amount is presented at fair value.

Note 2 : Recorded in "Investments accounted for under equity method".

Note 3 : The fund, GTM Capital Healthcare Fund L.P., returned the investment capital of USD 5,000 thousand in the second quarter of 2023.

Note 4 : It pertained to the partnership interest of a limited partnership and thus did not have shares.

Foxconn Technology Co., Ltd and Subsidiaries

Disposal of real estate NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of preceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Qingdao Hygen Innovative Alloy Materials Co., Ltd.	Land use rights, buildings and fixtures, etc.	April 2023	May 2012	RMB 115,074 thousand	RMB 319,931 thousand	Note	RMB 164,342 thousand	People's Government of Ligezhuang Town, Jiaozhou City	Third party	Asset activation	Based on the government's relocation compensation agreement	Note

Note: The total proceeds amounted to RMB 319,931 thousand, which were collected in installments. As of December 31, 2023, the proceeds had been fully collected.

Foxconn Technology Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party tranactions		Notes/accounts receivable (payalbe)		Note
			Purchases (sales)	Amount	Percentage of toal purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Investment companies adopting the equity method to evaluate the Company	Sales	\$ 201,486	-	90 days	Note 1	Note 1	\$ 87,225	1	
"	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	2,394,821	4	90 days	Note 1	Note 1	827,655	13	
"	High Tempo International Ltd.	The investee is an indirect subsidiary of the Company	Sales	157,384	-	90 days	Note 1	Note 1	21,450	-	
"	FTP Technology Inc.	"	Sales	105,297	-	30 days	Note 1	Note 1	82,836	1	
"	Champ Tech Optical (Foshan) Corporation Co., Ltd.	"	Sales	156,143	-	90 days	Note 1	Note 1	258,820	4	
"	PKM Corporation	The investee is an direct subsidiary of the Company	Sales	52,873,304	83	50 days	Note 1	Note 1	4,296,108	65	
Hon fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,115,071	51	90 days	Note 1	Note 1	628,386	80	Note 2
"	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	645,745	29	90 days	Note 1	Note 1	64,922	8	
Fu Yu Precision Component (Kunshan) Co., Ltd.	"	"	Sales	2,856,958	92	60 days	Note 1	Note 1	176,451	58	
Foxconn Technology Pte. Ltd.	FTP Technology Inc.	"	Sales	397,267	9	90 days	Note 1	Note 1	64,390	6	
FTP Technology Inc.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	567,459	81	90 days	Note 1	Note 1	193,190	92	
Nanning Funing Precision Electronics Co., Ltd.	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	192,141	5	90 days	Note 1	Note 1	-	-	
YanTai Fuzhun precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,042,506	85	90 days	Note 1	Note 1	131,241	72	
Champ Tech Optical (Foshan) Corporation Co., Ltd.	"	"	Sales	519,140	8	90 days	Note 1	Note 1	144,447	10	
"	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	322,078	5	90 days	Note 1	Note 1	2,740	-	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	46,423,150	77	90 days	Note 1	Note 1	(2,656,341)	56	
"	Nanning Funing Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	2,768,845	5	30 days	Note 1	Note 1	(275,475)	6	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party tranactions		Notes/accounts receivable (payalbe)		
			Purchases (sales)	Amount	Percentage of toal purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	\$ 3,761,649	6	30 days	Note 1	Note 1	(\$ 346,175)	7	
”	Innolux Corporation	Other related parties	Purchases	101,941	-	60 days	Note 1	Note 1	-	-	
”	Sharp Corporation and subsidiaries	”	Purchases	5,934,659	10	60 days	Note 1	Note 1	(889,459)	19	
”	Pan-International Industrial Corp. and subsidiaries	”	Purchases	347,417	1	90 days	Note 1	Note 1	(43,905)	1	
”	Heibe Gengde Electronics Co., Ltd.	”	Purchases	195,592	-	90 days	Note 1	Note 1	-	-	
Hon fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	248,747	14	90 days	Note 1	Note 1	(254,025)	59	

Note 1 : Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 2 : For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw material is eliminated due to economic substance.

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Foxconn Technology Co., Ltd. and Subsidiaries								
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more								
Year ended December 31, 2023								
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivalbes		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	\$ 827,655	3.00	\$ 30,510	Subsequent collection	\$ 30,510	\$ -
"	"	"	333,255	Not applicable				
			(shown as other receivables)(Note 1)					
"	Sharp Corporation and subsidiaries	Other related party	433,564	Not applicable				
			(shown as other receivables)(Note 1)					
"	Pan-International Industrial Corp. and subsidiaries	"	400,642	Not applicable				
			(shown as other receivables)(Note 1)					
"	Chapm Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	258,820	0.64	111,082	Aggressive collection	-	-
"	PKM Corporation	The investee is an direct subsidiary of the Company	4,296,108	5.66	1,867,971	Subsequent collection	1,867,971	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	628,386	0.49	563,553	Subsequent collection	284,884	-
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	176,451	4.60	-	-	-	-
FTP Technology Inc.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	193,190	3.16	-	-	-	-
Naning Funing Precision Electronics Co., Ltd.	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	275,475	4.89	-	-	-	-
Yantai Fuzhun Precision Electroncis Co. Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	131,241	4.17	-	-	-	-
Chapm Tech Optical (Foshan) Corporation	"	"	144,447	2.18	28,794	Subsequent collection	28,794	-
"	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	346,175	5.08	-	-	-	-
PKM Corporation	"	"	2,364,728	Not applicable				
			(shown as other receivables)(Note 1)					
"	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	73,947	Not applicable				
			(shown as other receivables)(Note 1)					

Note 1 : Receivables from purchases of materials by investees on behalf of the ultimate parent company.

Foxconn Technology Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	1	Purchases	\$ 2,768,845	Note 4	4
0	"	"	1	Accounts payable	275,475	"	-
0	"	Champ Tech Optical (Foshan) Corporation	1	Purchases	3,761,649	"	5
0	"	"	1	Sales	156,143	"	-
0	"	"	1	Accounts receivable	258,820	"	-
0	"	"	1	Accounts payable	346,175	"	-
0	"	FTP Technology Inc.	1	Sales	105,297	"	-
0	"	High Tempo International Ltd.	1	Sales	157,384	"	-
0	"	PKM Corporation	1	Sales	52,873,304	"	71
0	"	"	1	Accounts receivable	4,296,108	"	3
0	"	"	1	Other payable	2,364,728	"	2
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	645,745	"	1
2	Fu Yu Precision Components (Kunshan) Co., Ltd.	"	3	Sales	2,856,958	"	4
2	"	"	3	Accounts receivable	176,451	"	-
3	Foxconn Technology Pte. Ltd.	FTP Technology Inc.	3	Sales	397,267	"	1
4	Nanning Funing Precision Electronics Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	192,141	"	-
5	Champ Tech Optical (Foshan) Corporation	"	3	Sales	322,078	"	-

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: Disclosure standard of transactions between the Company and subsidiaries is when purchases, sales and receivables (payables) from (to) related parties account for at least \$100,000 or 20% of capital. Relative related are not disclosed.

Note 4: Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: For information of loans to others, refer to table 1.

Table 8

Foxconn Technology Co., Ltd. and Subsidiaries											
Information on investees											
Year ended December 31, 2023											
Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Foxconn Technology Co., Ltd.	Q-RUN Holdings Ltd.	Cayman Islands	Investment holding	\$ 1,971,512	\$ 1,971,512	96,077,600	100	\$ 89,918,018	\$ 3,179,293	\$ 3,123,281	Note 1
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Cayman Islands	Investment holding	97,358	97,358	26,839,643	100	13,105,246	374,521	374,521	Note 1
Foxconn Technology Co., Ltd.	Q-Run Investment Co., Ltd.	Taiwan	Investment	1,254,780	1,254,780	125,478,000	100	1,951,226	4,093	4,093	
Foxconn Technology Co., Ltd.	Syntrend Creative Park Co., Ltd.	Taiwan	Retail of office machinery and equipment and electronic appliances, and information software services	490,322	490,322	49,032,250	20	288,603	43,451	8,677	
Foxconn Technology Co., Ltd.	Sotera Wireless, Inc.	United States	Sales of wireless vital sign monitoring system	1,335	1,335	10,003,082	53.93	(40,237)	(205,339)	(8,690)	
Foxconn Technology Co., Ltd.	FTC Health Corporation	Taiwan	Medical equipment and precision instruments wholesale and retail	60,000	1,000	6,000,000	100	65,367	5,367	5,367	Note 1
Foxconn Technology Co., Ltd.	PKM Corporation	Japan	Game consoles reselling business	115,075	115,075	8,200	91.12	132,279	30,707	27,980	
Foxconn Technology Co., Ltd.	FTC Japan Co., Ltd.	Japan	Electronic products and medicalsupplies production and sales,Health management service business,Long term care equipment purchaseand lease services	69,554	-	6,000	100	36,216	(29,597)	(29,597)	
Foxconn Technology Co., Ltd.	Ultimate Aluminum Magnesium Technology Co., Ltd.	Taiwan	Aluminum casting, aluminum and magnesium rolling, stretching, extruding, and manufacture of metal structure and building component	835,000	-	83,500	100	834,992	(8)	(8)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value		December 31, 2023	
Foxconn Technology Co., Ltd.	FTC Technology Vietnam Company Limited	Vietnam	Import, design, manufacture and sale of electronic products and components, precision instruments and medical devices	\$ 161,260	\$ -	-	100	\$ 140,721	\$ (11,000)	\$ (11,000)	

Note1: Besides Foxconn Precision Components Holding Co., Ltd., Q-Run Holdings Ltd., Q-Run Investment Co., Ltd., Sotera Wireless, Inc., FTC Health Corporation, PKM Corporation, FTC Japan Co., Ltd., Ultimate Aluminum Magnesium Technology Co., Ltd. and FTC technology Vietnam Company Limited are subsidiaries of the Company, Atkinson Holdings Ltd., Q-Run Far East Corporation, World Trade Trading Ltd., High Tempo International Ltd., FTC Technology Inc., Foxconn Technology Pte. Ltd., Kenny International Ltd., Double Wealth Profits Ltd., Precious Star International Ltd., Eastern Star Limited., Gold Glory International Ltd., New Glory Holdings Ltd., FTP Technology Inc., Fuzhun Precision Industry (Shenzhen) Co., Ltd., Champ Tech Optical (Foshan) Corporation, Hon Fujin Precision Industry (Taiyuan) Co., Ltd., Fuzhun Precision Electronics (Hebi) Co., Ltd., Qingdao Hygen Innovative Alloy Materials Co., Ltd. Fuhuigang Industrial (Shenzhen) Co., Ltd., Fu Yu Precision Components (Kunshan) Co., Ltd., YanTai Fuzhun Precision Electronics Co., Ltd., Nanning Funing Precision Electronics Co., Ltd., Hon Fujin Precision Industry(Jincheng) Co., Ltd., Fuzhun Precision Industry (Shenyang) Co., Ltd. and Refront loMT Corp. are subsidiaries of the Company as well.

Foxconn Technology Co., Ltd. and Subsidiaries
Information on investees in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023		Note
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan								
Fuhuigang Industrial (Shenzhen) Co., Ltd.	Computer case – electronic and electrical components	\$ 238,217	2	\$ 238,217	\$ -	\$ -	\$ 238,217	\$ 13,604	100	\$ 13,604	\$ 474,970	\$ -		
Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	1,203,034	2	846,675	-	-	846,675	168,783	100	168,783	5,724,381	-		
Fuzhun Precision Industry (Shenzhen) Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	598,845	2	61,420	-	-	61,420	64,569	100	64,569	1,260,622	-		
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and related peripherals, computer cases and metal stamping	12,591,100	2	4,284,045	-	-	4,284,045	1,497,664	100	1,497,664	31,949,384	-		
Nanning Funing Precision Electronics Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	300,958	2	-	-	-	-	430,187	100	430,187	2,123,864	-		
YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case - electronic and electrical components	2,456,800	2	1,213,045	-	-	1,213,045	44,156	100	44,156	1,951,649	-		
Fuzhun Precision Electronics (Hebi) Co., Ltd.	New alloy material, precision molds, new electronic components, portable computers and their components	4,535,867	2	1,526,287	-	-	1,526,287	112,284	100	112,284	4,474,512	-		

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
Foxconn Technology Co., Ltd.	\$ 8,169,689	\$ 24,324,029	\$ -

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Q-Run Holdings Ltd. or Foxconn Precision Components Holding Co., Ltd., which then invested in Mainland China.
- (3) Others.

Note 2: The investment income (loss) recognized by all investees in Mainland China for the year ended December 31, 2023 were audited or attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on December 30, 2020, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company from October 27, 2022 to October 26, 2024.

Note 4: The Company needs no approval by Investment Commission of the Ministry of Economic Affairs for investment in Qingdao Hiyn Materials Co., Ltd., Fuzhun Precision (Shenyang) Industry Co., Ltd., Hon Fujin Precision Industry (Jincheng) Co., Ltd. and Champ Tech Optical (Foshan) Corporation and which were reinvested through an existing company in Mainland China.

Foxconn Technology Co., Ltd. and Subsidiaries

Major shareholders information

Year ended December 31, 2023

Table 10

Name of major shareholders	Shares held at December 31, 2023	
	Number of shares	Ownership (%)
Hon Hai Precision Industry Co., Ltd.	139,725,801	9.87
Bao Xin International Investment Co., Ltd.	126,181,274	8.92
Hung Yang Venture Investment Co., Ltd.	85,003,766	6.00

V. Individual financial statements audited by independent auditors for the most recent year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Foxconn Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Foxconn Technology Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Revenue Cutoff

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(18) for details of revenues.

The Company has three sale transaction types, including (1) direct shipment from the factory, (2) FOB destination, and (3) hub. For FOB destination and hub, revenue is recognized when goods are shipped to destination or picked up by customers (when controls of the products are transferred). The supporting documents of revenue recognition include receipts from customers (FOB destination), reports or other information provided by hub custodians and inventory movement record of hub. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between the physical inventory quantities in the hubs and the quantities as reflected in the accounting records.

Since there are numerous daily revenue from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Evaluated and tested the Company's internal controls over revenue recognition.
- B. Tested sales transactions that took place shortly before and after the balance sheet date by verifying customers' receipt notes, supporting documents provided by hub custodian, inventory movement records, and ascertained whether cost of goods sold recognized in the correct reporting periods.
- C. Confirmed or physical inventory quantities held by distribution warehouses and agreed to accounting records. Assessed the reasonableness for reconciling items identified through confirmation or physical inventory, if any, and inspected respective supporting documents and rationale.

The Company and Investments accounted for under equity method/subsidiaries – Provision for inventory valuation losses

Description

Refer to Note 4(12) for accounting policies on inventory valuation, Note 4(13) for accounting policies on investments accounted for under equity method/subsidiaries and associates, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Notes 6(5) and 6(6) for details of inventories and investments accounted for under equity method.

The Company is primarily engaged in the sales of 3C electronic products, modules and components. Due to rapid technological innovations, shorter electronic product life cycles and the fluctuation in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Company recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. Provision for inventory valuation losses is recognized under “inventory” and “investments accounted for under equity method – subsidiaries” in the parent company only financial statements.

As the amounts of inventory are material, types of inventories vary, the identification of obsolete or damaged inventories and determination of net realizable value are subject to management judgement, we considered the provision for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Ensured consistent application of policies in relating to provision for inventory valuation losses and in compliance with respective accounting guidance.
- B. Validated the appropriateness of system logic of inventory aging report utilized by management in assessing inventory valuation losses and selected samples and tested transactions for proper categorization in inventory aging report.

- C. Assessed the reasonableness of inventory valuation losses through discussion with management the net realizable value of obsolete or damaged inventories and validating supporting documents.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

We also:

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

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- D. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Chieh-Ju, Hsu

Hsu, Yung-Chien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,434,964	2	\$ 13,446,367	9
1170	Accounts receivable, net	6(4)	961,361	1	1,464,210	1
1180	Accounts receivable due from related parties, net	7	5,616,183	5	15,495,922	10
1200	Other receivables	7	1,286,663	1	3,978,128	3
130X	Inventories	6(5)	1,614,712	1	2,484,486	2
1470	Other current assets		32,401	-	24,511	-
11XX	Total current assets		11,946,284	10	36,893,624	25
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,768,978	1	972,983	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	4,323,245	4	3,997,324	3
1550	Investments accounted for using equity method	6(6)	106,432,431	85	102,478,399	71
1600	Property, plant and equipment	6(7)	91,148	-	73,752	-
1755	Right-of-use assets	6(8)	12,777	-	3,533	-
1760	Investment property - net	6(10)	119,706	-	120,037	-
1840	Deferred tax assets	6(24)	111,954	-	106,558	-
1900	Other non-current assets		12,728	-	8,558	-
15XX	Total non-current assets		112,872,967	90	107,761,144	75
1XXX	Total assets		\$ 124,819,251	100	\$ 144,654,768	100

(Continued)

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term loans	6(11)	\$	9,995,380	8	\$	8,463,900	6		
2170	Accounts payable			522,734	-		700,932	-		
2180	Accounts payable to related parties	7		4,235,200	3		25,101,718	17		
2200	Other payables	6(12)		3,655,345	3		5,712,378	4		
2230	Current tax liabilities	6(24)		562,710	1		716,390	1		
2280	Current lease liabilities	7		4,289	-		2,008	-		
2300	Other current liabilities			131,778	-		134,782	-		
21XX	Total current liabilities			19,107,436	15		40,832,108	28		
Non-current liabilities										
2570	Deferred tax liabilities	6(24)		363,621	1		288,913	1		
2580	Non-current lease liabilities			8,625	-		1,534	-		
2600	Other non-current liabilities	6(13)		53,306	-		164,868	-		
25XX	Total non-current liabilities			425,552	1		455,315	1		
2XXX	Total liabilities			19,532,988	16		41,287,423	29		
Equity										
	Share capital	6(14)								
3110	Ordinary share			14,144,852	11		14,144,852	10		
	Capital surplus	6(15)								
3200	Capital surplus			7,571,060	6		7,596,355	5		
	Retained earnings	6(16)								
3310	Legal reserve			14,108,409	11		13,691,648	9		
3320	Special reserve			3,823,676	3		-	-		
3350	Unappropriated retained earnings			69,495,587	56		71,758,166	50		
	Other equity interest	6(17)								
3400	Other equity interest		(	3,857,321)	(	3)	(	3,823,676)	(	3)
3XXX	Total equity			105,286,263	84		103,367,345	71		
Significant Subsequent Events			11							
3X2X	Total liabilities and equity		\$	124,819,251	100	\$	144,654,768	100		

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

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 64,041,055	100	\$ 75,015,268	100
5000	Operating costs	6(5)(22) and 7	(60,989,251)	(95)	(71,065,767)	(94)
5900	Gross profit from operations		<u>3,051,804</u>	<u>5</u>	<u>3,949,501</u>	<u>6</u>
	Operating expenses	6(22)				
6100	Selling expenses		(170,963)	-	(277,157)	-
6200	Administrative expenses		(699,904)	(1)	(616,958)	(1)
6300	Research and development expenses		(639,119)	(1)	(571,112)	(1)
6000	Total operating expenses		(1,509,986)	(2)	(1,465,227)	(2)
6900	Net operating income		<u>1,541,818</u>	<u>3</u>	<u>2,484,274</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	163,174	-	65,580	-
7010	Other income	6(20)	23,490	-	170,292	-
7020	Other gains and losses	6(21)	(185,270)	-	556,528	1
7050	Finance costs		(176,263)	-	(142,584)	-
7070	Share of profits of associates and joint ventures accounted for using equity method	6(6)	<u>3,494,624</u>	<u>5</u>	<u>1,767,301</u>	<u>2</u>
7000	Total non-operating income and expenses		<u>3,319,755</u>	<u>5</u>	<u>2,417,117</u>	<u>3</u>
7900	Profit before income tax		<u>4,861,573</u>	<u>8</u>	<u>4,901,391</u>	<u>7</u>
7950	Tax expense	6(24)	(600,853)	(1)	(634,945)	(1)
8200	Profit		<u>\$ 4,260,720</u>	<u>7</u>	<u>\$ 4,266,446</u>	<u>6</u>
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gains (losses) on defined benefit plans	6(13)	\$ 105,740	-	(\$ 123,539)	-
8316	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(17)	383,641	-	(686,590)	(1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(17)	468,566	1	(15,200,279)	(20)
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(24)	(21,148)	-	24,708	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>936,799</u>	<u>1</u>	<u>(15,985,700)</u>	<u>(21)</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation	6(17)	(885,852)	(1)	6,288,302	8
8300	Other comprehensive income (loss) for the year, net of tax		<u>\$ 50,947</u>	<u>-</u>	<u>(\$ 9,697,398)</u>	<u>(13)</u>
8500	Total comprehensive income		<u>\$ 4,311,667</u>	<u>7</u>	<u>(\$ 5,430,952)</u>	<u>(7)</u>
Earnings per share (in dollars)						
9750	Basic earnings per share	6(25)	\$ 3.01		\$ 3.02	
9850	Diluted earnings per share		\$ 3.00		\$ 3.01	

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

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Retained Earnings				Other Equity Interest			
							Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2022</u>									
Balance at January 1, 2022		\$ 14,144,852	\$ 7,538,805	\$ 13,201,705	\$ -	\$ 70,485,119	(\$ 9,509,327)	\$ 15,284,218	\$ 111,145,372
Profit		-	-	-	-	4,266,446	-	-	4,266,446
Other comprehensive income (loss)		-	-	-	-	(98,831)	6,288,302	(15,886,869)	(9,697,398)
Total comprehensive income (loss)		-	-	-	-	4,167,615	6,288,302	(15,886,869)	(5,430,952)
Appropriations and distribution of 2021 earnings	6(16)								
Legal reserve		-	-	489,943	-	(489,943)	-	-	-
Cash dividends		-	-	-	-	(2,404,625)	-	-	(2,404,625)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	57,550	-	-	-	-	-	57,550
Balance at December 31, 2022		<u>\$ 14,144,852</u>	<u>\$ 7,596,355</u>	<u>\$ 13,691,648</u>	<u>\$ -</u>	<u>\$ 71,758,166</u>	<u>(\$ 3,221,025)</u>	<u>(\$ 602,651)</u>	<u>\$ 103,367,345</u>
<u>2023</u>									
Balance at January 1, 2023		\$ 14,144,852	\$ 7,596,355	\$ 13,691,648	\$ -	\$ 71,758,166	(\$ 3,221,025)	(\$ 602,651)	\$ 103,367,345
Profit		-	-	-	-	4,260,720	-	-	4,260,720
Other comprehensive income (loss)		-	-	-	-	84,592	(885,852)	852,207	50,947
Total comprehensive income (loss)		-	-	-	-	4,345,312	(885,852)	852,207	4,311,667
Appropriations and distribution of 2022 earnings	6(16)								
Legal reserve		-	-	416,761	-	(416,761)	-	-	-
Special reserve		-	-	-	3,823,676	(3,823,676)	-	-	-
Cash dividends		-	-	-	-	(2,263,176)	-	-	(2,263,176)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(25,295)	-	-	(104,278)	-	-	(129,573)
Balance at December 31, 2023		<u>\$ 14,144,852</u>	<u>\$ 7,571,060</u>	<u>\$ 14,108,409</u>	<u>\$ 3,823,676</u>	<u>\$ 69,495,587</u>	<u>(\$ 4,106,877)</u>	<u>\$ 249,556</u>	<u>\$ 105,286,263</u>

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

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 4,861,573	\$ 4,901,391
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(22)	11,253	4,171
Amortization	6(22)	1,457	-
Expected credit loss determined in accordance with IFRS 9	12(2)	293	61,106
Interest expense		176,263	142,584
Share of profits of associates and joint ventures accounted for using equity method	6(6)	(3,494,624)	(1,767,301)
Net loss on financial assets or liabilities at fair value through profit or loss		128,222	108,612
Impairment loss	6(21)	-	2,965
Dividend income	6(20)	(1,512)	(136,154)
Interest income	6(19)	(163,174)	(65,580)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		502,292	1,437,461
Accounts receivable due from related parties, net		9,880,003	(3,069,501)
Other receivables to related parties		785	(45,447)
Inventories		869,774	300,346
Changes in operating liabilities			
Accounts payable		(178,198)	(1,067,268)
Accounts payable to related parties		(20,866,518)	7,748,029
Other payables		714,470	290,760
Other current liabilities		(3,004)	(268)
Cash (outflow) inflow generated from operations		(7,560,645)	8,845,906
Income tax paid		(706,368)	(786,614)
Net cash flows (used in) from operating activities		(8,267,013)	8,059,292

(Continued)

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 1,076,032)	(\$ 1,113,464)
Proceeds from disposal of financial assets at fair value through profit or loss		151,815	46,320
Acquisition of financial assets at fair value through other comprehensive income		-	(35,698)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		57,719	121,178
Increase in other current assets		(7,890)	(9,844)
Proceeds from capital reduction of investments accounted for using equity method	6(6)	-	14,079,094
Dividends distributed by investments accounted for using equity method	6(6)	118,547	43,474
Acquisition of property, plant and equipment		(23,787)	(7,952)
Proceeds from disposal of property, plant and equipment		303	-
Purchase of intangible assets		(5,688)	-
Decrease (increase) in refundable deposits		61	(558)
Interest received		89,538	32,555
Dividends received		1,512	179,628
Net cash flows (used in) from investing activities		(693,902)	13,334,733
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		1,531,480	(13,002,700)
Payments of lease liabilities		(4,706)	(805)
(Increase) decrease in other non-current liabilities		(5,822)	1,064
Cash dividends paid	6(16)	(2,263,176)	(2,404,625)
Interest paid		(183,450)	(133,497)
Acquisition of investments accounted for using equity method	6(6)	(1,124,814)	(129,956)
Net cash flows used in financing activities		(2,050,488)	(15,670,519)
Net (decrease) increase in cash and cash equivalents		(11,011,403)	5,723,506
Cash and cash equivalents at beginning of year		13,446,367	7,722,861
Cash and cash equivalents at end of year		\$ 2,434,964	\$ 13,446,367

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

FOXCONN TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

The Company was originally known as Q-RUN Technology Co., Ltd. and established on April 26, 1990. On March 1, 2004, the Company merged with Foxconn Precision Components Co., Ltd. and was renamed as Foxconn Technology Co., Ltd. The Company is primarily engaged in manufacturing, processing and sales of case, heat dissipation modules and consumer electronics products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The accompanying parent company only financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards(“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

Amendments to IAS 12, ‘International tax reform - pillar two model rules’

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). An entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The accompanying parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the accompanying parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the accompanying parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the company, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expires.

(11) Leasing agreements (lessor) – operating leases

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

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials,

direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.
- B. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its investments' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. According to "Rules Governing the Preparations of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for buildings and structures, machinery and equipment and other equipment are 3~55 years, 2~10 years and 2~10 years, respectively.

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

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

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Loans

- A. Loans comprise long-term and short-term bank loans and other long-term and short-term loans. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(19) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
 - ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
 - iii. Past service costs are recognized immediately in profit or loss.
- C. Employees' compensation, directors' and supervisors' remuneration
- Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

(24) Dividends

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

(25) Business combinations

The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(26) Revenue recognition

- A. The Company is primarily engaged in manufacturing and sales of consumer electronics products. Sales are recognized when control of the products has transferred, being 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the accompanying parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, information on the carrying amount of inventories is provided in Note 6(5).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Checking accounts and demand deposits	\$ 2,434,964	\$ 11,296,667
Time deposits	-	2,149,700
	<u>\$ 2,434,964</u>	<u>\$ 13,446,367</u>

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

Assets	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instrument - convertible preference share	\$ 256,191	\$ 283,453
Hybrid instrument - convertible bonds	658,448	689,530
Beneficiary certificate	854,339	-
	<u>\$ 1,768,978</u>	<u>\$ 972,983</u>

A. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivative instrument	\$ 6,387	\$ -
Hybrid instrument	(170,533)	(108,612)
Beneficiary certificate	42,311	-
	<u>(\$ 121,835)</u>	<u>(\$ 108,612)</u>

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).
- D. On July 28, 2022, the Company acquired series D preference shares issued by ZAP Medical System, Ltd. by cash in the amount of USD 15,000 thousand. Under the agreement, the Company has the right to require the conversion of preference share when specific conditions are met.
- E. For the years ended December 31, 2022 and 2021, the Company acquired convertible bonds issued by Sotera Wireless Inc. in batches by cash in the amount of USD 20,935 thousand and USD 520 thousand, respectively. Under the agreement, the Company has the right to require the conversion of convertible bonds when specific conditions are met.
- F. On March 14, 2023, the Company invested cash of USD 30,000 thousand in GTM Capital Healthcare Fund L.P., a private fund, shown as financial assets at fair value through profit or loss. In addition, the private fund returned the investment capital of USD 5,000 thousand on May 19, 2023.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments	\$ 4,323,245	\$ 3,997,324
A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.		
B. The Company recognized other comprehensive gains (loss) of \$383,641 and (\$686,590) for fair value change for the years ended December 31, 2023 and 2022, respectively.		
C. The Company has no financial assets at fair value through other comprehensive income pledged to others.		

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 962,483	\$ 1,464,775
Less: Allowance for uncollectible accounts	(1,122)	(565)
	<u>\$ 961,361</u>	<u>\$ 1,464,210</u>
A. The Company does not hold any collateral as security.		
B. Information relating to credit risk is provided in Note 12(2).		

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 41,676	\$ 50,174
Work in progress	62,946	58,441
Finished goods	<u>1,656,822</u>	<u>2,504,049</u>
	1,761,444	2,612,664
Less: Allowance for inventory obsolescence and market price decline	(146,732)	(128,178)
	<u>\$ 1,614,712</u>	<u>\$ 2,484,486</u>

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of inventories sold	\$ 60,970,827	\$ 70,953,318
Loss on inventory obsolescence and market price decline	18,554	112,449
Revenue from sale of scraps	(130)	-
	<u>\$ 60,989,251</u>	<u>\$ 71,065,767</u>

(6) Investments accounted for using equity method

Investees	2023	2022
At January 1	\$ 102,478,399	\$ 123,558,137
Addition of investments accounted for using equity method	1,124,814	129,956
Share of profit of investments accounted for using equity method	3,494,624	1,767,301
Dividends distributed by investments accounted for using equity method	(118,547)	(43,474)
Proceeds from capital reduction of investments accounted for using equity method	-	(14,079,094)
Change in retained earnings	(104,278)	-
Change in capital surplus	(25,295)	57,550
Change in other equity interest	(417,286)	(8,911,977)
At December 31	<u>\$ 106,432,431</u>	<u>\$ 102,478,399</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 106,143,828	\$ 102,198,473
Associates	288,603	279,926
	<u>\$ 106,432,431</u>	<u>\$ 102,478,399</u>

A. The Company's subsidiary:

- Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.
- The Company directly invests in companies in Taiwan, Japan and Vietnam, etc., and is engaged in the reselling business of game consoles as well as production and sales of electronic products and their components and medical supplies. For the years ended December 31, 2023 and 2022, the Company's additional investments accounted for using equity method amounted to \$1,124,814 and \$129,956, respectively.
- The Company's investments in China through Foxconn Precision Components Holding Co., Ltd. and Q-Run Holdings Ltd. are engaged in the production and sales of computer components (computer radiators, magnesium alloys and computer components). Refer to Note 13 for the disclosure of information on investments in China.

B. The Company's associates:

The operating results of the Company's share in all individually immaterial associates are summarized below:

	Years ended December 31,	
	2023	2022
Total comprehensive income for the year	\$ 8,677	\$ 4,524

(7) Property, plant and equipment

	2023				
	Land	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 51,850	\$ 58,823	\$ 51,827	\$ 43,344	\$ 205,844
Accumulated depreciation	-	(44,398)	(49,979)	(37,715)	(132,092)
	<u>\$ 51,850</u>	<u>\$ 14,425</u>	<u>\$ 1,848</u>	<u>\$ 5,629</u>	<u>\$ 73,752</u>
Opening net book amount as at January 1	\$ 51,850	\$ 14,425	\$ 1,848	\$ 5,629	\$ 73,752
Additions	-	988	-	22,799	23,787
Transfer out	-	(684)	-	-	(684)
Disposals	-	-	-	(303)	(303)
Depreciation	-	(1,243)	(1,141)	(3,020)	(5,404)
Closing net book amount as at December 31	<u>\$ 51,850</u>	<u>\$ 13,486</u>	<u>\$ 707</u>	<u>\$ 25,105</u>	<u>\$ 91,148</u>
<u>At December 31</u>					
Cost	\$ 51,850	\$ 57,958	\$ 51,827	\$ 63,782	\$ 225,417
Accumulated depreciation and impairment	-	(44,472)	(51,120)	(38,677)	(134,269)
	<u>\$ 51,850</u>	<u>\$ 13,486</u>	<u>\$ 707</u>	<u>\$ 25,105</u>	<u>\$ 91,148</u>

	2022				
	Land	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 51,850	\$ 57,237	\$ 81,038	\$ 78,122	\$ 268,247
Accumulated depreciation	-	(43,469)	(79,171)	(75,031)	(197,671)
	<u>\$ 51,850</u>	<u>\$ 13,768</u>	<u>\$ 1,867</u>	<u>\$ 3,091</u>	<u>\$ 70,576</u>
Opening net book amount as at January 1	\$ 51,850	\$ 13,768	\$ 1,867	\$ 3,091	\$ 70,576
Additions	-	1,700	2,550	4,087	8,337
Transfer in	-	198	-	-	198
Impairment loss	-	(241)	(2,091)	(633)	(2,965)
Depreciation	-	(1,000)	(478)	(916)	(2,394)
Closing net book amount as at December 31	<u>\$ 51,850</u>	<u>\$ 14,425</u>	<u>\$ 1,848</u>	<u>\$ 5,629</u>	<u>\$ 73,752</u>
<u>At December 31</u>					
Cost	\$ 51,850	\$ 58,823	\$ 51,827	\$ 43,344	\$ 205,844
Accumulated depreciation and impairment	-	(44,398)	(49,979)	(37,715)	(132,092)
	<u>\$ 51,850</u>	<u>\$ 14,425</u>	<u>\$ 1,848</u>	<u>\$ 5,629</u>	<u>\$ 73,752</u>

For those assets where there is an indication that they are impaired, the Company used their recoverable amounts as basis for impairment assessment. For the year ended December 31, 2023 and 2022, the Company recognized an impairment loss amounting to \$0 and \$2,965, respectively. (shown as “other gains and losses”).

(8) Leasing arrangements — lessee

- A. The Company leases various assets including buildings and structures. Rental contracts are typically made for a period of 2~5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Buildings and structures	<u>\$ 12,777</u>	<u>\$ 3,533</u>
	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Buildings and structures	<u>\$ 4,834</u>	<u>\$ 790</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$14,078 and \$4,037, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 327	\$ 20
Expense on short-term lease contracts	933	7,487
Expense on leases of low-value assets	129	63

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$6,095 and \$8,375, respectively.

(9) Leasing arrangements - lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for a period of 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amount of \$19,714 and \$19,506, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
2024	\$ 5,201	2023	\$ 9,333
2025	1,220	2024	4,655
2026	891	2025	2,859
2027	891	2026	223
2028	31	2027	-
	<u>\$ 8,234</u>		<u>\$ 17,070</u>

The rent income recognized by the Company is measured based on the area actually used by the lessee. The lease receivables listed above are calculated based on the area actually used by the lessee at each of the balance sheet dates.

(10) Investment property

	2023		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 95,910	\$ 65,351	\$ 161,261
Accumulated depreciation and impairment	-	(41,224)	(41,224)
	<u>\$ 95,910</u>	<u>\$ 24,127</u>	<u>\$ 120,037</u>
Opening net book amount as at January 1	\$ 95,910	\$ 24,127	\$ 120,037
Transfer in	-	684	684
Depreciation	-	(1,015)	(1,015)
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 23,796</u>	<u>\$ 119,706</u>
<u>At December 31</u>			
Cost	\$ 95,910	\$ 67,204	\$ 163,114
Accumulated depreciation and impairment	-	(43,408)	(43,408)
	<u>\$ 95,910</u>	<u>\$ 23,796</u>	<u>\$ 119,706</u>
	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 95,910	\$ 65,864	\$ 161,774
Accumulated depreciation and impairment	-	(40,552)	(40,552)
	<u>\$ 95,910</u>	<u>\$ 25,312</u>	<u>\$ 121,222</u>
Opening net book amount as at January 1	\$ 95,910	\$ 25,312	\$ 121,222
Transfer out	-	(198)	(198)
Depreciation	-	(987)	(987)
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 24,127</u>	<u>\$ 120,037</u>
<u>At December 31</u>			
Cost	\$ 95,910	\$ 65,351	\$ 161,261
Accumulated depreciation and impairment	-	(41,224)	(41,224)
	<u>\$ 95,910</u>	<u>\$ 24,127</u>	<u>\$ 120,037</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$ 19,714	\$ 19,506
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 1,015	\$ 987

B. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 was \$758,819 and \$717,244, respectively. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

(11) Short-term loans

Type of loans	December 31, 2023	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 9,995,380	1.52%~6.03%	None
Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 8,463,900	1.60%~4.92%	None

(12) Other payables

	December 31, 2023	December 31, 2022
Payable for purchases made by parties on behalf of others	\$ 2,364,728	\$ 4,386,906
Employees' compensation payable	794,621	857,922
Awards and salaries payable	201,109	102,356
Others	294,887	365,194
	\$ 3,655,345	\$ 5,712,378

(13) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognized in the balance sheet are as follows (shown as ‘other non-current liabilities’):

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 89,619)	(\$ 199,309)
Fair value of plan assets	36,313	34,441
Net defined benefit liability	(\$ 53,306)	(\$ 164,868)

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 199,309)	\$ 34,441	(\$ 164,868)
Past service cost	(1,777)	-	(1,777)
Interest income	(2,790)	495	(2,295)
	(203,876)	34,936	(168,940)
Remeasurements			
Return on plan assets (Note)	-	263	263
Change in financial assumptions	(659)	-	(659)
Experience adjustments	106,136	-	106,136
	105,477	263	105,740
Pension fund contribution	-	1,114	1,114
Paid pension	8,780	-	8,780
	8,780	1,114	9,894
Balance at December 31	(\$ 89,619)	\$ 36,313	(\$ 53,306)
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 74,402)	\$ 34,137	(\$ 40,265)
Past service cost	(1,999)	-	(1,999)
Interest income	(558)	263	(295)
	(76,959)	34,400	(42,559)
Remeasurements			
Return on plan assets (Note)	-	2,714	2,714
Change in financial assumptions	9,901	-	9,901
Experience adjustments	(136,154)	-	(136,154)
	(126,253)	2,714	(123,539)
Pension fund contribution	-	1,230	1,230
Paid pension	3,903	(3,903)	-
	3,903	(2,673)	1,230
Balance at December 31	(\$ 199,309)	\$ 34,441	(\$ 164,868)

Note: The amount included in interest income or expense is excluded.

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after approval by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.40%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	\$ 1,686	(\$ 1,733)	(\$ 1,668)	\$ 1,631
December 31, 2022				
Effect on present value of defined benefit obligation	\$ 3,888	(\$ 4,009)	(\$ 3,845)	\$ 3,748

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 are \$840.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$31,407 and \$32,629, respectively.

(14) Share capital

As of December 31, 2023 the Company’s authorized capital was \$20,000,000 (including subscription warrant or 50 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$14,144,852, consisting of outstanding ordinary shares of 1,414,485 thousand shares with a par value of \$10 (in dollars) per share.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

	2023	2022
	Number of ordinary shares (in thousands)	Number of ordinary shares (in thousands)
At January 1 (December 31)	1,414,485	1,414,485

(15) Capital surplus

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

(16) Retained earnings

A. In accordance with the Company’s Articles of Incorporation, current year’s earnings must be distributed in the following order:

- (a) Covering accumulated deficit;
- (b) Setting aside as legal reserve equal to 10% of current year’s net income after tax and distribution pursuant to clause ;
- (c) Setting aside a special reserve in accordance with applicable legal and regulatory requirements;

The remaining earnings along with the unappropriated earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

The Board of Directors is authorized by the Company to resolve the distribution of dividends and bonuses, capital surplus or legal reserve, in whole or in part, in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors. The above distribution is not subject to approval by the shareholders.

The Company is at the growing stage. The Company's stock dividend policy shall consider the Company's current and future investment environment, capital needs, local and foreign competition situation and capital budget, along with shareholders' profit and the Company's long-term financial plans. The shareholders' dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 15% of the distributable earnings for the period and the cash dividends shall not be less than 10% of the shareholders' dividends.

- B. According to related regulations, 10% of the balance of earnings after tax less the accumulated loss of prior years should be set aside as legal reserve, until such legal reserve amount reaches the total authorized capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2022 and 2021 had been resolved at the stockholders' meeting on May 31, 2023 and May 31, 2022, respectively. Details are summarized below:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 416,761		\$ 489,943	
Special reserve	3,823,676		-	
Cash dividends	2,263,176	\$ 1.6	2,404,625	\$ 1.7
	<u>\$ 6,503,613</u>		<u>\$ 2,894,568</u>	

The appropriations of earnings for 2023 as approved at the Board of Directors' meeting on March 13, 2024 are as follows:

	Year ended December 31,	
	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 36,442	
Special reserve	33,646	
Cash dividends	2,121,728	\$ 1.5
	<u>\$ 2,191,816</u>	

The information on distribution of earnings will be posted in the "Market Observation Post System" of the TWSE.

(17) Other equity items

	2023		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	(\$ 602,651)	(\$ 3,221,025)	(\$ 3,823,676)
Revaluation of fair value			
- Parent	383,641	-	383,641
- Subsidiaries	468,566	-	468,566
Currency translation differences:			
- Parent and subsidiaries	-	(885,852)	(885,852)
At December 31	<u>\$ 249,556</u>	<u>(\$ 4,106,877)</u>	<u>(\$ 3,857,321)</u>

	2022		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	\$ 15,284,218	(\$ 9,509,327)	\$ 5,774,891
Revaluation of fair value			
- Parent	(686,590)	-	(686,590)
- Subsidiaries	(15,200,279)	-	(15,200,279)
Currency translation differences:			
- Parent and subsidiaries	-	6,288,302	6,288,302
At December 31	<u>(\$ 602,651)</u>	<u>(\$ 3,221,025)</u>	<u>(\$ 3,823,676)</u>

(18) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 64,041,055</u>	<u>\$ 75,015,268</u>

The Company derives revenue from the transfer of goods and services at a point in time in the following categories:

	Year ended December 31, 2023		
	Electronic products trading services	Others	Total
Revenue from contracts with customers	\$ 63,636,356	\$ 404,699	\$ 64,041,055

	Year ended December 31, 2022		
	Electronic products trading services	Others	Total
Revenue from contracts with customers	\$ 74,328,482	\$ 686,786	\$ 75,015,268

(19) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 56,332	\$ 40,053
Interest income from convertible bonds	106,842	25,527
	<u>\$ 163,174</u>	<u>\$ 65,580</u>

(20) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 19,857	\$ 19,506
Dividend income	1,512	136,154
Others	2,121	14,632
	<u>\$ 23,490</u>	<u>\$ 170,292</u>

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Losses on financial assets (liabilities) at fair value through profit or loss	(\$ 121,835)	(\$ 108,612)
Net currency exchange (losses) gains	(61,374)	669,110
Impairment loss	-	(2,965)
Others	(2,061)	(1,005)
	<u>(\$ 185,270)</u>	<u>\$ 556,528</u>

Information related to gains (losses) on financial assets at fair value through profit or loss is provided in Note 6(2).

(22) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 1,299,481	\$ 1,066,680
Depreciation (Note)	11,253	4,171
Amortization	1,457	-
	<u>\$ 1,312,191</u>	<u>\$ 1,070,851</u>

Note: Including depreciation of investment property and right-of-use assets.

(23) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,121,589	\$ 890,885
Labor and health insurance fees	57,247	60,220
Pension costs	35,479	34,923
Other personnel expenses	85,166	80,652
	<u>\$ 1,299,481</u>	<u>\$ 1,066,680</u>

- A. According to the Company's Articles of Incorporation, if the Company accrues profit (referring to profit before tax prior to deducting the appropriation for employees' compensation and directors' remuneration), 4%~6% should be appropriated as employees' compensation.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$255,874 and \$204,225, respectively. The aforementioned amounts were recognized in salary expenses.

For the years ended December 31, 2023 and 2022, the employees' compensation was estimated and accrued based on 5% and 4% of profit of current year distributable as of the end of reporting period.

Employees' compensation for the years ended December 31, 2023 and 2022 as resolved by the Board of Directors were in agreement with the amounts recognized in the 2023 and 2022 financial statements. For the years ended December 31, 2023 and 2022, the employees' compensation were distributed in the form of cash amounting to \$255,874 and \$204,225, respectively.

Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 568,236	\$ 619,365
Tax on undistributed surplus earnings	-	100,243
Prior year income tax overestimation	(15,548)	(34,024)
Total current tax	<u>552,688</u>	<u>685,584</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>48,165</u>	(50,639)
Income tax expense	<u>\$ 600,853</u>	<u>\$ 634,945</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 972,315	\$ 980,279
Tax effects of unrecognized deferred tax assets	(654,446)	(411,553)
Tax on undistributed earnings	-	100,243
Prior year income tax overestimation	(15,548)	(34,024)
Tax effect from controlled foreign companies	<u>298,532</u>	<u>-</u>
Income tax expense	<u>600,853</u>	<u>634,945</u>
Origination and reversal of temporary differences	(48,165)	50,639
Prior year income tax overestimation	15,548	34,024
Prepaid income tax	(5,526)	(3,218)
Current income tax liabilities	<u>\$ 562,710</u>	<u>\$ 716,390</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence and market price decline	\$ 25,636	\$ 3,711	\$ -	\$ 29,347
Permanent loss on market value decline of long-term equity investments	16,222	-	-	16,222
Unused compensated absences for employees	8,390	(1,054)	-	7,336
Unrealized loss on financial instruments	21,722	873	-	22,595
Others	<u>34,588</u>	<u>23,014</u>	(<u>21,148</u>)	<u>36,454</u>
	<u>\$ 106,558</u>	<u>\$ 26,544</u>	(<u>\$ 21,148</u>)	<u>\$ 111,954</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 261,156)	(\$ 99,957)	\$ -	(\$ 361,113)
Others	(<u>27,757</u>)	<u>25,249</u>	-	(<u>2,508</u>)
	<u>(\$ 288,913)</u>	<u>(\$ 74,708)</u>	<u>\$ -</u>	<u>(\$ 363,621)</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence and market price decline	\$ 3,146	\$ 22,490	\$ -	\$ 25,636
Permanent loss on market value decline of long-term equity investments	16,222	-	-	16,222
Unused compensated absences for employees	5,317	3,073	-	8,390
Unrealized loss on financial instruments	-	21,722	-	21,722
Others	9,630	250	24,708	34,588
	<u>\$ 34,315</u>	<u>\$ 47,535</u>	<u>\$ 24,708</u>	<u>\$ 106,558</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 292,017)	\$ 30,861	\$ -	(\$ 261,156)
Others	-	(27,757)	-	(27,757)
	<u>(\$ 292,017)</u>	<u>\$ 3,104</u>	<u>\$ -</u>	<u>(\$ 288,913)</u>
D. The Company did not recognize taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the temporary differences unrecognized as deferred tax liabilities were \$74,103,022 and \$72,095,793, respectively. Above mentioned taxable temporary differences arose from the differences between estimated carrying amounts of long-term investments in foreign subsidiaries and tax payable. The Company will not dispose the subsidiaries in the foreseeable future nor remit back earnings and thus, did not recognize deferred income tax liabilities.				
E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.				
F. The Company's and its subsidiaries' exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:				
The Company and its subsidiaries are within the scope of the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). The Pillar Two legislation was enacted in places, including Japan and Vietnam, etc., the jurisdictions in which certain subsidiaries are incorporated, and will come into effect from the 2024 fiscal year. In addition, for certain subsidiaries which were incorporated in Singapore, Pillar Two legislation had been substantially enacted in Singapore and is expected to come into effect from the 2025 fiscal year. Thus, the Company and its subsidiaries have no related current tax exposure as of December 31, 2023.				

Under the Pillar Two legislation, the Company and its subsidiaries are liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Company and its subsidiaries are in the process of assessing their exposure to the Pillar Two legislation for when it comes into effect. For subsidiaries within the jurisdictions of Japan, Vietnam and Singapore, the average effective tax rate based on accounting profit is over 15% for the year ended December 31, 2023. However, due to the complexities in the Pillar Two legislation and the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the Company and its subsidiaries are still assessing the relevant matters for applying the Pillar Two legislation.

The Company and its subsidiaries have applied the amendments to IAS 12, 'Income taxes' published on May 23, 2023, and applied the exception to recognizing deferred tax assets and liabilities related to Pillar Two income taxes.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	after tax		
<u>Basic earnings per share</u>			
Net income	<u>\$ 4,260,720</u>	1,414,485	<u>\$ 3.01</u>
<u>Diluted earnings per share</u>			
Net income	\$ 4,260,720		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>5,581</u>	
Net income plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,260,720</u>	<u>1,420,066</u>	<u>\$ 3.00</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net income	\$ 4,266,446	1,414,485	\$ 3.02
<u>Diluted earnings per share</u>			
Net income	\$ 4,266,446		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,702	
Net income plus assumed conversion of all dilutive potential ordinary shares	\$ 4,266,446	1,419,187	\$ 3.01

(26) Business combinations

- A. The Company acquired a 53.93% equity interest in Sotera Wireless, Inc. in the amount of USD 45 thousand and obtained control over the subsidiary on July 11, 2022. The subsidiary is primarily engaged in the sales of wireless vital sign monitoring system in America. As a result of the acquisition, the Company is expected to enter international OEM of biotechnology medical devices market. It also expects to reduce costs through economies of scale.
- B. The Company acquired a 91.12% equity interest in PKM Corporation in the amount of JPY 527,383 thousand and obtained control over the subsidiary on November 1, 2022. The subsidiary is primarily engaged in the sales of various gaming consoles and expendables in Japan. As a result of the acquisition, the Company is expected to integrate channels and reduce costs.
- C. The following table summarizes the consideration paid for the above acquisitions and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the acquisition date:

	July 11, 2022	November 11, 2022
	<u>Sotera Wireless, Inc.</u>	<u>PKM Coporation</u>
Purchase consideration		
Cash	\$ 1,335	\$ 115,075
Fair value of the non-controlling interest	1,141	-
Non-controlling interests as a percentage of the acquiree's identifiable net assets	-	11,215
Recognized amount of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	35,598	323,113
Accounts receivable	15,989	13,722,935
Inventories	-	50,064
Other current assets	7,397	202,581
Property, plant and equipment	5,784	11,220
Right-of-use assets	21,594	-
Intangible assets	36,259	-
Other non-current assets	715	63
Short-term loans	- (	218,200)
Accounts payable	(2,139)	(13,827,994)
Lease liabilities	(22,692)	-
Convertible Bonds	(640,373)	-
Bonds payable	- (	1,996)
Other current liabilities	(131,045)	-
Other non-current liabilities	(48,640)	(121,727)
Identifiable net assets	(721,553)	140,059
Goodwill (Gain recognized in bargain purchase transaction)	<u>\$ 724,029</u>	<u>(\$ 13,769)</u>
D. The fair value of the acquired identifiable intangible assets (including patent rights) from the above acquisition of Sotera Wireless, Inc. was \$36,259. Refer to Note to 6(12), intangible assets, for more details.		

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. and Subsidiaries (Hon Hai and Subsidiaries)	Entity with significant influence to the Group
Hong Fu Jin Precision Electronics (Yantai) Co., Ltd. (Hong Fu Jin (Yantai))	Entities with significant influence to the Group's subsidiaries
PKM Corporation	Subsidiaries (Note)
Pan-International Industrial Corporation and Subsidiaries	Other related party
Sharp Corporation and Subsidiaries	"
Sharp North Malaysia Sdn. Bhd	"
Innolux Corporation and Subsidiaries	"
CyberTAN Technology Inc. and Subsidiaries	"
General Interface Solution Holding Limited and Subsidiaries	"
SIO International Holdings Limited Taiwan Branch	"
Garuda International Limited and Subsidiaries	"
Hebi Gengde Electronics Co., Ltd.	"
Cheng Uei Precision Industry Co., Ltd.	"
AMAX Engineering Corporation	"
iCare Diagnostics International Co. Ltd.	"
Evershine Biotech Corp.	"
Yonglin Life Technology Fund I. LP	"
Regain Biotech Corp.	"
Zap Medical System, Ltd.	"
YL Capital Ltd.	"
Microelectronics Technology, Inc.	"
Yongyao Biotech Corp.	"

For more information about the Company and other subsidiaries, refer to Note 7.

Note: On November 1, 2022, the Company acquired a 91.12% equity interest in PKM Corporation. The Company obtained control over the entity and accordingly, the entity was included in the consolidated financial statements since the combination date.

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2023	2022
Sales of goods and services:		
Entities with significant influence to the Company		
Hon Hai and Subsidiaries	\$ 2,596,307	\$ 1,652,831
Subsidiary		
- PKM Corporation	52,873,304	16,791,564
- Other Subsidiaries	338,355	536,431
Other related parties	108,729	145,421
	<u>\$ 55,916,695</u>	<u>\$ 19,126,247</u>

Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days. For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

B. Management service revenue (shown as ‘operating revenue’)

	Years ended December 31,	
	2023	2022
Management service revenue:		
Subsidiaries	<u>\$ 157,384</u>	<u>\$ 187,435</u>

C. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods and services:		
Entities with significant influence to the Company		
- Hong Fu Jin (Yantai)	\$ 46,096,693	\$ 57,817,381
- Hon Hai and Subsidiaries	327,473	514,242
Subsidiaries	6,601,280	6,213,370
Other related parties	6,603,265	4,946,832
	<u>\$ 59,628,711</u>	<u>\$ 69,491,825</u>

Except for circumstances in which there are no similar transactions for reference and the prices and payment terms are negotiated by both parties, the Company makes purchases from the aforementioned related party at the prevailing market price, with payment periods of 30 to 90 days.

D. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ 914,880	\$ 778,470
Subsidiaries		
- PKM Corporation	4,296,108	14,388,780
- Other Subsidiaries	395,469	305,942
Other related parties	<u>74,389</u>	<u>87,657</u>
	5,680,846	15,560,849
Less: Allowance for uncollectible accounts	(64,663)	(64,927)
	<u>5,616,183</u>	<u>15,495,922</u>
Other receivables-purchases made on behalf of associates:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	333,255	2,897,163
Other related parties	<u>834,206</u>	<u>1,034,614</u>
	<u>1,167,461</u>	<u>3,931,777</u>
Other receivables - others:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	7,842	8,371
Subsidiaries	107,160	25,527
Other related parties	<u>4</u>	<u>379</u>
	<u>115,006</u>	<u>34,277</u>
	<u>\$ 6,898,650</u>	<u>\$ 19,461,976</u>

The receivables from related parties arise mainly from sales transactions. The amount is due three months after the invoice date. The receivables are unsecured and non-interest bearing. No allowance for doubtful debts was provided against receivables from related parties of subsidiaries and other receivables from subsidiaries.

E. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entities with significant influence to the Company		
- Hong Fu Jin (Yantai)	\$ 2,552,007	\$ 20,739,951
- Hon Hai and Subsidiaries	104,942	114,054
Subsidiaries	642,597	3,137,805
Other related parties		
- Sharp North Malaysia Soln. Bhd.	889,459	813,057
- Other related parties	46,195	296,851
	<u>4,235,200</u>	<u>25,101,718</u>
Other payables:		
Entities with significant influence to the Company		
- Hon Hai and Subsidiaries		
Others	6,833	24,261
Subsidiaries		
- PKM Corporation		
Purchase by other related parties	2,364,728	4,386,906
Others	-	4
- Others Subsidiaries		
Others	2,355	552
Other related parties		
Others	20,262	1,196
	<u>2,394,178</u>	<u>4,412,919</u>
	<u>\$ 6,629,378</u>	<u>\$ 29,514,637</u>

The payables to related parties arise mainly from purchase transactions and are made at arm's-length, non-interest bearing and payable within 30~90 days.

F. Raw materials purchased on behalf of others

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries		
Raw materials purchased on behalf of associates	\$ 26,470,857	\$ 34,454,600
Other related parties		
Raw materials purchased on behalf of associates	3,787,912	2,018,031
Subsidiaries		
-PKM Corporation		
Associates purchasing raw materials on behalf of the Company	27,507,517	13,308,870
	<u>\$ 57,766,286</u>	<u>\$ 49,781,501</u>

G. Property transactions

(a) Acquisition of property

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ <u>1,158</u>	\$ <u>2,859</u>

(b) Sales of property

	Year ended December 31, 2023		Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Subsidiaries	\$ <u>303</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

(c) Acquisition of financial assets

December 31, 2023					
Related Party Categories	Account	No. of shares	Objects	Amounts	Note
YL Capital Ltd.	Financial assets at fair value through profit or loss	-	GTM Capiatl Healthcare Fund L.P.	\$ 910,890	Note
Subsidiaries	Investment accounted using the equity method	89,406 thousand shares	Stock	<u>1,124,814</u>	
				<u>\$ 2,035,704</u>	
December 31, 2022					
Related Party Categories	Account	No. of shares	Objects	Amounts	Note
Other related parties	Financial assets at fair value through profit or loss	-	Convertible bonds of Sotera Wireless, Inc.	\$ 517,942	
Subsidiaries	"	-	"	35,922	
Other related parties	"	10,033 thousand shares	Convertible preference shares of ZAP Medical System, Ltd.	449,025	
"	Investment accounted using the equity method	10,003 thousand shares	Preference shares of Sotera Wireless, Inc.	<u>1,335</u>	
				<u>\$ 1,004,224</u>	

Note: GTM Capital Healthcare Fund L.P. returned USD\$5,000 thousand of the principal amount invested on May 19, 2023.

H. Lease transactions – lessee

(a) The Company leases plant from entities with significant influence to the Company. Rental contracts are typically made for a period of 5 years. Rents are paid at the beginning of each month.

(b) Additions to right-of-use assets:

For the year ended December 31, 2023, the Company and its subsidiaries acquired right-of-use assets from related parties amounting to \$14,078.

(c) Lease liabilities:

i. Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	<u>\$ 2,755</u>	<u>\$ -</u>
Non-current:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	<u>\$ 8,625</u>	<u>\$ -</u>

ii. Interest expense

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	<u>\$ 272</u>	<u>\$ -</u>

(3) Key management compensation

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 22,750	\$ 22,753
Post-employment benefits	402	402
Share-based payments	4,274	8,866
	<u>\$ 27,426</u>	<u>\$ 32,021</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

As of March 13, 2024, the Company's Board of Directors has approved the proposal for the appropriation of earnings for 2023, as described in Note 6(16).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets.

During 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio below 70%.

(2) Financial instruments

A. Financial instruments by category

Refer to Note 6 and the balance sheet for the information related to the financial assets (financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, cash and cash equivalents, accounts receivable (including related parties), other receivables and guarantee deposits paid) and financial liabilities (short-term loans, accounts payable (including related parties), other payables and lease liabilities) of the Company.

B. Risk management policies

(a) Risk categories

The Company employs a comprehensive financial risk management and control system to clearly identify, measure and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Management objectives:

- i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.
- ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.
- iii. The Company's overall risk management policy focuses on the unpredictable items in financial markets and seeks to reduce the risk that potentially pose adverse effects on the Company's financial position and financial performance.
- iv. For the information on the derivative financial instruments that the Company enters into, refer to Note 6(2).

(c) Management system:

- i. Risk management is executed by the Company's finance department by following policies approved by the Board. Through cooperation with the Company's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.
- ii. The Board has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Nature:

The Company is a multinational group in the electronic manufacturing services industry. Most of the exchange rate risk from operating activities comes from:

- (i) Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different. Because the amount after the assets and liabilities are offset is insignificant, income/loss is insignificant as well. (Note: The Company has several sites in various countries and thus is exposed to various foreign exchange risks. The main risk arises from USD and RMB.)
- (ii) Changes in exchange rates of functional currencies to presentation currency at different timing will cause another foreign exchange risk.
- (iii) Except for the above transactions (operating activities) recognized in the income statement, assets and liabilities recognized in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.

ii. Management:

- (i) For such risks, the Company has set up policies requiring the Company to manage its exchange rate risks.
- (ii) As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the parent company only financial statements, it is managed by the Company's finance department.

iii. Sources of risk:

U.S. dollars and NT dollars:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated assets, such as cash, cash equivalents, accounts receivable, other receivables and time deposits maturing in excess of three months, and U.S. dollar-denominated liabilities, such as loans, accounts payable and other payables, into New Taiwan dollars.

- iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	316,317	30.71	\$ 9,714,095	1%	\$ 97,141	
<u>Non-monetary items</u>						
<u>Foreign operations</u>						
USD : NTD	3,353,404	30.71	102,983,027			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	247,792	30.71	7,609,692	1%	76,097	
December 31, 2022						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	1,106,545	30.71	\$ 33,981,997	1%	\$ 339,820	
<u>Non-monetary items</u>						
<u>Foreign operations</u>						
USD : NTD	3,270,826	30.71	10,447,075			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	833,043	30.71	25,582,751	1%	255,828	
v. Total exchange (losses) gains, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$61,374) and \$669,110, respectively.						

Price risk

i. Nature

The Company primarily invests in domestic listed equity instruments, which are accounted for as financial assets at fair value through other comprehensive income. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

ii. Extent

If the price of such equity instrument rises or falls by 1%, with all other factors held constant, the impact on other comprehensive income due to equity instruments measured at fair value through other comprehensive income would have been an increase/decrease of \$43,232 and \$39,973 for the years ended December 31, 2023 and 2022, respectively.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term loans. Short-term loans with floating rates expose the Company to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

If short-term loans interest rates rise or fall by 1%, with all other factors held constant, profit after tax would decrease/increase by \$5,033 and \$5,378 for the years ended December 31, 2023 and 2022, respectively.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments.

- i. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and short-term investments with banks and financial institutions, and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade credit ratings and government agencies, so there is no significant default concerns and credit risk.

- ii. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

- iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 4,453,147	\$ 16,885,484
0 to 90 days	2,120,479	133,714
91 to 180 days	5,076	6,313
271 to 360 days	7,051	113
Over 360 days	57,576	-
	<u>\$ 6,643,329</u>	<u>\$ 17,025,624</u>

The above ageing analysis was based on past due date.

- v. As of December 31, 2023 and 2022, accounts receivable (including related parties) and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$15,393,384
- vi. The Company assesses the expected credit losses of accounts receivable (including those from related parties) as follows:
- Assess the estimates expected credit losses on an individual basis if a significant default has occurred to certain customers.
 - Accounts receivable are divided into segments according to the Company's credit rating standards; expected credit losses for each segment are assessed based on the specific loss rate or provision matrix for the segment.
 - Loss rates are calculated based on past and current information, taking into account forward-looking information provided by the Business Indicators Database of the National Development Council and the Basel Committee on Banking Supervision.
 - As of December 31, 2023 and 2022, the loss allowance for accounts receivable (including those from related parties), assessed using loss rate or provision matrix, is as follows:

	Individual estimation	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2023</u>						
Expected loss rate	100%	0.0128%	0.0525%	0.0735%	0.0735%	
Total book value	<u>\$ 64,663</u>	<u>\$ 5,951,148</u>	<u>\$ 481,885</u>	<u>\$ 134,380</u>	<u>\$ 11,253</u>	<u>\$ 6,643,329</u>
Allowance for uncollectible accounts	<u>\$ 64,663</u>	<u>\$ 762</u>	<u>\$ 253</u>	<u>\$ 99</u>	<u>\$ 8</u>	<u>\$ 65,785</u>
	Individual estimation	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2022</u>						
Expected loss rate	100%	0.033%	0.033%	0.077%	0.077%	
Total book value	<u>\$ 64,663</u>	<u>\$15,953,619</u>	<u>\$ 821,573</u>	<u>\$ 149,387</u>	<u>\$ 36,382</u>	<u>\$17,025,624</u>
Allowance for uncollectible accounts	<u>\$ 64,663</u>	<u>\$ 415</u>	<u>\$ 271</u>	<u>\$ 115</u>	<u>\$ 28</u>	<u>\$ 65,492</u>

- Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.
- Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.
- Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.
- Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.
- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including related parties) is as follows:

	2023	2022
At January 1	\$ 65,492	\$ 4,386
Expected credit impairment loss	293	61,106
At December 31	<u>\$ 65,785</u>	<u>\$ 65,492</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by each of the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. The Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. Except for lease liabilities listed below, as of December 31, 2023 and 2022, the Company's non-derivative financial liabilities (including short-term loans, accounts payable and other payables) will expire within 1 year.

	Less than 1 year	Between 1 to 2 years	Over 2 years	Total
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 4,517</u>	<u>\$ 2,970</u>	<u>\$ 5,940</u>	<u>\$ 13,427</u>
<u>December 31, 2022</u>				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 2,063</u>	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 3,610</u>

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in stocks without active market, stocks with active market which are in the lockup period and convertible bonds is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
<u>Recurring fair value measurements</u>			
Financial assets at fair value through profit or loss			
Beneficiary certificate	\$ -	\$ 854,339	\$ 854,339
Hybrid instruments	-	914,639	914,639
	<u>\$ -</u>	<u>\$ 1,768,978</u>	<u>\$ 1,768,978</u>
Financial assets at fair value through other comprehensive income			
Equity instruments	<u>\$ 1,826,823</u>	<u>\$ 2,496,422</u>	<u>\$ 4,323,245</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
<u>Recurring fair value measurements</u>			
Financial assets at fair value through profit or loss			
Hybrid instruments	<u>\$ -</u>	<u>\$ 972,983</u>	<u>\$ 972,983</u>
Financial assets at fair value through other comprehensive income			
Equity instruments	<u>\$ 1,546,207</u>	<u>\$ 2,451,117</u>	<u>\$ 3,997,324</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. The following chart is the movement of Level 3 for the year ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
At January 1	\$ 3,424,100	\$ 1,929,566
Additions	1,076,032	1,149,162
Disposal	(151,815)	(46,320)
Losses recognized in loss	(128,222)	(108,612)
Gains recognized in other comprehensive income	45,305	500,304
At December 31	<u>\$ 4,265,400</u>	<u>\$ 3,424,100</u>

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 1 to Level 2.

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	\$ 811,352	Net asset value	Composte discount rate	18.36%	The higher the composite discount rate, the lower the fair value.
"	42,987	Net asset value	Expected equity value volatility rate	25.30%	The higher the expected equity value volatility, the lower the fair value.
Lock-up period of listed company shares	2,430,450	Market price method	Discount for lack of marketability	12.06%	The higher the discount for marketability, the lower the fair value.
Unlisted shares	65,899	Market price method	Not applicable	Not applicable	Not applicable
"	73	Market price method	Composte discount rate	25.00%	The higher the composite discount rate, the lower the fair value.
Hybrid instrument:					
Convertible bonds	659,448	Market price method	Expected equity value volatility rate	66.14%	The higher the expected equity value volatility, the lower the fair value.
Convertible preference share	256,191	Market price method	Expected equity value volatility rate	51.28%	The higher the expected equity value volatility, the lower the fair value.
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Lock-up period of listed shares	\$ 2,400,200	Market price method	Discount for lack of marketability	29.04%	The higher the discount for marketability, the lower the fair value.
Unlisted shares	50,917	Market price method	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bonds	689,530	Discounted Cash Flow	Discount rate	17.00%	The higher the discount rate, the lower the fair value.
Convertible preference share	283,453	Market price method	Expected equity value volatility	50.51%	The higher volatility in expected equity value, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss and of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			Year ended December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Hybrid instrument	Expected equity value volatility rate	±1%				
			\$ 2,384	(\$ 2,368)	\$ -	\$ -
Equity instrument and Beneficiary certificate	Expected equity value volatility rate, Composite discount rate or Discount from lack of marketability	±1%				
			\$ 10,027	(\$ 10,027)	\$ 27,639	(\$ 27,639)
			Year ended December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Hybrid instrument	Discount rate or Expected equity value volatility rate	±1%				
			\$ 132,513	(\$ 115,463)	\$ -	\$ -
Equity instrument	Discount for lack of marketability	±1%				
			\$ -	\$ -	\$ 33,825	(\$ 33,825)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Refer to table 1.
- Provision of endorsements and guarantees to others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 4.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 6.
- Significant inter-company transactions during the reporting periods: Refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Information on major shareholders

Major shareholders information: Refer to table 10.

14. SEGMENT INFORMATION

Not applicable.

Loans to others

Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Note 1: Limit on loans granted for a single foreign company whose voting rights are 100% owned directly and indirectly by the company is 200% of the net assets of the creditor's subsidiary and 400% for ceiling on total loans.

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Note
Foxconn Technology Co., Ltd.	Common stock of CyberTAN Technology Inc.	Other related party	Financial assets at fair value through other comprehensive income - non-current	10,035,348	\$ 220,276	3.04	\$ 220,276	
”	Common stock of Pan-International Industrial Corp.	”	”	1,079,986	38,285	0.21	38,285	
”	Common stock of Innolux Corporation	None	”	109,666,570	1,568,232	1.21	1,568,232	
”	Common stock of Advanced Optoelectronic Technology, Inc.	”	”	1,000	30	-	30	
”	Common stock of Modest Benefits Taiwan E Chain Co., Ltd.	”	”	150,000	73	0.25	73	
”	Common stock of H2U Corporation	”	”	273,000	29,296	1.08	29,296	
”	Common stock of EirGenix Inc.	”	”	27,500,000	2,430,450	8.98	2,430,450	
”	Common stock of Rooti Labs Ltd.	”	”	14,553	36,603	5.00	36,603	
”	Convertible preferred share of ZAP Medical System, LTD.	Other related party	Financial assets at fair value through profit and loss - non-current	10,032,773	256,191	5.65	256,191	
”	Covertible bonds of Sotera Wireless, Inc	Subsidiaries	”	-	658,448	-	658,448	
”	Lakestar Growth II Fund L.P.	None	”	-	42,987	1.99	42,987	
”	GTM Captial Healthcare Fund L.P.	Other related party	”	-	811,352	50.00	811,352	
Q-Run Investment Co., Ltd.	Common stock of CyberTAN Technology Inc.	”	Financial assets at fair value through other comprehensive income - non-current	700,000	15,365	0.21	15,365	
”	Common stock of Innolux Corporation	None	”	104,061,388	1,488,078	1.15	1,488,078	
”	Common stock of Advanced Optoelectronic Technology, Inc.	”	”	7,672,000	227,091	5.31	227,091	
”	Common stock of Modest Benefits Taiwan E Chain Co., Ltd.	”	”	150,000	73	0.25	73	
”	Preferred share of AcroViz Inc.	”	Financial assets at fair value through profit and loss - non-current	2,597,500	28,417	12.30	28,417	
”	Common stock of Bailey Biofund Inc.	”	”	3,000,000	30,000	1.50	30,000	
Q-Run Holdings Ltd.	Common stock of China Harmony Auto Holding Ltd.	”	Financial assets at fair value through other comprehensive income - non-current	38,452,340	93,398	2.52	93,398	
”	Common stock of FE Holdings USA, Inc.	Subsidiary with significant influence to the Group	”	8,040	2,250,300	10.74	2,250,300	
”	Common stock of VIZIO Holding Corp.	None	”	14,412,115	3,407,990	7.31	3,407,990	
”	Common stock of KDH Design Co., Ltd.	”	”	54,795	15,355	2.20	15,355	
”	Yosemite Fund I, Fund L.P.	”	Financial assets at fair value through profit and loss - non-current	-	20,325	3.87	20,325	
”	Convertible preferred share of Acoustic Wave Cell Therapy, Inc.	”	”	637,694	66,780	7.64	66,780	
”	Convertible preferred share of Neteera Technologies Ltd.	”	”	58,204	63,255	1.50	63,255	
Foxconn Technology Pte. Ltd.	Common stock of Sharp Corporation	Other related party	Financial assets at fair value through other comprehensive income - non-current	64,640,000	14,171,688	9.96	14,171,688	
Hon Fujin Precision Industry (Tai yuan) Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	None	Financial assets at amortized cost - non-current	-	2,163,520	-	2,163,520	

Aggregate purchases or sale of the same securities reaching \$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023			
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares			Gain (loss) on disposal		Number of shares	Amount	
Foxconn Technology Co., Ltd.	GTM Captial Healthcare Fund L.P.	Note 1	YL Capital Ltd.	Other related party	-	\$ -	-	USD 30,000 thousand	-	USD 5,000 thousand	USD 5,000 thousand	\$ -	-	USD 25,000 thousand		
"	Ultimate Aluminum Magnesium Technology Co., Ltd.	Note 2	Ultimate Aluminum Magnesium Technology Co., Ltd.	Subsidiaries	-	-	83,500	835,000	-	-	-	-	83,500	835,000		
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	Note 1	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	None	Note 4	RMB 49,713 thousand	-	-	Note 4	RMB 89,500 thousand	RMB 89,500 thousand	RMB 34,661 thousand	-	-		

Note 1 : Recorded in "Financial assets at fair value through profit or loss - non-current", the ending amount is presented at fair value.

Note 2 : Recorded in "Investments accounted for under equity method".

Note 3 : The fund, GTM Capital Healthcare Fund L.P., returned the investment capital of USD 5,000 thousand in the second quarter of 2023.

Note 4 : It pertained to the partnership interest of a limited partnership and thus did not have shares.

Foxconn Technology Co., Ltd.

Disposal of real estate NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of preceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Qingdao Hygen Innovative Alloy Materials Co., Ltd.	Land use rights, buildings and fixtures, etc.	April 2023	May 2012	RMB 115,074 thousand	RMB 319,931 thousand	Note	RMB 164,342 thousand	People's Government of Ligezhuang Town, Jiaozhou City	Third party	Asset activation	Based on the government's relocation compensation agreement	Note

Note: The total proceeds amounted to RMB 319,931 thousand, which were collected in installments. As of December 31, 2023, the proceeds had been fully collected.

Foxconn Technology Co., Ltd.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5
Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party tranactions		Notes/accounts receivable (payalbe)		
			Purchases (sales)	Amount	Percentage of toal purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Investment companies adopting the equity method to evaluate the Company	Sales	\$ 201,486	-	90 days	Note 1	Note 1	\$ 87,225	1	
"	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	2,394,821	4	90 days	Note 1	Note 1	827,655	13	
"	High Tempo International Ltd.	The investee is an indirect subsidiary of the Company	Sales	157,384	-	90 days	Note 1	Note 1	21,450	-	
"	FTP Technology Inc.	"	Sales	105,297	-	30 days	Note 1	Note 1	82,836	1	
"	Champ Tech Optical (Foshan) Corporation Co., Ltd.	"	Sales	156,143	-	90 days	Note 1	Note 1	258,820	4	
"	PKM Corporation	The investee is an direct subsidiary of the Company	Sales	52,873,304	83	50 days	Note 1	Note 1	4,296,108	65	
Hon fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,115,071	51	90 days	Note 1	Note 1	628,386	80	Note 2
"	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	645,745	29	90 days	Note 1	Note 1	64,922	8	
Fu Yu Precision Component (Kunshan) Co., Ltd.	"	"	Sales	2,856,958	92	60 days	Note 1	Note 1	176,451	58	
Foxconn Technology Pte. Ltd.	FTP Technology Inc.	"	Sales	397,267	9	90 days	Note 1	Note 1	64,390	6	
FTP Technology Inc.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	567,459	81	90 days	Note 1	Note 1	193,190	92	
Nanning Funing Precision Electronics Co., Ltd.	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	192,141	5	90 days	Note 1	Note 1	-	-	
YanTai Fuzhun precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,042,506	85	90 days	Note 1	Note 1	131,241	72	
Champ Tech Optical (Foshan) Corporation Co., Ltd.	"	"	Sales	519,140	8	90 days	Note 1	Note 1	144,447	10	
"	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	Sales	322,078	5	90 days	Note 1	Note 1	2,740	-	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	46,423,150	77	90 days	Note 1	Note 1	(2,656,341)	56	
"	Nanning Funing Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	2,768,845	5	30 days	Note 1	Note 1	(275,475)	6	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party tranactions		Notes/accounts receivable (payalbe)		
			Purchases (sales)	Amount	Percentage of toal purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	\$ 3,761,649	6	30 days	Note 1	Note 1	(\$ 346,175)	7	
”	Innolux Corporation	Other related parties	Purchases	101,941	-	60 days	Note 1	Note 1	-	-	
”	Sharp Corporation and subsidiaries	”	Purchases	5,934,659	10	60 days	Note 1	Note 1	(889,459)	19	
”	Pan-International Industrial Corp. and subsidiaries	”	Purchases	347,417	1	90 days	Note 1	Note 1	(43,905)	1	
”	Heibe Gengde Electronics Co., Ltd.	”	Purchases	195,592	-	90 days	Note 1	Note 1	-	-	
Hon fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	248,747	14	90 days	Note 1	Note 1	(254,025)	59	

Note 1 : Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 2 : For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw material is eliminated due to economic substance.

Foxconn Technology Co., Ltd.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivalbes		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	\$ 827,655	3.00	\$ 30,510	Subsequent collection	\$ 30,510	\$ -
"	"	"	333,255	Not applicable				
			(shown as other receivables)(Note 1)					
"	Sharp Corporation and subsidiaries	Other related party	433,564	Not applicable				
			(shown as other receivables)(Note 1)					
"	Pan-International Industrial Corp. and subsidiaries	"	400,642	Not applicable				
			(shown as other receivables)(Note 1)					
"	Chapm Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	258,820	0.64	111,082	Aggressive collection	-	-
"	PKM Corporation	The investee is an direct subsidiary of the Company	4,296,108	5.66	1,867,971	Subsequent collection	1,867,971	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	628,386	0.49	563,553	Subsequent collection	284,884	-
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte. Ltd.	The counterparties of the investee are indirect subsidiaries of the Company and its subsidiaries	176,451	4.60	-	-	-	-
FTP Technology Inc.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	193,190	3.16	-	-	-	-
Naning Funing Precision Electronics Co., Ltd.	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	275,475	4.89	-	-	-	-
Yantai Fuzhun Precision Electroncis Co. Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	131,241	4.17	-	-	-	-
Chapm Tech Optical (Foshan) Corporation	"	"	144,447	2.18	28,794	Subsequent collection	28,794	-
"	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	346,175	5.08	-	-	-	-
PKM Corporation	"	"	2,364,728	Not applicable				
			(shown as other receivables)(Note 1)					
"	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	73,947	Not applicable				
			(shown as other receivables)(Note 1)					

Note 1 : Receivables from purchases of materials by investees on behalf of the ultimate parent company.

Foxconn Technology Co., Ltd.
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	1	Purchases	\$ 2,768,845	Note 4	4
0	"	"	1	Accounts payable	275,475	"	-
0	"	Champ Tech Optical (Foshan) Corporation	1	Purchases	3,761,649	"	5
0	"	"	1	Sales	156,143	"	-
0	"	"	1	Accounts receivable	258,820	"	-
0	"	"	1	Accounts payable	346,175	"	-
0	"	FTP Technology Inc.	1	Sales	105,297	"	-
0	"	High Tempo International Ltd.	1	Sales	157,384	"	-
0	"	PKM Corporation	1	Sales	52,873,304	"	71
0	"	"	1	Accounts receivable	4,296,108	"	3
0	"	"	1	Other payable	2,364,728	"	2
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	645,745	"	1
2	Fu Yu Precision Components (Kunshan) Co., Ltd.	"	3	Sales	2,856,958	"	4
2	"	"	3	Accounts receivable	176,451	"	-
3	Foxconn Technology Pte. Ltd.	FTP Technology Inc.	3	Sales	397,267	"	1
4	Nanning Funing Precision Electronics Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	192,141	"	-
5	Champ Tech Optical (Foshan) Corporation	"	3	Sales	322,078	"	-

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: Disclosure standard of transactions between the Company and subsidiaries is when purchases, sales and receivables (payables) from (to) related parties account for at least \$100,000 or 20% of capital. Relative related are not disclosed.

Note 4: Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: For information of loans to others, refer to table 1.

Table 8

Foxconn Technology Co., Ltd. Information on investees Year ended December 31, 2023											
Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Foxconn Technology Co., Ltd.	Q-RUN Holdings Ltd.	Cayman Islands	Investment holding	\$ 1,971,512	\$ 1,971,512	96,077,600	100	\$ 89,918,018	\$ 3,179,293	\$ 3,123,281	Note 1
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Cayman Islands	Investment holding	97,358	97,358	26,839,643	100	13,105,246	374,521	374,521	Note 1
Foxconn Technology Co., Ltd.	Q-Run Investment Co., Ltd.	Taiwan	Investment	1,254,780	1,254,780	125,478,000	100	1,951,226	4,093	4,093	
Foxconn Technology Co., Ltd.	Syntrend Creative Park Co., Ltd.	Taiwan	Retail of office machinery and equipment and electronic appliances, and information software services	490,322	490,322	49,032,250	20	288,603	43,451	8,677	
Foxconn Technology Co., Ltd.	Sotera Wireless, Inc.	United States	Sales of wireless vital sign monitoring system	1,335	1,335	10,003,082	53.93	(40,237)	(205,339)	(8,690)	
Foxconn Technology Co., Ltd.	FTC Health Corporation	Taiwan	Medical equipment and precision instruments wholesale and retail	60,000	1,000	6,000,000	100	65,367	5,367	5,367	Note 1
Foxconn Technology Co., Ltd.	PKM Corporation	Japan	Game consoles reselling business	115,075	115,075	8,200	91.12	132,279	30,707	27,980	
Foxconn Technology Co., Ltd.	FTC Japan Co., Ltd.	Japan	Electronic products and medicalsupplies production and sales,Health management service business,Long term care equipment purchaseand lease services	69,554	-	6,000	100	36,216	(29,597)	(29,597)	
Foxconn Technology Co., Ltd.	Ultimate Aluminum Magnesium Technology Co., Ltd.	Taiwan	Aluminum casting, aluminum and magnesium rolling, stretching, extruding, and manufacture of metal structure and building component	835,000	-	83,500	100	834,992	(8)	(8)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Foxconn Technology Co., Ltd.	FTC Technology Vietnam Company Limited	Vietnam	Import, design, manufacture and sale of electronic products and components, precision instruments and medical devices	\$ 161,260	\$ -	-	100	\$ 140,721	\$ (11,000)	\$ (11,000)	

Note1: Besides Foxconn Precision Components Holding Co., Ltd., Q-Run Holdings Ltd., Q-Run Investment Co., Ltd., Sotera Wireless, Inc., FTC Health Corporation, PKM Corporation, FTC Japan Co., Ltd., Ultimate Aluminum Magnesium Technology Co., Ltd. and FTC technology Vietnam Company Limited are subsidiaries of the Company, Atkinson Holdings Ltd., Q-Run Far East Corporation, World Trade Trading Ltd., High Tempo International Ltd., FTC Technology Inc., Foxconn Technology Pte. Ltd., Kenny International Ltd., Double Wealth Profits Ltd., Precious Star International Ltd., Eastern Star Limited., Gold Glory International Ltd., New Glory Holdings Ltd., FTP Technology Inc., Fuzhun Precision Industry (Shenzhen) Co., Ltd., Champ Tech Optical (Foshan) Corporation, Hon Fujin Precision Industry (Taiyuan) Co., Ltd., Fuzhun Precision Electronics (Hebi) Co., Ltd., Qingdao Hygen Innovative Alloy Materials Co., Ltd. Fuhuigang Industrial (Shenzhen) Co., Ltd., Fu Yu Precision Components (Kunshan) Co., Ltd., YanTai Fuzhun Precision Electronics Co., Ltd., Nanning Funing Precision Electronics Co., Ltd., Hon Fujin Precision Industry(Jincheng) Co., Ltd., Fuzhun Precision Industry (Shenyang) Co., Ltd. and Refront loMT Corp. are subsidiaries of the Company as well.

Foxconn Technology Co., Ltd.
Information on investees in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023		Note
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan								
Fuhuigang Industrial (Shenzhen) Co., Ltd.	Computer case – electronic and electrical components	\$ 238,217	2	\$ 238,217	\$ -	\$ -	\$ 238,217	\$ 13,604	100	\$ 13,604	\$ 474,970	\$ -		
Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	1,203,034	2	846,675	-	-	846,675	168,783	100	168,783	5,724,381	-		
Fuzhun Precision Industry (Shenzhen) Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	598,845	2	61,420	-	-	61,420	64,569	100	64,569	1,260,622	-		
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and related peripherals, computer cases and metal stamping	12,591,100	2	4,284,045	-	-	4,284,045	1,497,664	100	1,497,664	31,949,384	-		
Nanning Funing Precision Electronics Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	300,958	2	-	-	-	-	430,187	100	430,187	2,123,864	-		
YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case - electronic and electrical components	2,456,800	2	1,213,045	-	-	1,213,045	44,156	100	44,156	1,951,649	-		
Fuzhun Precision Electronics (Hebi) Co., Ltd.	New alloy material, precision molds, new electronic components, portable computers and their components	4,535,867	2	1,526,287	-	-	1,526,287	112,284	100	112,284	4,474,512	-		

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
Foxconn Technology Co., Ltd.	\$ 8,169,689	\$ 24,324,029	\$ -

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Q-Run Holdings Ltd. or Foxconn Precision Components Holding Co., Ltd., which then invested in Mainland China.
- (3) Others.

Note 2: The investment income (loss) recognized by all investees in Mainland China for the year ended December 31, 2023 were audited or attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on December 30, 2020, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company from October 27, 2022 to October 26, 2024.

Note 4: The Company needs no approval by Investment Commission of the Ministry of Economic Affairs for investment in Qingdao Hiyn Materials Co., Ltd., Fuzhun Precision (Shenyang) Industry Co., Ltd., Hon Fujin Precision Industry (Jincheng) Co., Ltd. and Champ Tech Optical (Foshan) Corporation and which were reinvested through an existing company in Mainland China.

Foxconn Technology Co., Ltd.
Major shareholders information
Year ended December 31, 2023

Table 10

Name of major shareholders	Shares held at December 31, 2023	
	Number of shares	Ownership (%)
Hon Hai Precision Industry Co., Ltd.	139,725,801	9.87
Bao Xin International Investment Co., Ltd.	126,181,274	8.92
Hung Yang Venture Investment Co., Ltd.	85,003,766	6.00

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 1

Items	Description					Amount
Cash in banks						
Check deposits						\$ 1,667
Demand deposits						335,783
Foreign deposits	USD	61,204	In thousands	Exchange rate	30.71	1,879,569
	JPY	426,002	In thousands	Exchange rate	0.22	92,528
	EUR	3,583	In thousands	Exchange rate	33.98	121,745
	HKD	499	In thousands	Exchange rate	3.93	1,961
	SGD	1	In thousands	Exchange rate	23.29	34
	RMB	35	In thousands	Exchange rate	4.327039	151
	VND	2,026	In thousands	Exchange rate	0.001245	3
	GBP	39	In thousands	Exchange rate	39.15	1,523
					\$ 2,434,964	

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 2

Items	Description	Amount	Remark
<u>Accounts Receivable</u>			
CTC Trading Limited		\$ 204,975	
Pegatron Corporation		103,176	
Dell Global B.V. (Singapore Branch)		98,915	
Jingjiang Yong Sheng Optoelectronics Technology Co., Ltd		83,099	
HK Hosiden Ltd.		56,488	
			Balance of individual customers is under 5% of this account's balance.
Others		415,830	
		962,483	
Less: Allowance for uncollectible accounts		(1,122)	
		<u>\$ 961,361</u>	
<u>Accounts receivable from related parties</u>			
PKM Corporation		\$ 4,296,108	
Hongfujin Precision Electronics (Wuhan) Co., Ltd.		540,727	
Champ Tech Optical (Foshan) Corporation		258,820	
			Balance of individual customers is under 5% of this account's balance.
Others		585,191	
		5,680,846	
Less: Allowance for uncollectible accounts		(64,663)	
		<u>\$ 5,616,183</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF INVENTORY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 3

Items	Summary	Amount		Notes
		Cost	Market price	
Raw materials		\$ 41,439	\$ 922	Finished goods are measured at net realizable value
Work in progress		62,946	1,270	
Finished goods		1,656,805	1,744,507	
Inventory in transit		254	254	
		1,761,444	<u>\$ 1,746,953</u>	
Less: Allowance for inventory obsolescence and market price decline		(146,732)		
		<u>\$ 1,614,712</u>		

FOXCONN TECHNOLOGY CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 4

Company name	As of January 1, 2023		Additions (Note 1)		Deductions (Note 2)		As of December 31, 2023			Market value or net equity value	
	In thousand		In thousand		In thousand		In thousand		Ownership	Total price	Valuation basis
	shares	Amount	shares	Amount	shares	Amount	shares	(%)	Amount		
Q-Run Holdings Ltd.	96,078	\$ 87,362,499	-	\$ 3,310,064	-	(\$ 754,545)	96,078	100	\$ 89,918,018	\$ 90,483,022	Equity method
Foxconn Precision Components											
Holding Co., Ltd.	26,840	13,117,873	-	374,521	-	(387,148)	125,478	100	13,105,246	13,105,246	"
Q-Run Investing Co., Ltd.	125,478	1,638,142	-	431,631	-	(118,547)	49,032	100	1,951,226	1,950,509	"
Syntrend Creative Park Co., Ltd.	49,032	279,926	-	8,677	-	-	100,003	20	288,603	265,728	"
Sotera Wireless. Inc.	100,003	(33,299)	-	187	-	(7,125)	10,003	54	(40,237)	(169,207)	"
FTC Health Corporation	100	1,000	-	64,367	-	-	100	100	65,367	65,367	"
PKM Corporation	8	112,258	-	27,980	-	(7,959)	8	91	132,279	132,279	"
FTC Janpan Co., Ltd.	-	-	6	69,554	-	(33,338)	6	100	36,216	36,216	"
Ultimate Aluminum Magnesium Technology Co., Ltd.	-	-	84	835,000	-	(8)	84	100	834,992	834,992	"
FTC Technology Vietnam Company Limited	-	-	-	161,260	-	(20,539)	-	100	140,721	140,721	"
		<u>\$ 102,478,399</u>		<u>\$ 5,283,241</u>		<u>(\$ 1,329,209)</u>			<u>\$ 106,432,431</u>	<u>\$ 106,844,873</u>	

Note 1: Additions include investment income accounted for using equity method, change in capital surplus and recognition of valuation adjustment for FVTOCI financial assets gain on investees' financial instruments.

Note 2: Deductions include investment loss accounted for using equity method, cash dividends received, change in capital surplus, recognition of valuation adjustment for FVTOCI financial assets loss on investees'

financial instruments and exchange differences on translation of foreign financial statements.

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 5

					Financing amount			
Items	Bank	Amount	Term of Contract	Rate	(In thousands)		Collateral	Footnote
Unsecured bank loans	Citibank Taiwan Ltd. Taipei Branch	\$ 859,880	2023/12/04~2024/01/16	5.83%~5.86%	USD	28,000	None	
”	Taishin International Bank Jianpei Branch	1,535,500	2023/12/27-2024/01/29	6.03%	USD	50,000	”	
”	Standard Chartered Taipei Branch	1,900,000	2023/10/31-2024/02/23	1.52%	NTD	1,900,000	”	
”	Taipei Fubon Bank Anhe Branch	1,500,000	2023/11/27-2024/02/27	1.63%	NTD	1,500,000	”	
”	The Bank of East Asia Limited Taipei Branch	1,500,000	2023/12/27-2024/01/26	1.55%	NTD	1,500,000	”	
”	Taiwan Cooperative Bank	1,200,000	2023/12/20-2024/01/19	1.70%	NTD	1,200,000	”	
”	Cathay United Bank	<u>1,500,000</u>	2023/12/20-2024/01/19	1.53%	NTD	1,500,000	”	
		<u>\$ 9,995,380</u>						

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 6

Vendor Name	Description	Amount	Notes
<u>Accounts payable</u>			
Company H		\$ 90,573	
Company S		64,689	
Company C		58,333	
			Balance of individual
			vendor is under 5% of this
Others		309,139	account's balance.
		<u>\$ 522,734</u>	
<u>Accounts payable to related parties</u>			
Hongfujin Precision Electronics (Yantai) Co., Ltd.		\$ 2,552,007	
Sharip North Malaysia Sdn. Bhd.		889,459	
Champ Tech Optical (Foshan) Corporation Co., Ltd.		346,175	
Nanning Funing Precision Electronics Co., Ltd.		275,475	
			Balance of individual
			vendor is under 5% of this
Others		172,084	account's balance.
		<u>\$ 4,235,200</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 7

<u>Items</u>	<u>Quantity (in thousands)</u>	<u>Amount</u>	<u>Remark</u>
Electronic products	Note	\$ 64,150,527	
Others		<u>404,699</u>	
		64,555,226	
Less: Sales returns and discounts		(<u>514,171</u>)	
		<u>\$ 64,041,055</u>	

Note: The number of products sold is varied and the units of pricing are different, so the quantity is not listed.

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 8

Items	Amount
Beginning raw materials	\$ 50,174
Add: Incoming inventory	(3,756)
Less: Ending raw materials	(41,676)
Material consumption	4,742
Manufacturing expenses	142,458
Manufacturing costs	147,200
Add: Beginning work in process	58,441
Incoming inventory	5,507
Less: Ending work in process	(62,946)
Cost of finished goods	148,202
Add: Beginning finished goods	2,504,049
Acquisition of finished goods	59,975,398
Less: Ending finished goods	(1,656,822)
Cost of goods manufacturing and sales	60,970,827
Valuation loss	18,554
Revenue from sale of scraps	(130)
	<u>\$ 60,989,251</u>

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 9

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 27,536	
Miscellaneous purchases		12,410	
Indirect materials		50,978	
repairs expense		15,016	
Others		<u>36,518</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 142,458</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 10

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Freight		\$ 44,797	
Wages and salaries		103,359	
Travelling expense		8,413	
Others		<u>14,394</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 170,963</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 11

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 464,050	
Other professional service expenses		39,509	
Employee benefit payable		34,519	
Others		<u>161,826</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 699,904</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 12

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 526,644	
Employee benefit payable		39,990	
Others		<u>72,485</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 639,119</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 13

	Year ended December 31, 2023				Year ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
By nature								
Employee benefits expenses (Note)								
Wages and salaries	\$ 27,536	\$ 1,094,053	\$ -	\$ 1,121,589	\$ 33,874	\$ 857,011	\$ -	\$ 890,885
Labor and health insurance	607	56,640	-	57,247	710	59,510	-	60,220
Pension	343	35,136	-	35,479	403	34,520	-	34,923
Directors' compensation	-	1,872	-	1,872	-	1,800	-	1,800
Others	1,157	82,137	-	83,294	1,572	77,280	-	78,852
	<u>\$ 29,643</u>	<u>\$ 1,269,838</u>	<u>\$ -</u>	<u>\$ 1,299,481</u>	<u>\$ 36,559</u>	<u>\$ 1,030,121</u>	<u>\$ -</u>	<u>\$ 1,066,680</u>
Depreciation	<u>\$ 2,355</u>	<u>\$ 7,883</u>	<u>\$ 1,015</u>	<u>\$ 11,253</u>	<u>\$ 484</u>	<u>\$ 2,700</u>	<u>\$ 987</u>	<u>\$ 4,171</u>
Amortization	<u>\$ -</u>	<u>\$ 1,457</u>	<u>\$ -</u>	<u>\$ 1,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note A: As of December 31, 2023 and 2022, the Company had 455 and 462 employees, respectively, including 3 non-employee directors for both years.

- B. (a) Average employee benefit expense in current year was \$2,871 ((Total employee benefit expense in current year - Total directors' compensation in current year) / (Number of employees in current year - Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$2,320 ((Total employee benefit expense in previous year - Total directors' compensation in previous year) / (Number of employees in previous year - Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year was \$2,481 (Total employee salaries in current year / (Number of employees in current year - Number of non-employee directors in current year)).
Average employee salaries in previous year was \$1,941 (Total employee salaries in previous year / (Number of employees in previous year - Number of non-employee directors in previous year)).
- (c) Adjustment of average employee salaries was 27.83% ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).
- (d) The compensation to supervisors was \$0 for the years ended December 31, 2023 and 2022.
- (e) The Company's compensation policies (including for board of directors, managers and employees)
- (i) Compensation policy for board of directors: the distribution of compensation and travel allowance to directors (including independent directors) are made in accordance with the "Rules for Distribution of Compensation to Directors" as approved by the board of directors. All directors received a fixed payment for compensation and travel allowance, and no variable payments were made.
- (ii) Compensation policy for managers: the distribution of salaries to managers are made in accordance with the "Rules for Distribution of Remuneration to Managers", the Company's profit and loss statement for management, and their level of contribution. Timely reviews of the manager's remuneration program will be made in line with the actual operating conditions and the relevant laws and regulations. The remuneration program includes a base salary, a performance bonus, and an individual bonus. For base salaries, the Company takes into account the industry standards, job title, academic qualifications, experiences, professional competencies and job responsibilities. The performance bonuses are allocated based on the level of contribution made by each operating segment to the profits earned by the Company. The individual bonus is based on the individual performance of each manager.
- (iii) Compensation policy for employees: the distribution of compensation to the employees is based on the individual's capabilities, level of contribution to the company, individual's performance, the value of the role to the Company, and the projected future risks the Company will face. If the Company generates a profit in the current period, 4-6% of distributable profit shall be allocated as employees' bonus in accordance with the Company's Articles of Association. The bonus will be paid to each employee based on their performance.

VI. Financial insolvency incidents encountered by the Company and affiliates for the most recent years, up till the printing date of this annual report: None.

Seven. Review of Financial Position, Business Performance and Risk Issues

I. Financial Position Analysis

Unit: NTD thousand

Year Items	2023	2022	Difference		Analysis of changes (Note)
			Amount	%	
Current assets	74,742,426	108,151,811	(33,409,385)	(31%)	1
Investments under equity method	4,532,071	5,087,554	(555,483)	(11%)	
Property, plant, and equipment	2,868,306	4,229,790	(1,361,484)	(32%)	2
Other assets	51,950,593	33,635,613	18,314,980	54%	3
Total assets	134,093,396	151,104,768	(17,011,372)	(11%)	
Current liabilities	27,946,085	46,799,523	(18,853,438)	(40%)	4
Other liabilities	987,133	1,127,769	(140,636)	(12%)	
Long-term liabilities	-	-	-	-	
Total Liabilities	28,933,218	47,927,292	(18,994,074)	(40%)	4
Share capital	14,144,852	14,144,852	-	-	
Capital surplus	7,571,060	7,596,355	(25,295)	(0%)	
Retained earnings	87,427,672	85,449,814	1,977,858	2%	
Other equity and non-controlling interests	(3,983,406)	(4,013,545)	30,139	1%	
Total equity	105,160,178	103,177,476	1,982,702	2%	

Note: Percentage of change analysis: Detailed description shall be stated if the percentage of change exceeds 20% and the amount exceeds NT\$10,000,000.

1. The decrease in current assets was mainly due to the decrease in cash and cash equivalents.
2. The decrease in real estate, plants and equipment was mainly due to the sale of real estate.
3. The increase in other assets was mainly due to the increase in financial assets measured at amortized cost.
4. The decrease in current liabilities and total liabilities was mainly due to the decrease in accounts payable.

II. Financial Performance Analysis

Unit: NTD thousand

Items \ Year	2023	2022	Amount of change	Percentage of change	Analysis of changes (Note)
Operating revenue	74,533,131	90,469,506	(15,936,375)	(18%)	
Gross profit	5,726,424	6,884,567	(1,158,143)	(17%)	
Operating profit or loss	1,468,050	2,852,044	(1,383,994)	(49%)	1
Non-operating revenues and expenses	3,880,091	3,737,067	143,024	4%	
Profit before tax	5,348,141	6,589,111	(1,240,970)	(19%)	
Business units in current continuing operation income	4,314,046	4,198,165	115,881	3%	
Discontinued operation loss	-	-	-	-	
Current period net profit (loss)	4,314,046	4,198,165	115,881	3%	
Other comprehensive income in current period (Net amount after tax)	52,115	(9,707,675)	9,759,790	101%	2
Total current period comprehensive income	4,366,161	(5,509,510)	9,875,671	179%	2

Note: Percentage of change analysis: Detailed description shall be stated if the percentage of change exceeds 20% and the amount exceeds NT\$10,000,000.

1. The decrease in operating profit was mainly due to changes in product mix in the current period.
2. The increase in other comprehensive gains and losses for the current period and total comprehensive gains and losses for the current period was mainly due to the increase in the value of financial assets held at fair value through other comprehensive gains and losses.

III. Cash Flow Analysis

(I) Summary of cash flow change analysis in the most recent year:

Item \ Year	2023	2022	Percentage of increase (decrease) (%)
Cash flow ratio (%)	(12.69)	19.38	(165.47%)
Cash flow adequacy (%)	90.91	98.31	(7.53%)
Cash flow reinvestment ratio (%)	(5.03)	5.58	(190.19%)
Summary of change:			
1. The decrease in cash flow ratio is mainly due to the significant decrease in cash flow from operating activities in the current period.			
2. The cash flow adequacy ratio decreased, mainly due to the decrease in cash flow from operating activities compared with the previous five years.			
3. The cash reinvestment ratio decreased, mainly due to the decrease in cash flow from operating activities in this period compared with the previous period.			

(II) Cash flow analysis for the coming year:

Unit: NTD thousand

Cash balance at the beginning of period (1)	Amortised cost of a financial asset at the beginning of period (2)	Estimated yearly net cash inflow from operating activities (3)	Estimated yearly net cash outflow (4)	net cash inflow (outflow) from amortised cost of a financial asset(5)	Anticipated Cash Surplus (Shortage) (6)=(1)+(3)-(4)	Amortised cost of a financial asset at the end of period (7)=(2)+(5)	Remedies for cash shortage	
							Investment plan	Financial plan
47,253,599	29,946,752	42,911,350	43,069,337	(93,000)	47,095,612	29,853,752	-	-
Summary of cash flow change analysis in the current year (2024):								
1. Operating activities: It is expected that the net cash flow from operating activities for the whole year will be NT\$42,911,350,000.								
2. Investment activities: In line with business needs, expand production equipment and make strategic overseas investments.								
3. Financial management activities: The company will pay cash dividends and repay short-term bank borrowings.								

IV. Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance

(I) Major capital expenditures and sources of capital:

Unit: NTD thousand

Project	Actual or planned source of capital	Planned completion date	Total capital required	Actual or planned capital expenditures	
				2023 (Actual)	2024 (Planned)
Expansion of factories and machineries	Working capital	December 31, 2024	756,703	213,179	543,524

(II) Estimated benefits:

The aforementioned capital expenditure is incurred for an additional acquisition of necessary production and R&D machinery and equipment, as well as for the expansion of production lines, sales and maintenance bases at home and abroad, all of which are to meet the Company's needs on business development, enhancing product competitiveness, and actively developing related technologies such as heat transfer modules, metal casings, electronic assembly and Automotive aluminum-magnesium alloy die castings.

V. Causes of Profit or Loss Incurred on Investments in the Most Recent Year, and Any Improvements or Investments Planned for the Next Year

The reinvestments of the Company accounted for by the equity method, are mainly to meet the Company's needs for business growth and for long-term strategic purposes. For 2023, on a consolidated basis, the reinvestments of the Company accounted for by the equity made a loss of NT\$130,848 thousand, due to the losses of the invested business that generating investment losses. In the future, the reinvestment projects will be overseen continuously with prudential assessment, to lower risks and create the chances of profit.

The Company's investment plan for the next year will be carefully evaluated from a long-term strategic perspective to respond to the future market and capacity expansion needs, while continuously strengthening global competitiveness.

VI. Analysis of Risk Factors

(I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future response measures:

1. Interest rates:

(1) Interest rate changes in 2023:

In 2023, the global economy gradually emerged from the haze of COVID-19. However, the overall economy showed a weak recovery due to the intensification of geopolitical conflicts, the slowdown of China's economic growth, and the high inflation in many countries. The U.S. Fed raised interest rates four times throughout the year and then pressed the pause button, to raise the federal fund rate from 4.25% - 4.50% to 5.25% - 5.50%, indicating that the policy interest rate is at or near its peak. Considering that the inflation pressure in Taiwan is milder than that in the U.S. and Europe, the interest rate in Q1 was only increased by 12.5 basis points, increasing the rediscount rate from 1.750% to 1.875%.

(2) Net interest income for the year was NT\$2,612 million, which contributed a certain amount of income to the company as a whole.

(3) Future response measures:

In 2024, due to factors such as geopolitical tension, continuously elevated interest rate environment and high debt levels, global economic growth is still facing many uncertainties and huge challenges. The company will continue to leverage the group's advantage and robust operational mechanism to negotiate favorable interest rates with financial institutions to effectively reduce funding costs and appropriately generate financial incomes.

2. Interest rates:

(1) Exchange rate changes in 2023:

①The EUR opened at USD1.0683 at the beginning of 2023. In January, as the inflation and economic growth in the U.S. cooled down, the USD dropped to a 7-month low, below 102, and the EUR rose to around 1.10. In February, the strong nonfarm payroll and retail sales data announced by the U.S., resulted in market expectation that the Fed will maintain its hawkish policy and prolong the interest rate hike cycle. EUR fell back. In March and April, the collapse of Silicon Valley Bank shocked the market, and the US bond yields plummeted. The European Central Bank raised the interest rate by 50 basis points as scheduled on March 16, which was faster than the Fed. The EUR was benefited and rose above 1.10. In May, the Eurozone economy deteriorated and investors were optimistic that the US could avoid default on the debt ceiling. The EUR fell. From June to mid-July, the ECB raised the interest rates by 25 basis points, and express an open attitude towards further hikes. The U.S. CPI grew 3% year-on-year, the lowest level for more than two years. This was the first time that the USD fell the threshold of 100 within 15 months, and the EUR rose to the peak of the year, USD1.1275 on July 18. From August to October, as the risk of a deeper recession

in the Eurozone increased, and the resilience of the U.S. economy kept the USD strong, the EUR declined along the way, and came to the lowest level USD1.0447 of the year on October 3. In November, the number of nonfarm payrolls announced in the U.S. was poor, which deepened the market expectation for the Fed to cut interest rates in 2024. The USD plummeted while the Euro rebounded. In December, Fed Chair, Powell, said that the time to cut interest rates is not yet mature. The EUR fell shortly before bounded within a narrow range, and closed at USD1.1036 at the end of the year. The volatility for the whole year reached 7.74%.

②USD/JPY opened at JPY130.86 at the beginning of 2023. In January, investors' expectation for the Fed's aggressive interest rate hike cooled down, and the USD fell sharply. Moreover, under the rumor that the Bank of Japan might change its policy, USD/JPY fell to the lowest level of the year on January 16, JPY127.45. In February, JPY fell back to around JPY136 when the U.S. announced the higher-than-expected CPI and PCE and the inflation was expected to rise again in January. In March, the Silicon Valley Bank in the U.S. collapsed, and the JPY was benefited from its hedging attributes, rising to JPY130. From April to June, the Bank of Japan maintained ultra-low interest rate as expected. New Governor, Kazuo Ueda, indicated that he would continue the current accommodative monetary policy. JPY plummeted to JPY144 again. In July, several Fed officials emphasized that the interest rate hike cycle was approaching the end. Meanwhile, the U.S. CPI and PPI in June indicated that prices have eased, and the USD was weak, and the USD/JPY fell to around JPY138. From August to October, the U.S. economy continued to show resilience. The expectation that the Fed would maintain higher interest rate for a longer period increased. The U.S. bond yields rose along with the USD, and JPY fell. USD/JPY reached the peak of JPY151.92 on November 13. From mid-November to December, the U.S. CPI in October released cooled down unexpectedly by a year-on-year growth of 3.2%. Investors advanced the expected timing for the first rate cut by the Fed. The USD declined and the JPY rebounded. The USD/JPY closed at JPY141.06 at the end of the year, and the volatile magnitude of the year reached 18.70%.

③At the beginning of 2023, the USD/NTD opened at NTD30.740. In January, the Fed reduced the rate hike for 25 basis point as expected. The USD fell significantly and foreign capital continued to flow in, pushing up the NTD; the USD/NTD reached the lowest point of the year at NTD29.658 on February 2. From February to mid-March, the US non-farm payrolls data were strong, dispelling the expectation of the delayed interest rate hike by the Fed. The USD/NTD rebounded. Foreign capital became seller and the USD/NTD rose to over NTD30.800. From April to mid-June, the NTD fluctuated within a narrow range. From mid-June to mid-July, the Central Bank of Taiwan stopped raising interest rates in the second quarter. Although the Fed took a break from raising interest rates in June, the dot chart of the interest rate released after the meeting indicated that interest rates need to be raised by at least 50 basis points within the year. The hot money from Taiwan was remitted outwardly in a large scale, and the foreign exchange market fell to around NTD31.250. From mid-July to August, due to the continuous outflow of foreign capital and the depreciation of the JPY, the NTD fell below the psychological threshold of NTD31.500 at the beginning of August. From September to October, the USD continued to strengthen. Various

USD buyers appeared very eager, and the government's funds for arms purchases were also released in large quantities. Although the Central Bank sold the USD, it was not able to change a bit. The NTD depreciated all the way and broke through the threshold of NTD32. On November 1, the peak of the year, NTD32.495 was reached by USD/NTD. From November to December, the US inflation rate was easing, the market expected the Fed would end its cycle of raising interest rate, the USD went weak, and the hot money actively flew to the Asian markets, where the NTD rose sharply, and USD/NTD exceeded NTD31 strongly, closed at NTD 30.735 at the end of the year, with volatile magnitude of 9.23% for the year.

④The USD/RMB opened at RMB6.9127 at the beginning of 2023. In January, the market expected that China's economic recovery would accelerate, coupled with the surge in demand for foreign exchange settlement by exporters, the RMB continued to appreciate from the end of the previous year, and USD/RMB reached the lowest level at RMB6.6982 on January 16. In February, the "spy balloon" incident between China and the US continued. The US economic data in January showed that the inflation remained high. The USD rebounded and the RMB weakened to around RMB6.95. In March, China's February manufacturing PMI was the highest for more than 10 years. After the bankruptcy of Silicon Valley Bank in the U.S., the market's expectation of the Fed's aggressive interest rate hike had cooled down and dragged down the USD while the RMB rose slightly. From April to June, a series of economic data announced by China indicated that the economic recovery was running out of momentum, and the People's Bank of China tolerated further weakening of the RMB, causing the RMB to fall to around RMB7.25. In July, comments from the Fed officials strengthened the market's expectation that the tightening cycle was coming to the end. The USD fell and the RMB briefly rebounded. From August to October, the People's Bank of China lowered the policy interest rate. The economic data were weak and the USD remained strong. The RMB depreciated again to over RMB7.30, and USD/RMB reached the highest level of 7.3498 on September 8, 2023. From November to December, the inflation in the U.S. further slowed down, the USD peaked and fell back, the geopolitical tensions between China and the U.S. eased, plus the seasonal exchange settlement season approached, as well as the RMB central parity remained low. The RMB appreciated strongly, and finally closed at RMB7.0996 at the end of the year. The volatile magnitude was 9.43% for the year.

⑤Although the U.S. inflation shows signs of slowing down in 2024, but it is still stubborn as a whole. Considering that the timing of Fed's interest cut is uncertain, the exchange rate of the USD against major currencies may be relatively strong; meanwhile, the impacts of unexpected economic and political events are unavoidable.

(2) The impact on the company's profit and loss:

To cope with changes in the external environment, the Company adopts a stable approach in currency hedging by minimizing the effect of exchange rate fluctuations on its operations. The next gain from foreign exchanges and

financial instrument transactions was NT\$126 million in the 2023 consolidated financial statements.

(3) Future response measures:

In order to avoid the risk of exchange rate fluctuations, the Company will continue to adopt the natural hedging method of assets and liabilities offsetting to avoid risk exposure and reduce the impact of exchange rate risk.

3. Inflation

Under the most aggressive tightening measures by the central banks of world's major developed economies in the past four decades, the global inflation in 2023 eased faster than expected, but there was still a large gap from the expected target of 2%. In Taiwan, due to the significant increase in the price of food and entertainment services, the annual growth rate of domestic consumer price index (CPI) was 2.50%. Although the figure was less than 2.95% in the previous year, it had exceeded the inflation alerting line of 2% for two consecutive years, with a ignorable impact on the Company's income. In 2024, global inflation is expected to go south, but the battle is far from won. The company's management will adhere to the consistent policy of adjusting strategic models as the external environment changes, such as inflation or deflation. Meanwhile, we will continue to strengthen measures such as enhancing procurement advantages, reducing various costs, and diversifying clients to improve business performance.

(II) Policies regarding highly-risky, highly-leveraged investments, lending, endorsements and guarantees, and derivatives trading; main reasons for related profits or losses, and responding measures:

1. High-risk, high-leverage investment: Based on operational risk considerations, the Company has established the "Procedures for the Acquisition or Disposal of Assets" and "Procedures for Engagement in Trading Derivatives" to be complied with strictly. We strictly control the risks that may arise from such trading when engaging in, and make timely and accurate announcements of various information in accordance with the laws and regulations. The Company does not engage in high-risk and high-leverage investments that affect the incomes.

2. Capital loans (applicable to both the Company and subsidiaries):

(1) The borrowers of the Company's loans are subject to the followings:

① Businesses that the Company has business dealing with.

② Where an company or firm short-term financing facility is necessary, provided that such amount of loan to others shall not exceed 40% of the Company's net worth.

(2) The term "short-term" mentioned in the preceding paragraph refers to one year. Where the Company's operating cycle exceeds one year, such operating cycle shall prevail.

(3) The term "amount of loan to others" in paragraph 1 subparagraph 2 refers to the cumulative

balance of the Company's short-term financing.

- (4) The restriction in paragraph 1 subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which Company holds, directly or indirectly, 100% of the voting shares.
- (5) Future response measures: When the Company grants loans, such matter may be processed according to the Procedure for Loaning Funds, only after being approved at board meeting.

3. Capital loans (applicable to both the Company and subsidiaries):

- (1) The counterparties of the Company's endorsement/guarantee are subject to the followings:
 - ① Companies that the Company has business dealing with.
 - ② A company in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.
 - ③ A company that directly or indirectly holds more than fifty percent (50%) of the voting shares in the Company.
- (2) Companies in which the Company holds, directly or indirectly, ninety percent (90%) or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed ten percent (10%) of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, one hundred percent (100%) of the voting shares.
- (3) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.
- (4) Capital contribution as referred to in the preceding paragraph shall mean a capital contribution made directly by the Company, or through a company in which the Company holds one hundred percent (100%) of the voting shares.
- (5) Future response measures: When the Company issues endorsements/guarantees, such matter may be processed according to the Operational Procedures for Endorsements and Guarantees, only after being approved at board meeting.

4. Derivative trading policies:

- (1) Policy: The Company engages in derivative commodity transactions, which are mainly used for risk aversion. Hedged positions include: exchange rate, interest rate and raw materials related to the Company's production activities, the scope of which covers the assets and liability positions held by the Company or expected assets and liabilities to be held. The trading direction shall be subject to the trading direction of hedging transaction which is the reverse of the trading direction of hedged positions.

- (2) The main reason for profit or loss: The company inevitably generates risk exposures of exchange rate, interest rate or cost of procurement from ordinary operating activities or necessary financial activities required for business operation, resulting in fluctuations and uncertainties in the Company's profit and loss. the Company mainly conducts hedging transactions, in order to exclude such uncertainty from operation risks, to allow the Company to focus on ordinary sales activities, with an ultimate goal of minimizing the impact of non-operating gains and losses.
- (3) Future response measures: According to the Company's procedures for derivative transactions, the Company formulate detailed and standardized operation procedures on the division of powers and responsibilities. In terms of internal control, the relevant personnel of the Company must strictly safeguard and control the following six types of risk management: credit risk, market risk, liquidity risk, operational risk, legal risks, cash flow risk, etc. In addition to regular performance evaluation, analysis, and discussion, the Company's internal auditors check the operational processes of the transactions on a regular and irregular basis, identify and immediately make correction to the problems found, and provide timely improvement suggestions on whether the Company's matters comply with relevant government laws and Company procedures, to improve management performance.

(III) Future R&D plans and projected investment in R&D expenses:

1. Integrating existing technologies related to heat transfer, materials, automation, surface treatment, electronic products, etc., reviewing the need for new technologies, and summarizing the relevant strategies of these technologies.
2. The future research and development plan of metal mechanism components is as follows:
 - a. Recycled material verification and mass production of commonly used metal materials
 - b. Development of combined process for punching and forging finishing of magnesium alloy materials
 - c. Laser welding replaces metal dispensing and bonding process
 - d. Coating with anodic composite appearance treatment process
 - e. Development of seamless splicing technology for metal materials
 - f. Ultra-vacuum die-casting technology
 - g. Heat treatment technology for structural parts
 - h. Improvement of impact-resistant alloy materials
 - i. Aluminum-magnesium alloy welding technology
 - j. Automatic welding technology
3. Establish heat dissipation chassis integration technology:

Constructing a thermal enclosure integration technology research and development center to expand the development field of new products, combined with existing key components, system product design/integration/manufacturing capabilities, should be able to break through the current

situation where 3C products and their key components and materials are monopolized by the United States and Japan .

4. In terms of game machine research and development, the current plan will focus on the following three points of investment:

a. Relevant development of next-generation game consoles

b. Related development of game console accessories

c. Related development of smart toys2. Development of cooling case integration technology:

The R&D expenditure during the past three years was between NT\$1.504 billion and NT\$1.613 billion, or 1.55%~2.12% of revenues. In 2024, the company expects to invest in research and development expenses as a percentage of revenue, which is estimated to be within the range of 1% to 2%.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

The Company continues to pay attention to the collection and analysis of global development trends and technological changes related to the Company's products, with emphasis on responding to the governmental industrial policies, reviewing its existing technology capabilities, and the growth of the corresponding industry, in order to reduce the impact of technological changes. Meanwhile, it also actively invests in the development of new products and the improvement of process automation to ensure stable revenue and profit.

Through the measures above, the Company has reduced the impact of technological changes and industrial changes. During the most recent year and up to the publication date of the annual report, changes in technology and industry did not cause significant impact on the Company's financial and business.

The Company values the information security and has established a comprehensive cyber security management system. The Company deploys management measures to control based on the risk management results, and keeps on improving according to the changes in the situation and actual needs. The Company also actively promotes information security education and training to enhance employees' awareness regarding information security.

In response to the development of ICT and changes in the external environment, we continue to adjust the direction of information security promotion, establish the consistency of the Company's information security standards, and achieve a balance between business and information security. All employees participate in collaborative maintenance and operation, to satisfy the Company's information

security policy requirements. In the most recent year and up to the publication date of the annual report, the Company did not have any major information security risk incident.

(VI) Effect on the Company's crisis management of changes in the company's corporate image, and measures to be taken in response:

In addition to the product quality, mass production speed, cost control, delivery punctuality and system integration capabilities, the Company's corporate image is more importantly built on customer trust in the Company's execution, management capabilities and overall service. At the same time, in order to increase the customer's trust in the Company, the Company is self-motivated to set up a complete crisis management mechanism. After years of accumulated experience, the crisis management mechanism is becoming completed. In the event of a major crisis, the Company is able to properly handle the Company's reputation and corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

There is no plans for acquisition up till the printing date of the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company's main production sites are in Kunshan, Shanxi, Foshan and Hebi, China. Operational and R&D center are in Taiwan. We take the industry prospects, customer needs and opportunities for expansion into consideration for suitable future layout. The Company will also continue to introduce innovative technologies and operational concepts to improve the manufacturing process to improve quality, reduce cost, and provide customers with more timely and appropriate services.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The Company is a vertically integrated supplier, aiming at providing customers with the best service. The customers of the Company include various well known domestic and foreign brand names. Currently, there is no consolidation of sales or purchasing operations. Our actual product is "speed, quality, engineering services, flexibility, and cost". We believe that as long as we can carry out the five aforementioned elements thoroughly, our customer sources will be secured. The industry or the supply chain is changing rapidly. Continuous strengthening of the Company's "competitiveness" is the only long-term solution. A truly competitive company can continue to grow and profit even if its industry is in a recession. How to improve its competitiveness is The subject of our company's concern.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There is no such situation up till the printing date of the annual report.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

The company's management team is mainly composed of professional managers, and there are various internal and legal regulations to comply with, so the change of management rights has no significant impact and risk.

(XII) Litigious and non-litigious matters: None.

(XIII) Other important risks, and mitigation measures being or to be taken:
None.

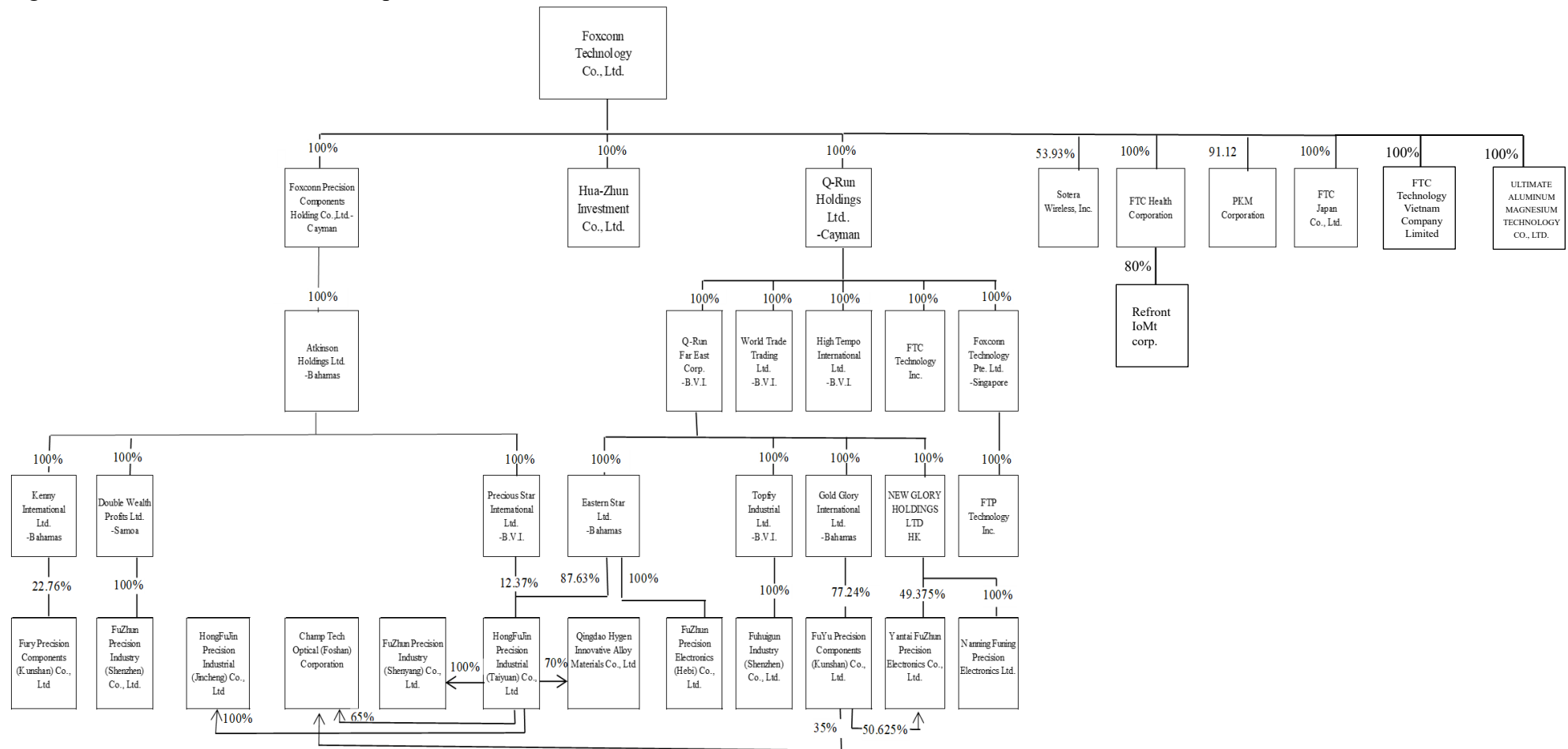
VII. Other Material Items: None

Eight. Supplementary Disclosure

I. Information On Affiliated Companies

(I) Consolidated business reports of affiliated companies

1. Organizational chart of affiliated companies



Note 1: The affiliated companies the Company is subordinated to do not own the Company's shares.

2. Information on affiliated companies

December 31, 2023

Company name	Date of incorporation	Address	Paid-in capital	Business scope
Atkinson Holdings Limited	06/29/1998	Vistra Corporate Services Centre, Marlborough & Queen Streets, Nassau, New Providence, Bahamas	US\$34,839,000	Not limited, but subject to local laws and regulations.
Double Wealth Profits Limited	09/08/1998	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$2,000,000	Not limited, but subject to local laws and regulations.
Eastern Star Limited	05/21/1997	Vistra Corporate Services Centre, Marlborough & Queen Streets, Nassau, New Providence, Bahamas	US\$302,809,000	Not limited, but subject to local laws and regulations.
Foxconn Precision Components Holding Company Limited	12/04/1998	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$26,839,643	Not limited, but subject to local laws and regulations.
Foxconn Technology Pte. Ltd.	04/18/2005	111 Somerset Road #13-33 111 Somerset Singapore (238164)	US\$519,575,996.19	Wholesale of electronic components; wholesale trade of various commodities
FTC Japan Co., Ltd	12/26/2022	9-7 Higashikoya 4-chome, Ota-ku, Tokyo	JPY300,000,000	Import, design, manufacture and sales of electronic products; medical equipment trading and medical care Internet of Things business; health management service business; long-term care equipment trading and leasing business; all activities related to the aforementioned services.
FTC Technology Inc.	09/02/2005	2525 Brockton Dr., Austin, TX 78758	US\$100,000	Not limited, but subject to local laws and regulations.
FTC Technology Vietnam Company Limited	2023/9/8	Lô D, Khu công nghiệp Nam Sơn - Hạp Lĩnh, xã Lạc Vệ, Huyện Tiên Du và, Phường Nam Sơn, Thành phố Bắc Ninh, Tỉnh Bắc Ninh, Việt Nam.	US\$5,000,000	Electronic component manufacturing; Computer and peripheral equipment manufacturing industry; Communication equipment manufacturing; Production of consumer electronics; Manufacturing of measuring, testing, positioning and control equipment; Manufacturing of medical and dental equipment and instruments
FTP Technology Inc.	10/07/2005	8809B Fallbrook Dr. Houston, TX 77064	US\$250,000	Not limited, but subject to local laws and regulations.
Gold Glory International Limited	03/18/1998	Vistra Corporate Services Centre, Marlborough & Queen Streets, Nassau, New Providence, Bahamas	US\$18,512,000	Not limited, but subject to local laws and regulations.
HIGH TEMPO INTERNATIONAL LIMITED	03/18/1999	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$1.00	Not limited, but subject to local laws and regulations.
Kenny International Limited	08/10/1995	Vistra Corporate Services Centre, Marlborough & Queen Streets, Nassau, New Providence, Bahamas	US\$6,793,000	Not limited, but subject to local laws and regulations.
New Glory Holdings Limited	11/29/2007	6/F., Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.	HK\$ 5,389,670,315	Investment holding company
PKM Corportion	12/01/1994	No. 1, 750 Kanta, Oja Konan, Suwa City, Nagano Prefecture	JPY 450,000,000	Import, export, manufacture and sale of electronic parts Import and export, manufacture and sale of communication equipment; Provide information and guidance on electronic technology; Research and development of technologies related to electronic machine optical recording devices;

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				Provide information and advice on motor technology; Acquisition and use of securities; All business incidental to the above items.
Precious Star International Limited	07/02/1999	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$21,896,000	Not limited, but subject to local laws and regulations.
Q-Run Far East Corporation	04/30/1999	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$1,052,073,076	Not limited, but subject to local laws and regulations.
Q-RUN HOLDINGS LIMITED	01/06/1999	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$96,077,600	Not limited, but subject to local laws and regulations.
SOTERA WIRELESS, INC.	03/13/2002	5841 EDISON PLACE, SUITE 140 CARLSBAD, California 92008, United States of America	US\$166,170,644	Manufacturer of Medical Devices
Topfry Industrial Limited	03/18/1998	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$7,500,000	Not limited, but subject to local laws and regulations.
World Trade Trading Limited	01/05/1999	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$38,100,000	Not limited, but subject to local laws and regulations.
Champ Tech Optical (Foshan) Corporation	3/16/2005	No. 35, Huabao N. Rd., Chengxi Industrial Zone, Chancheng District, Foshan City, Guangdong Province, 528000 China	RMB346,601,342	Production and operation of new electronic products, computers, electrical appliances, communication products, network equipment and peripheral equipment and their spare parts, as well as special materials and automation equipment, control systems and spare parts for the above-mentioned products. New environmental-friendly and energy-saving lamps and control systems, LED display application products, intelligent access controllers, in-vehicle and indoor air purification equipment, wireless charging equipment, bathroom-master and ventilation systems, fly and mosquito-trap lamps, vanity mirror lamps and other smart home products and spare parts. Electronic cigarettes. Drones, projectors, cameras, video cameras and other related video recording products and spare parts. New printing devices and accessories. Product cleaning automation equipment and spare parts. Precision stamping dies, precision cavity molds, mold standard parts, jigs and spare parts. Maintenance service and installation of various types of optical lenses and Multi-dimensional glasses. R&D, testing, maintenance service and installation of self-produced products. Wholesale, retail import and export of electrical appliances, equipment, modular jigs, consumer electronics and spare parts (no stores, no handling of state managed products. Products engaging quota control delegated management are handled in accordance with relevant state regulations.) and testing and maintenance services. Design and sales and technical services of energy management projects. (The aforementioned projects are not subjected to Special Administrative Measures for the Access of

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				Foreign Investment). (Pursuant to the law, only approved projects by the relevant regulatory bodies can commence operation.)
Qingdao Hygen Innovative Alloy Materials Co., Ltd	7/6/2006	Chen family port village, Ligezhuang Town, Jiaozhou City, Qingdao, Shandong Province, 266300, China	RMB70,000,000	R&D, production and sales of aluminum alloy profiles, rail vehicle accessories, auto parts and electronic components. Manufacture and sales of structural metal products, metal packaging containers (excluding electroplating), aluminum alloy profile grinding fluids, detergents, metal surface treatment additives (All above do not contain products that are restricted or prohibited from operating or hazardous chemical. Excluding storage of freezing, cold storage, refrigeration, of hazardous chemicals). Manufacturing, sales, wholesale and retail of products: Chemical products (The above do not contain products that are restricted or prohibited from operating or hazardous chemical. Excluding storage of freezing, cold storage, refrigeration, of hazardous chemicals), mechanical parts, hardware, lubricants, metal surface treatment (excluding electroplating). Import and export of Company's products and technologies, and mechanical equipment, spare parts, raw and auxiliary materials and technologies required by the Company (excluding goods and technologies that the Company is restricted or prohibited from by the country.) (Pursuant to the law, only approved projects by the relevant regulatory bodies can commence operation.)
Nanning Funing Precision Electronics Ltd.	09/10/2007	Production workshop on the sixth and seventh floors of Futong Electronic Product Logistics Park, Nanning High-tech Zone, No. 17 Gaoke Road, Nanning City	US\$9,800,000	Research, development, and production of new electronic components, portable microcomputers, high-end servers, computer peripherals, high-end routers, game consoles, digital cameras, digital audio/video codec devices, televisions, mobile communication devices, LED lamps, solar system and heat dissipation modules and related components of the above-mentioned products. Production of automotive heat sinks, hardware and plastic parts, new architectural materials, aluminum profiles for industrial and architectural decoration and glass curtain wall. Sales of self-produced products and after-sales services. Import and export of architectural materials (excluding steel), electronics and related products. Wholesale business and related services. Production, processing and operation of precision molds. Manufacture of plastic pellets. Property leasing. Labor dispatch services. (If merchandize subjects to quota, authorization and special management, proceed according to regulations of the law).

Company name	Date of incorporation	Address	Paid-in capital	Business scope
FuZhun Precision Industry (Shenzhen) Co., Ltd.	07/24/1998	F1-4, Plant 2, Sec. K1, Longhua St., Foxconn Longhua Technology Park, Shenzhen City, Guangdong Province, 518109 China	US\$19,500,000	Production and operation of new electronic components, heat-dissipating components for new electronic, electrical and communication products, hardware and plastic parts, materials specially for electronic components for insulation, heat dissipation, adhesive tape, electronic masking, buffering and protection. Automotive heat sinks, audio-visual equipment and related spare parts, motors and related spare parts, electronic and industrial aluminum profiles, new environmentally-friendly and energy-saving lamps, aluminum profiles for architectural decoration and aluminum alloy doors and windows and glass curtain walls. Addition: Production and operation of magnesium alloy, aluminum alloy automotive components, and magnesium alloy, aluminum alloy raised floor products. Production and operation of digital TV sets, computer peripherals, digital audio and video equipment and spare parts. After-sales service for self-produced products Production and operation of new electronic components, heat-dissipating components for new electronic, electrical and communication products, hardware and plastic parts, materials specially for electronic components for insulation, heat dissipation, adhesive tape, electronic masking, buffering and protection. Automotive heat sinks, audio-visual equipment and related spare parts, motors and related spare parts, electronic and industrial aluminum profiles, new environmentally-friendly and energy-saving lamps, aluminum profiles for architectural decoration and aluminum alloy doors and windows and glass curtain walls. Addition: Production and operation of magnesium alloy, aluminum alloy automotive components, and magnesium alloy, aluminum alloy raised floor products. Production and operation of digital TV sets, computer peripherals, digital audio and video equipment and spare parts. After-sales service for self-produced products
FuZhun Precision Industry (Shenyang) Co., Ltd.	1/10/2017	No. 50-2, Yingkesong 2nd Rd., Sujiatun District, Shenyang City, Liaoning Province, 110100 China	RMB72,770,000	Manufacture and sales of auto parts. Manufacture and sales of new alloy materials, precision molds, new electronic components, portable computers and components. Manufacture and sales of new architectural materials, new environmental-friendly and energy-saving lamps, metal display casings, aluminum alloy architectural profiles, construction doors and windows, building curtain wall, automobile, electronic related aluminum alloy parts. Manufacture, sales and installation of metal building materials. Manufacture and sales of barreled drinking water. Import and export of

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				self-operated and agent commodities and technologies, excluding goods and technologies that the Company is restricted or prohibited from by the country. (Pursuant to the law, only approved projects by the relevant regulatory bodies can commence operation.)
FuZhun Precision Electronics (Hebi) Co., Ltd.	01/31/2013	The North Of Weiliu Street, Middle Of Heqi Road, Heqi Industrial Agglomeration Area, Hebi City, Henan Province, P.R.China	US\$147,700,000	Production of new alloy materials, precision molds, new electronic components, portable computers and spare parts for the above-mentioned products. Production and operation of new architectural materials, aluminum alloy architectural profile, construction doors and windows, construction curtain walls, automotive, electronic related aluminum alloy components, new environmental protection and energy-saving lamps, metal display casings, and metal automotive components. Production, operation and installation of metal construction materials. Sales of company-produced products and provide after-sales service. Labor dispatch services. (If special operating permit is involved, approval must be obtained before commencement of operation.)
FuYu Precision Components (Kunshan) Co., Ltd.	07/09/1998	No. 880, Zizhu Road, Yushan Town Kunshan, Jiangsu, 215316 China	US\$49,200,000	Development and production of new alloy materials, precision modules and new electronic components, portable computer, special-purpose optoelectronic material, optoelectronic components, fiber optic connectors and the accessories of the aforementioned products; production of medical equipment, batteries, fans, intelligent equipment, game consoles and the material of their components; sales of company products. The following items are limited to the production in branch factories: Production of special materials for components include tape, foam, conductive aluminum foil, conductive fabric, dustproof net, cushion and other computer and computer peripherals, mobile phones and other digital audio and video codec equipment. Sales of electric bicycles, mobility scooters, and parts thereof; manufacturing and sales of off-highway vehicles and parts thereof. (If project is subject to authorization, approval must be attained before commencement of operation.)
Fuhuigun Industry (Shenzhen) Co., Ltd.	08/18/1998	Yousong No.10 Industrial Zone, Longhua Sub-district, Longhua, Shenzhen, 518000 China	US\$ 7,500,000	Own property leasing (operable under the Company's legal property certificate). Production and operation of computer casing components, electronic components and power electronic components 80% export Addition: Computer-aided design, auxiliary testing, auxiliary manufacturing, auxiliary engineering systems, and other computer application systems. 80% export

Company name	Date of incorporation	Address	Paid-in capital	Business scope
Q-Run Investment Co., Ltd.	04/13/2004	8F-5, No. 1, Fuxing South Road, Section 1, Taipei City	NTD1,254,780,000	Investment
ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.	09/21/2023/	3-2, Zhongshan Road, Tucheng District, New Taipei City	NTD835,000,000	Aluminum casting industry; aluminum rolling, drawing and extrusion industry; magnesium rolling, drawing and extrusion industry; other non-ferrous metal basic industries; metal structure and building component manufacturing industry; machinery and equipment manufacturing industry; other machinery Manufacturing industry; electronic component manufacturing industry; rail vehicle and parts manufacturing industry; automobile and parts manufacturing industry; hand tool manufacturing industry; mold manufacturing industry; hardware wholesale industry; mold wholesale industry; machinery wholesale industry; precision instrument wholesale industry; Other wholesale industries; hardware retail industry; mold retail industry; machinery and equipment retail industry; international trade industry; except for permitted businesses, businesses that are not prohibited or restricted by laws and regulations may be operated.
Yantai FuZhun Precision Electronics Co., Ltd.	02/13/2007	No.18, Changsha Avenue, Economic Technology Development Zone, Yantai City, Shandong Province, 265701 China	US\$80,000,000	Development and production of new flat panel displays, new electronic components, materials for semiconductor and component purpose, LCD TVs, portable microcomputers, large and medium-sized electronic computers, large precision instruments, metal molds, mold standard parts, new and high-tech non-ferrous metal Materials, construction hardware, heat dissipation components, large-capacity memory, digital TV, digital camcorder, motor, new environmental protection and energy-saving lamps, new game consoles (100% export), equipment for electronics, testing equipment, tool and die manufacturing, manufacturing of high-end CNC machine tools and the manufacture of parts of the above-mentioned products. Sales of the above-mentioned Company-produced products and after-sales service. (With the exception of specially regulated merchandise by the country, authorized merchandise are allowed for production with permit).
Refront IoMt corp.	02/04/2015	12F., No. 207, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	NTD81,500,000	Management consulting industry; other consulting services industry; information software services industry; data processing services industry; research and development services industry; manpower dispatch industry; medical equipment wholesale industry; medical equipment retail industry; except for permitted businesses, operations not prohibited or restricted by laws and regulations Business; interior decoration

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				industry; door and window installation engineering industry; indoor light steel frame engineering industry; glass installation engineering industry; paint engineering industry; anti-corrosion and anti-rust engineering industry; product design industry; biotechnology service industry; other industrial and commercial services industry; Other comprehensive retail industry; international trade industry; software publishing industry; leasing industry; other service industries not classified; telecommunications controlled radio frequency equipment import industry.
FTC Health Corporation	09/12/2022	3-2, Zhongshan Road, Tucheng District, New Taipei City	NTD 60,000,000	Manufacturing of screws, nuts, screws, and rivets, valve manufacturing, other metal product manufacturing, heat treatment, surface treatment, powder metallurgy, mold manufacturing, mold wholesale, information software wholesale, wisdom Property rights industry, information software service industry, data processing service industry, electronic information supply service industry, biotechnology service industry, research and development service industry, medical equipment manufacturing industry, medical equipment wholesale industry, medical equipment retail industry, except licensing business, Businesses that are not prohibited or restricted by law
HongFuJin Precision Industrial (Taiyuan) Co., Ltd.	08/26/2002	No.1, Longfei Street, Tanghuai Park, Taiyuan City, Zonggai Demonstration Zone, Shanxi Province, 030032 China	US\$410,000,000	Production of new alloy materials, precision molds, new electronic components, portable computers and spare parts for the above-mentioned products, new architectural materials, aluminum alloy architectural profile, construction doors and windows and construction curtain walls, automotive, electronic related aluminum alloy components, sales of Company products. Production and operation of new environmental protection and energy-saving lamps. Production and operation of metal display casings, metal automotive components. Production, operation and installation of metal construction materials. Sales of company-produced products and provide after-sales service. Production and sales of barreled drinking water. Production and development of mobile communication systems, base stations, switching equipment and digital trunking system equipment and components, electronic product testing equipment, digital cameras and key components, third-generation and subsequent mobile communication system mobile phones, base stations, core network equipment, network monitoring equipment and relevant molds of the above-mentioned products. Providing relevant technical consultation and after-sales

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				service, and sales of the Company's own products. Import and Export of the above-mentioned products Mobile phone repair and maintenance; inspection of automation equipment, robotic equipment and its components, development, designing, production, sales and provision of automation equipment, remodeling of robotic equipment and modules, relocation, repair, and maintenance services. (If project is subject to authorization, approval must be attained before commencement of operation.)
HongFuJin Precision Industrial (Jincheng) Co., Ltd.	02/09/2022	Foxconn (Jincheng) Science and Technology Industrial Park, No. 1216 Lanhua Road, Jincheng Economic and Technological Development Zone, Jincheng City, Shanxi Province	RMB 92,000,000	Licensed items: production of Class III medical devices; operation of Class III medical devices; production of Class II medical devices; production of drugs; wholesale of drugs; import and export of drugs; production of hygiene products and disposable medical products; production of medical masks. (Projects subject to approval according to law can only be operated after being approved by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments.) General items: sales of Class II medical devices; production of Class I medical devices; Sales of Class I medical devices; import and export of goods; sales of sanitary products and disposable medical products; manufacturing of medical packaging materials; wholesale of medical masks; manufacturing of plastic products; sales of plastic products; manufacturing of rubber products; sales of rubber products; metal cutting processing Services; manufacturing of forgings and powder metallurgy products; sales of metal tools; technical services, technology development, technical consultation, technology exchanges, technology transfer, technology promotion; manufacturing of special equipment (excluding licensed professional equipment manufacturing); general equipment manufacturing (excluding Special equipment manufacturing); industrial automatic control system device manufacturing; mold manufacturing; mold sales; information system integration services; instrumentation manufacturing; instrumentation sales; electronic components and electromechanical component equipment manufacturing; electronic components and electromechanical component equipment sales; Manufacturing of special equipment; sales of special electronic equipment; manufacturing of special equipment for pharmaceuticals; sales of special equipment for pharmaceuticals; sales of mechanical equipment; sales of industrial automatic

Company name	Date of incorporation	Address	Paid-in capital	Business scope
				control system devices; manufacturing of audio equipment; sales of audio equipment; manufacturing of electronic components; wholesale of electronic components; testing machines Manufacturing; sales of testing machines; manufacturing of optical instruments; sales of optical instruments; manufacturing of auto parts and accessories; wholesale of auto parts; manufacturing of other electronic devices; sales of electronic products; sales of household appliances; domestic trade agency; trade brokerage; sales agency. (Except for projects subject to approval according to law, independently carry out business activities according to law with a business license)

3. Shareholders in common of the Company and its affiliates with deemed control and subordination: None.

4. Business scope of the Company and its affiliated companies: The business scope of the Company and its affiliated companies includes manufacturing, processing and trading of related components of OEM for electronic system assembly and electronic products.

5. Information of the directors, supervisors, and presidents of the Company and its affiliates

Company name	Title	Name or Representative	Shareholding	
			Number	Percentage of Shareholding
Atkinson Holdings Limited	Director	Chun-Fu Lu	0	0%
Double Wealth Profits Limited	Director	Chun-Fu Lu	0	0%
Eastern Star Limited	Director	Chun-Fu Lu	0	0%
Foxconn Precision Components Holding Company Limited	Director	Chun-Fu Lu	0	0%
Foxconn Technology Pte. Ltd.	Director	Hui-Fang Lee/ Wu-Kuang Chen/ Chun-Fu Lu	0	0%
FTC Japan Co., Ltd.	Chairman	Reiko Misaki	0	0%
	Director	Wu-Kuang Chen	0	0%
	Director	Chun-Fu Lu	0	0%
	Supervisor	Yen-Jen Pan	0	0%
FTC Technology Inc.	Director	Chien-Hua Wang	0	0%
FTC Technology Vietnam Company Limited	General Manager and Legal Representative	Chun-Fu Lu	0	0%
	Director	Kuo-Bao Chen	0	0%
	Director	Zhen-Yu Chen	0	0%
FTP Technology Inc.	Director	Zhong-Yong Sun	0	0%
Gold Glory International Limited	Director	Chun-Fu Lu	0	0%
HIGH TEMPO INTERNATIONAL LIMITED	Director	Chun-Fu Lu	0	0%
Kenny International Limited	Director	Chun-Fu Lu	0	0%
New Glory Holdings Limited	Director	Yen-Jen Pan	0	0%
PKM Corporation	Chairman	Chikako Ishida	0	0%
	Director	Yao-Zhe Peng	0	0%
	Director	Wen-Qi Shen	0	0%
	Supervisor	Yen-Jen Pan	0	0%
Precious Star International Limited	Director	Chun-Fu Lu	0	0%
Q-Run Far East Corporation	Director	Chun-Fu Lu	0	0%

Company name	Title	Name or Representative	Shareholding	
			Number	Percentage of Shareholding
Q-RUN HOLDINGS LIMITED	Director	Chun-Fu Lu	0	0%
Topfry Industrial Ltd.	Director	Chun-Fu Lu	0	0%
World Trade Trading Limited	Director	Chun-Fu Lu	0	0%
SOTERA WIRELESS, INC.	Chairman	Wu-Kuang Chen	0	0%
	Director	Guo-Jun Li	0	0%
	Director	TIM MILLS	0	0%
	Director	Yuki Zhao	0	0%
	Director	Cheng-Guang Liu	0	0%
	Director	Chun-Fu Lu	0	0%
Champ Tech Optical (Foshan) Corporation	Chairman	Chen-Tien Lai	0	0%
	Director	Yung-Pin Lin	0	0%
	Director	Jun-Ji Chen	0	0%
	Supervisor	Yan-Qing Li	0	0%
Qingdao Hygen Innovative Alloy Materials Co., Ltd	Chairman	Ping-Lung Ou	0	0%
	Director	Chien-Ting Wang	0	0%
	Director	Chih-Chiang Wang	0	0%
	Director	Chin-Hsiu Chen	0	0%
	Director	Chun-Chi Li	0	0%
	Supervisor	Tzu-Hung Li	0	0%
Nanning Funing Precision Electronics Ltd.	Chairman	Yung-Pin Lin	0	0%
	Director	Chiu-Jih Chang	0	0%
	Director	Yu-Yu Chen	0	0%
	Supervisor	Zheng-Chao Zhao	0	0%
FuZhun Precision Industry (Shenzhen) Co., Ltd.	Chairman	Bing-Sheng Zhu	0	0%
	Director	Jun-Ji Chen	0	0%
	Director	Qin-Xian Lan	0	0%

Company name	Title	Name or Representative	Shareholding	
			Number	Percentage of Shareholding
	Supervisor	Yan-Qing Li	0	0%
FuZhun Precision Industry (Shenyang) Co., Ltd.	Chairman	Wen-Hsiung Chang	0	0%
	Director	Mo-Hsi Tu	0	0%
	Supervisor	Ching-Hsien Chang	0	0%
FuZhun Precision Electronics (Hebi) Co., Ltd.	Chairman	Yuan-Feng Luo	0	0%
	Director	Shuang-Sheng Chang	0	0%
	Director	Rei Kim	0	0%
	Supervisor	Li-Xia Ren	0	0%
FuYu Precision Components (Kunshan) Co., Ltd.	Chairman	Chan-Ming Liu	0	0%
	Director	Chao-Chin Hu	0	0%
	Director	Ming-Hui Lin	0	0%
	Supervisor	Yan-Qing Li	0	0%
Fuhuigun Industry (Shenzhen) Co., Ltd.	Chairman	Wen-Hsiung Chang	0	0%
	Director	Ping-Neng Chang	0	0%
	Director	Chung-Tai Cheng	0	0%
Q-Run Investment Co., Ltd.	Chairman	Foxconn Technology Co., Ltd.	125,478,000	100%
	Representative	Chun-Fu Lu	0	0%
	Supervisor	Foxconn Technology Co., Ltd.	125,478,000	100%
	Representative	Yan-Qing Li	0	0%
ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.	Chairman	Foxconn Technology Co., Ltd.	83,500,000	100%
	Representative	Chun-Fu Lu	0	0%
	Representative	Wen-Hsiung Chang	0	0%
	Representative	Chung-Tai Cheng	0	0%
	Supervisor	Foxconn Technology Co., Ltd.	83,500,000	100%
	Representative	Yan-Qing Li	0	0%
Yantai FuZhun Precision Electronics Co., Ltd.	President	Qi-Sheng Lin	0	0%

Company name	Title	Name or Representative	Shareholding	
			Number	Percentage of Shareholding
	Director	Jia-Ren Jiang	0	0%
	Director	Fu-Feng Tang	0	0%
	Supervisor	Yan-Qing Li	0	0%
	Chairman	FTC Health Corporation	6,520,000	80%
Refront IoMt corp.	Representative	Chun-Fu Lu	0	0%
	Representative	Yen-Jen Pan	0	0%
FTC Health Corporation	Chairman	Foxconn Technology Co., Ltd.	6,000,000	100%
	Representative	Chun-Fu Lu	0	0%
HongFuJin Precision Industrial (Taiyuan) Co., Ltd.	Chairman	Wu-Kuang Chen	0	0%
	Director	Chun-Fu Lu	0	0%
	Director	Tzu-Hung Li	0	0%
	Supervisor	Ze-Jun Su	0	0%
HongFuJin Precision Industrial (Jincheng) Co., Ltd.	Chairman	Wu-Kuang Chen	0	0%
	Director	Chun-Fu Lu	0	0%
	Director	Tzu-Hung Li	0	0%
	Supervisor	Ze-Jun Su	0	0%

6. The financial position and operation results of affiliated companies

December 31, 2023; Unit: NTD

Company name	Paid-in capital	Total assets	Liability	Shareholders' equity	Operating revenue	Operating profit	Net Income (after tax)	Earnings per share (after tax)
Q-Run Holdings Limited	2,950,543,096	90,228,011,098	11,264,520	90,216,746,578	-	(162,563,626)	3,179,292,852	NA
World Trade Trading Limited	1,170,051,000	883,966,897	-	883,966,897	-	-	(27,073,088)	NA
High Tempo International Limited	-	1,279,306,677	472,457,104	806,849,573	-	(3,049,710)	(29,895,808)	NA
Q-Run Far East Corporation	32,309,164,164	41,940,690,977	-	41,940,690,977	-	-	1,995,854,637	NA
New Glory Holdings Ltd., - HK	21,263,821,365	3,632,914,229	43,485	3,632,870,744	-	-	453,797,374	NA
Topfry Industrial Ltd.	230,325,000	474,969,889	-	474,969,889	-	-	13,604,015	NA
Gold Glory International Ltd.	568,503,520	4,464,799,269	(31)	4,464,799,300	-	-	130,810,500	NA
Eastern Star Limited	9,299,264,390	32,474,471,580	-	32,474,471,580	-	-	1,424,714,870	NA
FTC Technology Inc.	3,071,000	105,675,352	-	105,675,352	-	-	4,766	NA
Foxconn Technology Pte. Ltd.	15,956,178,837	25,444,715,591	2,157,139,590	23,287,576,001	4,524,738,636	88,945,803	1,111,657,962	NA
FTP Technology Inc.	7,677,500	309,019,099	148,879,807	160,139,292	699,735,564	26,350,938	21,259,127	NA
Foxconn Precision Components Holdings Ltd.	824,245,437	13,105,246,390	-	13,105,246,390	-	-	374,520,780	NA
Atkinson Holdings Ltd.	1,069,905,690	6,573,554,517	-	6,573,554,517	-	-	287,780,147	NA
Precious Star International Ltd.	672,426,160	3,977,730,777	23,927,082	3,953,803,695	-	(7,227)	185,467,879	NA
Kenny International Ltd.	208,613,030	1,313,421,833	31	1,313,421,802	-	-	38,522,862	NA
Double Wealth Profits Ltd.	61,420,000	1,306,113,989	-	1,306,113,989	-	-	63,789,344	NA
Sotera Wireless, Inc.	68,145	68,574,017	1,141,356,436	(1,072,782,419)	123,176,632	(163,336,458)	(205,339,180)	NA
PKM CORPORATION	97,740,000	6,075,006,555	5,929,836,789	145,169,766	81,069,890,245	21,254,033	30,707,079	NA
FTC Japan Co., Ltd.	65,160,000	120,625,137	84,409,407	36,215,730	17,753,914	(30,150,265)	(29,597,249)	NA
FTC Technology Vietnam Company Limited	151,349,670	200,691,945	59,971,381	140,720,564	-	(6,417,653)	(10,999,864)	NA

Company name	Paid-in capital	Total assets	Liability	Shareholders' equity	Operating revenue	Operating profit	Net Income (after tax)	Earnings per share (after tax)
Yantai FuZhun Precision Electronics Co., Ltd.	2,219,694,635	2,313,851,726	362,203,224	1,951,648,502	1,223,054,665	45,398,908	44,156,428	NA
Nanning Funing Precision Electronics Ltd.	313,720,539	3,189,061,342	1,065,196,888	2,123,864,454	3,643,727,960	458,579,899	430,186,878	NA
Fuhuigun Industry (Shenzhen) Co., Ltd.	268,468,958	553,565,923	78,595,943	474,969,980	135,729,317	(49,034,908)	13,604,022	NA
FuYu Precision Components (Kunshan) Co., Ltd.	1,681,568,297	6,792,128,753	1,067,747,729	5,724,381,024	3,118,053,409	16,661,839	168,782,690	NA
HongFuJin Precision Industrial (Taiyuan) Co., Ltd.	12,913,615,148	34,479,233,568	2,529,849,443	31,949,384,125	2,204,767,074	(220,098,516)	1,497,663,953	NA
Champ Tech Optical (Foshan) Corporation	1,499,757,524	6,182,429,348	1,994,815,432	4,187,613,916	6,296,748,373	176,153,536	262,900,644	NA
Qingdao Hygen Innovative Alloy Materials Co., Ltd	302,892,730	446,497,470	457,214,105	(10,716,635)	-	(22,433,068)	632,250,919	NA
FuZhun Precision Industry (Shenyang) Co., Ltd.	314,878,628	742,812,941	710,392,649	32,420,292	470,837,397	29,209,670	11,040,572	NA
HongFuJin Precision Industrial (JinCheng) Co., Ltd.	398,087,588	246,750,256	199,147,942	47,602,314	86,750,769	(117,476,370)	(113,129,524)	NA
FuZhun Precision Electronics (Hebi) Co., Ltd.	3,941,533,836	4,474,508,985	(3,349)	4,474,512,334	-	(920,496)	112,284,464	NA
FuZhun Precision Industry (Shenzhen) Co., Ltd.	639,863,185	1,431,694,404	171,072,087	1,260,622,317	4,464,209	32,950,972	64,569,256	NA
Q-Run Investment Co., Ltd.	1,254,780,000	1,952,293,945	1,067,996	1,951,225,949	-	(137,492)	4,092,914	NA
FTC Health Corporation	60,000,000	94,712,690	29,345,283	65,367,407	16,426,453	(4,837,199)	5,367,300	NA
Refront IoMt corp.	81,500,000	148,785,894	93,395,657	55,390,237	96,633,940	11,026,061	11,271,151	NA
ULTIMATE ALUMINUM MAGNESIUM TECHNOLOGY CO., LTD.	835,000,000	834,991,634	-	834,991,634	-	(206,250)	(8,366)	NA

(II) Consolidated financial statements of affiliated enterprises

FOXCONN TECHNOLOGY CO., LTD

Affiliates Consolidated Financial Statement Announcements

For the fiscal year of 2023 (From Jan. 1,2023 to Dec. 31,2023), the companies which should be included in the consolidated financial statements of the Company pursuant to the Affiliates Consolidated Business Reports and Consolidated Financial Statements Preparation of Affiliation Reports are the same as those should be included pursuant to the International Financial Reporting Standards 10 and also the affiliates consolidated financial statement should be disclosed information on supra parent company have already been disclosed in the consolidated financial statements of the Company. Therefore, the Company will not prepare a separate affiliates consolidated financial statements.

Hereby declare

Company Name: FOXCONN TECHNOLOGY CO., LTD

Chairman: Chun-Fu, Lu

On the Date of: March 13,2024

(III) Business reports of affiliated enterprises: None.

II. Private Placement of Securities in the Most Recent Year Up Till the Printing Date of This Annual Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Last Financial Year, Up Till the Printing Date of this Annual Report: None.

IV. Other Supplementary Information: None.

Nine. Matters Affecting Shareholders' Equity Stock Price: None.

Foxconn Technology Co., Ltd.

Representative: Chun-Fu Lu