Stock Code: 2471

Ares International Corporation

2023 Annual Report

Published on May 29, 2024

URL to access the Annual Report: Market Observation Post System
http://mops.twse.com.tw
URL of the information disclosure website: Same as above
URL where the Company discloses information related to the Annual Report: Same as above

I. Spokesperson
Name: Seng-Yi Lin
Title: President
Tel.: (02)2522-1351
Email: frank@ares.com.tw
Deputy spokesperson: (Vacant)

II. Addresses and telephone numbers of the headquarters and branches
1. Headquarters' address: 3F., No. 111, Sec. 2, Zhongshan N. Rd., Taipei City 104.
   Tel.: (02)2522-1351
   Fax: (02)2551-6448
2. Hsinchu Office: 3F.-3, No.192, Dongguang Rd., Hsinchu City.
   Tel.: (03)571-6622
   Fax: (03)571-7889
3. Taichung Office: 7F.-2, No. 118, Dadun 20th St., Xitun Dist., Taichung City.
   Tel.: (04)2310-7597(9)
   Fax: (04)2310-7601

III. Name, address, telephone number, and website of the stock transfer agent
Name: Stock Transfer Agency Department, Taishin Securities Co., Limited
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Taipei City
Tel.: (02)2504-8125
Website: www.tssco.com.tw

IV. CPAs for the most recent financial statements
Name of CPA firm: PwC Taiwan
Names of CPAs: CPAs Yi-Fan Lin and Fu-Ming Liao
Address: 27F., No. 333, Sec. 1, Keelung Rd., Taipei City
Tel.: (02)2729-6666
Website: www.pwc.tw

V. Names of stock exchanges where foreign securities are listed and the methods of access to information on the foreign securities: None

VI. Company website: www.ares.com.tw

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Chapter 1. Letter to Shareholders

I. 2023 Business Report

The Company's consolidated operating income and profits after tax in 2023, as audited by CPAs, were NT$841,834 thousand and NT$173,014 thousand, respectively. Detailed information is described as follows:

(I) 2023 business plan results:

The Company's consolidated operating income, gross operating profits, and net operating profits in 2023 were NT$841,834 thousand, NT$343,789 thousand, and NT$101,490 thousand, respectively, with growth rates of 4.90%, 2.32%, and 1.86%, respectively. Detailed information is described as follows:

Unit: NT$ thousand

Item	2022	2023	
	Actuals	Actuals	Growth rate
Operating income	802,504	841,834	4.90%
Gross operating profits	335,985	343,789	2.32%
Net operating profits	99,635	101,490	1.86%
Earnings (losses) per share after tax	3.04	3.66	20.39%

(II) Budget implementation:

The Company did not set a budget for 2023. The operating actuals in 2023 are listed in the following table:

Unit: NT$ thousand

Item	2023
	Actuals
Operating income	841,834
Operating costs	498,045
Gross operating profits	343,789
Operating expenses	242,299
Net operating profits	101,490
Non-operating income (expenses) - net	94,189
Profits after tax	173,014

(III) Revenue, expenditure and profitability analysis:

A comparative analysis of the Company's financial structure and profitability in 2022 and 2023 is shown in the following table:

Item / Year			Financial analysis for the most recent two years	
			2022	2023
Financial structure	Debt to asset ratio (%)		37.67%	37.38%
	Long-term funds to fixed assets (%)		7,666.72%	4,427.72%
Profitability	Return on assets (%)		10.48%	12.11%
	Return on shareholders' equity (%)		16.99%	19.39%
	As a percentage of paid-up capital (%)	Operating profits	21.09%	21.48%
		Net profits before tax	36.45%	41.41%
	Net profits margin (%)		17.86%	20.55%
	Earnings per share (NT$)	Before retroactive adjustment	3.04	3.66
		After retroactive adjustment	3.04	3.66

(IV) Research and development:

1. Human, material, and financial resources invested by the Company in research and development in the most recent two years:

Unit: NT$ thousand

Item / Year	2022		2023	
	Amount	Growth rate	Amount	Growth rate
Research expense	106,010	15.21%	106,416	0.38%
As a percentage of operating income	13.21%	-	12.64%	-
R&D equipment	66	-	122	-
R&D manpower	33 people	-	34 people	-

2. R&D plans:

(1) Continuing research and development of mobile applications for ARES Privacy Protector (ARES PP) used to secure documents

(2) In-depth industrial application of ciMes (Computer Integrated Manufacturing Execution System), improvement of Kanban applications, and enhancement of underlying technology
(3) Enhancement of the HRD and external connection functions of Human Capital Planner (HCP)
(4) Research and development of visual tools suitable for more derivatives
(5) Research and development of more functions for ARES Nuntio
(6) Research and development of applications for prevention of financial crimes

3. R&D results in 2023
(1) Remote and cloud applications developed for ARES PP for document security
(2) More convenient and intuitive user interface for eAresBank international banking system
(3) Optimized introduction plan for Oracle ERP
(4) Refined existing functions of ciMes software
(5) Development of mobile version functions for HCP
(6) Treasury System’s front, middle and back office products suitable for more financial derivatives
(7) Extensions for ARES Nuntio

II. 2024 Business Plan

(I) Annual business policy:

In the new year, in response to the international trade war and supply chain restructuring in the post-pandemic era, the Company will continue to promote digital transformation solutions, use AI tools to strengthen system development capabilities and efficiency, and increase product synergy. We will also promote our entry into the Southeast Asian market while managing to satisfy the rising demand for information security. To cope with the impact of a declining birthrate, the Company will work more on the application and improvement of recruitment policies.

(II) Anticipated sales volume and basis:

The Company is mainly engaged in the licensing of application software and outsourcing services for customization and software design in certain industries. In some markets, we use computer equipment matching customers’ needs to achieve optimal operational efficiency. Therefore, it is not easy to quantify the number of software products and services we sold due to the large disparity in the size of projects.

(III) Important production and sales policies:

(IV) In response to the opportunities presented by the New Southbound Policy and supply chain restructuring, the Company will continue to expand into relevant markets in Southeast Asia with the Human Capital Planner (HCP) and Computer Integrated Manufacturing Execution System (ciMes) for multiple development applications. Recently, we invested in an Internet of Things (IoT) start-up, Myshine Technology, to accelerate the promotion of innovative applications of smart manufacturing.

In addition, there have been rising threats to information security, a trend of including information security issues, such as information security incident reporting and policies, into annual reports, information security incidents that have frequently occurred in Taiwan, and information security investment tax credits. The Company also continues to enhance the distribution of information security products, such as KnowBe4, an information security awareness training product, and the well-known endpoint protection software Comodo.Ares will strive to meet various information security needs in a stepwise manner through in-depth and wide-ranging promotion strategies.

For banking applications, financial institutions' continuing investment in anti-money laundering and KYC compliance has resulted in large transnational corporations' considerable demand for relevant applications. This shows that Ares can offer customers one-stop comprehensive banking solutions to boost growth and profits.The Company upholds the idea of using information technology to provide enterprises with complete one-stop management solutions and assist them in improving their information utilization capability, enhancing their information application level, and increasing their competitiveness and profitability.

III. Future Development Strategies

Ares upholds the idea of using technology to provide enterprises with operational solutions in an effort to understand their needs, develop or discover solutions, branch out into relevant industries, and reinforce the integrity of the Group's products and services from vertical and horizontal supply chain perspectives. We hope that by doing so, we can have more growth momentum to seek stability and perfection. The relevant areas include AI, 5G, Fintech, and IoT. In the future, the Company will focus on the following:

(I) Enterprise operations management solutions that demonstrate the application value of products and make them world-class.

(II) Integration of automatic control or smart production equipment in manufacturing management to provide customers with integrated solutions.

(III) Financial industry, where the Company will offer world-class solutions and a foray into the international market.

IV. Effect of External Competitive Environment, Legal Environment and Overall Economic Environment

In the post-pandemic era where there has been a gap between labor demand and labor supply, the demand for outsourcing services will increase. Moreover, as a result of the Ministry of Labor's latest measures to lift restrictions on prenatal leave, maternity leave, and unpaid parental leave, the demand for human resource systems continues to grow. In addition, with rising threats to information security, a trend of including information security issues such as information security incident reporting and policies in annual reports, information security incidents that have frequently occurred in Taiwan, and information security investment tax credits, the government, financial institutions, and enterprises will value the installation of information security systems more than ever, which will lead to considerable business opportunities. The government's requirements for ESG (Environmental Social Governance) schedule planning will also promote the overall demand for enterprises for software applications for energy savings and carbon reduction.

Overall, the economic environment is in favor of the Company.

The Company's existing business locations are distributed across Taipei, Hsinchu, Taichung, and Suzhou in Mainland China. We have a total of over 300 employees and are considered a soundly structured company in Taiwan's software industry. As the software industry is a knowledge-intensive industry, the Company's development process and developed products do not cause pollution and are not subject to the Restriction of the Use of Certain Hazardous Substances (RoHS) in Electrical and Electronic Equipment, the Waste Electrical and Electronic Equipment Directive (WEEE), or the Directive of Eco-design Requirements of Energy-using Products (EuP).

We appreciate every shareholder's support for the Company and wish each of you good health and big investment gains.

Chairperson: Hung-Yang Yu

Chapter 2. Company Profile

I. Date of Establishment

December 3, 1980

II. Company Milestones

1980 The Company was founded

1982 Invested great efforts in the professional financial area and developed the first Chinese banking system

1984 Provided turnkey system services

1985 Undertook projects involving the information systems of government agencies

Developed utility software packages

1986 Branched out into the taxation field

1987 First to introduce an Oracle database management system from the USA and enter the database market

1988 Expanded the distribution of international banking software and systems and developed the AresOBU (offshore banking) system

1989 Became SWIFT's exclusive partner for ST400 in Taiwan

1992 Became a sales agent of Ingres's Smart RDBMS

Became a sales agent of Comshare's EIS software

Became a sales agent of Objectivity's ODBMS software

Became a sales agent of the Winner Typesetting System and Hong Bank Exam System

Exported banking software packages

1993 Developed and integrated the AresBank international banking system, and was authorized as a SWIFT vendor

Acquired Microsoft's WSC certification

Developed the Realistic Writing Chinese Handwriting Input Software

Became a sales agent of WinWord's word processing system

1994 Self-developed and marketed the "Realistic Writing Chinese Handwriting Toolbox" and "Zheng Fu Official Document Preparation" software which were both recognized as top 10 software of the year in Taiwan

Exported the AresBank international integration system to Hong Kong

1995 Released the true 32-bit handwriting input product "AresPen95"

Gained a leading position in the Windows desktop market with the "Zheng Fu Official Document Preparation" software

Marketed AresBank in the USA and Japan

1996 Successfully exported "AresPen95" to Hong Kong

Obtained ISO 9001 certification

Successfully built e-business environments for companies in the Hsinchu Science Park and offered information outsourcing services

1997 Established Argo International Corporation through investment to accelerate the R&D and marketing of ERP systems

1998 Won the Excellence Award in the category of "IP Management" from the Industrial Development Bureau, Ministry of Economic Affairs (IDB)

Formed a strategic alliance with Oracle to offer consulting, customization, and local services related to Oracle ERP

Developed a postal picking system

1999 Listed over the counter on the Taipei Exchange (Stock Code: 5379)

Established M-Power Information Co., Ltd. through investment to run value-added channels for professional software in order to create a knowledge-based economy

Forged a strategic alliance with IBM Taiwan to develop the IFX integrated foreign exchange banking software for the domestic banking market

Formed a strategic alliance with Kinzan from the USA to offer ASP integrated services

Developed a new generation of taxation software for the five taxation bureaus in Taiwan

2000 Invested in Russell Information System Co., Ltd.

Invested in eASPNet Taiwan Inc.

Entered into a strategic alliance with Adexa and Brooks to accelerate becoming part of the international e-commerce community

Set up the Hsinchu Branch and Taichung Office to expand business in the ERP, SCM, and e-commerce software markets

2001 Shifted to being listed on the Taipei Exchange on September 11 (Stock Code: 2471)

Set up the Shanghai Subsidiary

Engaged in the R&D of PKI

2002 Accredited as an e-business enterprise by the IDB

Became a SWIFT Business Partner

2003 Became a SWIFT Service Partner

Invested in Aplusoft (Suzhou) Co., Ltd. on March 27, 2003

2004 Accredited and registered as a knowledge management consultancy by the IDB

Granted an invention patent certificate for the Table Look-Up Method for ASN.1 Encoding/Decoding Systems by the Intellectual Property Office, Ministry of Economic Affairs (TIPO)

2005 Became a sales agent of Ascentn's AgilePoint BPM software

The uPKI certificate verification server won the Outstanding IT Applications/Products Award in IT Month 2005

Received an invention patent certificate for the use of uPKI as a marking method for abstract syntax systems from the TIPO

uPKI was granted a YES certificate by Novell

Qualified to participate in the pre-project planning of the Information Service Export (BEST) Project organized by the IDB

2006 Officially appraised at Maturity Level 2 of the CMMI

Received a Japanese invention patent certificate for the use of uPKI as a Table Look-up Method for ASN.1 Encoding/Decoding Systems

Received a US invention patent certificate for the use of uPKI as a Table Look-up Method for ASN.1 Encoding/Decoding Systems

2007 Recognized as the "Application Partner of the Year of FY06" in the Greater China Region by Oracle

Chosen as a "Microsoft Gold Certified Partner"

Helped the Guatemalan government transition to an e-government with ARES uPKI electronic signature certification

Obtained China's National Copyright Registration Certificate and Shanghai's Software Registration Certificate for both AFPS and ciMes

2008 Subsidized under the "Plan for Construction of EuP Integrated Service Platforms in the Electrical and Electronic Industry" as part of the "Innovative Service R&D Program" of the Department of Industrial Technology, Ministry of Economic Affairs (DoIT), one of its technology development programs for industries

Officially set up a distribution company in Guatemala to promote the PKI system

Officially appraised at Maturity Level 3 of the CMMI-Dev v1.2

Invested in Blitz based in Singapore and promoted internationalized products and services in Vietnam

The ARES uPKI technology acquired a Chinese patent after receiving Taiwanese, Japanese, and US patents

Organized the first Ares Users Conference to share the Company's growth and achievements of the last thirty years

Obtained a Certificate of Registration as a Technological Service Organization from the IDB, becoming a management consultant service organization in the MA category (Item MA3)

Organized the first National Ares PKI Application Competition to promote the innovation of PKI applications

Became a Regional Partner of SWIFT

2009 Officially set up distribution companies in Nepal, Pakistan, and Bhutan in Central Asia to promote the PKI system

Obtained a Certificate of Registration as a Technological Service Organization from the IDB, becoming an electronic engineering service organization in the IT category (Item IT3)

2010 Joined cross-strait banking software and service alliances to promote banking service innovation in Taiwan and China

Awarded the "Business Partner Award" by the DoIT and the International Group of the Institute for Information Industry for the Company's contribution to internationalization of the software industry in Taiwan

First to be accredited by the IDB as a consultancy in the "IFRS Business Management Demonstration Project" in Taiwan to provide guidance on introducing International Financial Reporting Standards (IFRS) solutions for YC Group, Asia's largest tape manufacturer

	Ares Chairman Mr. Hung-Yang Yu served as president of the "IFRS Promotion Alliance" formed by the IDB, together with AIA Taiwan Study Provider, the information service industry, and corporate representatives
	Organized the 30th Anniversary Users Conference for the 30th anniversary of Ares's establishment
	Donated ciMes systems to Chang Gung University to facilitate industry-academia collaboration
	Joined the Asia PKI Consortium
2011	Once again obtained a Certificate of Registration as a Technological Service Organization from the IDB, becoming an organization offering six types of professional services in Item IT-3 (Professional Services: System Integration Services, Software Design Services, IT Consulting Services, IT Security Management Services, Encryption Services, Public Key Infrastructure Services, Authentication Services)
2012	Acquired Certificates of Registration as a Professional Service Organization for IFRS Solutions in 11 items, IF1.1, IF1.2, IF1.5, IF3.1, IF3.2, IF3.3, IF3.4, IF4.1, IF4.2, IF4.7, and IF4.8, from the IDB
	Obtained a Chinese patent for the Company's electronic signature validation method
	Launched the ARES Smart Core Banking System
2013	Won the IBM Innovation Award
	Won the Taiwan Mittelstand Award
	Participated in APICTA's exchange banquet for companies in Asia-Pacific emerging markets as the representative of the software industry in Taiwan to exchange opinions and interact with software companies in other countries in the Asia-Pacific region, thereby creating mutual business opportunities
	Obtained a patent for the electronic signature validation method and OTP validation realized using private key infrastructure systems
	Joined six major industrial and commercial groups to sign a declaration titled "Happy Enterprise"
	Chosen as a "Microsoft Gold Certified Partner" with ARES PP
	Became a sales agent of the Network Health Monitoring System (NHMS)
	Became a sales agent of the BI Analyzer Tool
	Introduced ARES Privacy Protector (ARES PP) used to secure documents
	Rolled out a portfolio management system
	Launched an e-invoice solution
	Released the Treasury System
2014	Introduced the ARES MOTP (mobile one-time password) solution
	Received Certificates of Registration as a Technological Service Organization for professional services, enterprise resource planning, and e-invoicing in three items, IT-1, IT-3, and IT-5, from the IDB. The Company's core banking system, eAresBank, was Gartner-accredited and included in its report
	Released an OSU (Offshore Securities Unit) module
2015	The Company's manufacturing execution system ciMes was included in a report of the international research organization Gartner

Rolled out the Visual Pricing Tool for financial derivatives

Launched Industry 4.0 solutions

Organized a user conference for the 35th anniversary of Ares's establishment

2016 Won the "8th Government Service Quality Award" for assisting the Ministry of Health and Welfare in building the "iBaby" website

Joined the "Aerospace Industry A-team 4.0" to promote Productivity 4.0 in response to intelligence trends

ciMes was included in a report of the international research organization Gartner, becoming the only manufacturing execution solution recommended by Gartner in Taiwan

Partnered with DataOne Asia, a leading software company in Thailand, to break into the Southeast Asian market with ArgoERP

Acquired a Certificate of Registration as a Professional Service Organization for IFRS Solutions in 12 items, IF1.1, IF1.2, IF1.3, IF1.4, IF1.5, IF3.1, IF3.2, IF3.3, IF4.1, IF4.2, IF4.7, and IF4.8, from the IDB

2017 Worked with the National Chung-Shan Institute of Science & Technology to protect industrial information security in Taiwan

Provided a timely update of Ares's HCP system for customers in response to the "one fixed day off and one flexible rest day" policy

The Chinese subsidiary Aplusoft (Suzhou) Co., Ltd. was successfully listed on the "regional OTC market"

ARES PP obtained a patent certificate for the Digital Document Locating Method from the TIPO

ciMes was included in a report of the international research organization Gartner, becoming the only manufacturing execution system recommended by Gartner in Asia

ARESPP obtained a patent certificate for the "Methods for Adding Invisible Watermarks to Digital Documents and Verifying the Invisible Watermarks"

Became a successful case in the Enterprise Human Resource Improvement Program of the Workforce Development Agency, Ministry of Labor

The manufacturing execution system ciMes won the 2018 Taiwan Excellence Awards

Received Certificates of Registration as a Technological Service Organization for five types of technical services (Enterprise Application Software — Enterprise Resource Planning, Infrastructure Software — IT Security and Software Testing Services, Implementation — Application Development Services, Software Support — Application Software Support) in two items, "Software" and "IT Services," from the IDB

2018 Founded Ares International (Thailand) Co., Ltd jointly with SVOA Group, a leading IT company in Thailand

Was once again included in Gartner's report as the only Taiwanese company for the Company's core banking system eAresBank

Received Certificates of Registration as an Information Security Service Organization in three technical service items, IS1 Information Security Management Consultant Service, IS2 Information Security Assessment, and IS3 Information Security Implement Service and Product Service, from the IDB

The Company's ciMes was the only manufacturing execution system (MES) recommended by Gartner in Asia

The “Crisis Chat Service” system donated by Ares to the Taipei Lifeline Association was officially put into use

Became a partner of the Taiwan Computer Emergency Response Team & Coordination Center (TWCERT/CC)

2019 Received Certificates of Registration as a Technological Service Organization for five types of technical services (Enterprise Application Software - Enterprise Resource Planning, Infrastructure Software - IT Security and Software Testing Services, Implementation- Security Services, Implementation- Application Development Services, Software Support - Application Software Support) in two items, “Software” and “IT Services,” from the IDB

Launched an electronic Kanban system (EKS) for ciMes to make smart manufacturing more people-oriented

Upgraded the HCP system with RWD to build a mobile HR office

2020 Collaborated with KPMG to offer world-class solutions for the preparation of financial statements by enterprises

Registered as an information security service organization by the IDB for the following items: De-identification Process, Vulnerability Assessment, Penetration Test Services, Source Code Scanning Services, Services of Professional Training in Information Security, Certificate Authorization and Management Products, Public Key Infrastructure Products, Hard Disk Drive Encryption Products, Digital Rights Management Products, and Data Encryption and Decryption Products, and review and accreditation of self-developed information security products

Released a 40th anniversary website for the 40th anniversary of Ares’s establishment

Donated ciMes manufacturing execution systems to Chaoyang University of Technology to facilitate industry-academia collaboration

Became the only company with ISDA SIMM™ certification in Taiwan.

2021 Received Certificates of Registration as a Technological Service Organization for four types of technological services (Implementation - Security Services, Enterprise Application Software - Other Application Software/ciMes (Computer Integrated Manufacturing Execution System), Infrastructure Software - IT Security and Software Testing Services, and Vertical-Specific Software - eGUI (Electronic Government Uniform Invoice)) in two items, “IT Services” and “Software,” from the IDB

Awarded ISO 27001 certification for the Company’s world-class information security protection

2022 Registered as an information security service organization for nine items by the IDB

Achieved great results in the distribution of Fortify and won the “Best Partner Award” from Micro Focus

2023 Received “Certificates of Registration as a Digital Service Organization” for four types of technological services (Implementation - Security Services, Enterprise Application Software - Other Application Software/ciMes (Computer Integrated Manufacturing Execution System), Infrastructure Software - IT Security and Software Testing Services, and Vertical-Specific Software - eGUI (Electronic Government Uniform Invoice)) in two items, “IT Services” and “Software,” from the Ministry of Digital Affairs

Worked with KnowBe4 to help enterprises train employees on information security awareness

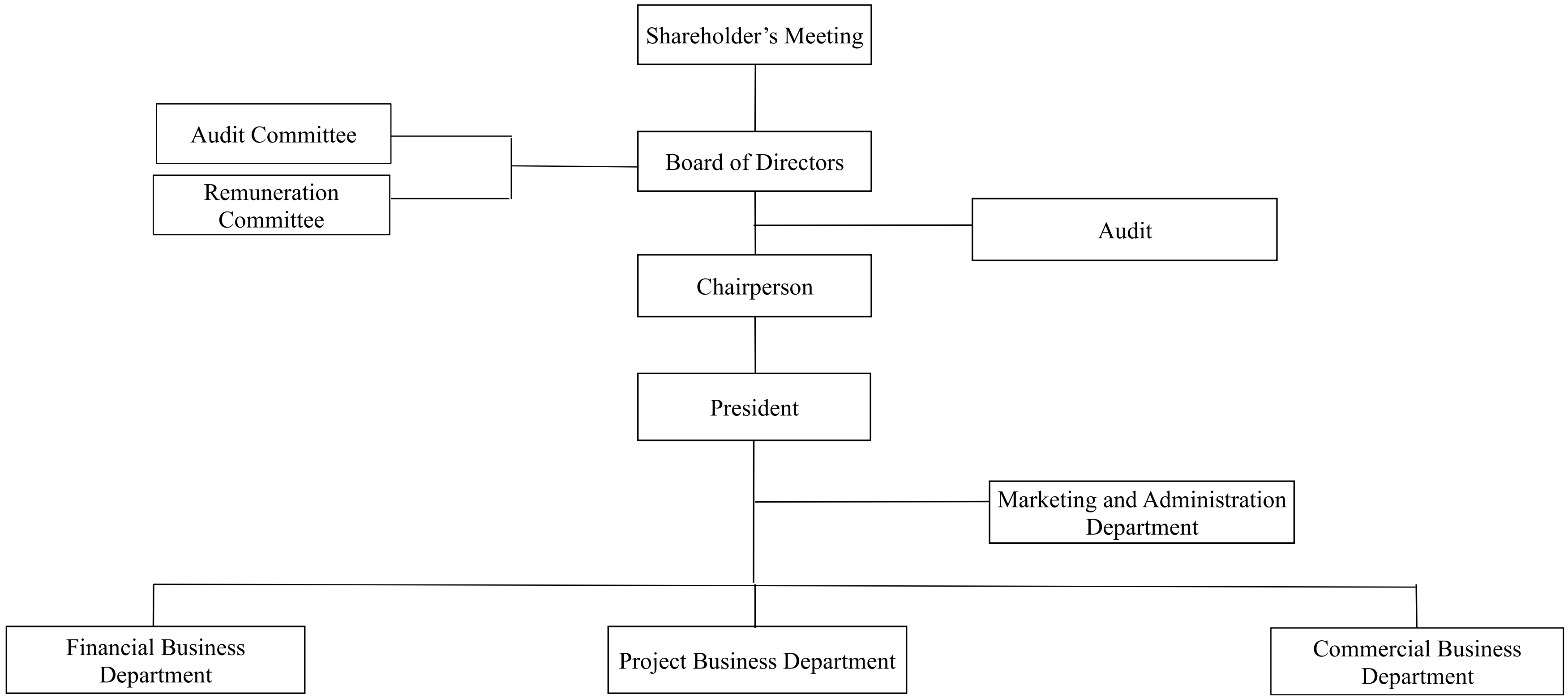
Teamed up with Comodo to provide endpoint security management and block ransomware attacks

Collaborated with Gogoro to promote the digital transformation of the electric vehicle industry

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Chart:



(II) Description of departments' responsibilities:

1. President
   (1) Operating and managing the Company by order of the Board of Directors.
   (2) Determining the management philosophy, reform, and objectives of the Company.
   (3) Authorizing and supervising the establishment and implementation of the quality system to achieve quality policies and objectives.
   (4) Reviewing and approving the organizational structure of the Company.
   (5) Managing and nurturing top management members.
   (6) Planning and promoting management policies, systems, and projects, as well as randomly checking their results.
   (7) Supervising and managing investments in China.
2. Marketing and Administration Department
   (1) Conducting market demand surveys.
   (2) Promoting products and serving as external liaison.
   (3) Formulating marketing strategies.
   (4) Building and optimizing the Company's website.
   (5) Writing and publicizing articles about successful case studies of the Company's products together with sales representatives.
   (6) Putting up physical and online advertisements and issuing product catalogs.
   (7) Publishing and optimizing the Company's electronic newsletters.
   (8) Supporting the marketing activities of the business department.
   (9) Improving the Company's image and assisting the Company in gaining national award recognition.
      A. Finance Division
         - Analyzing, designing, promoting, and modifying the financial management and accounting system.
         - Setting and controlling annual budgets as well as analyzing and reporting on the implementation of these budgets.
         - Utilizing and allocating long-term and short-term funds as well as handling investments.
         - Dealing with financial, accounting, and payment-related matters.
         - Collecting accounts and notes receivable and handling bad debts.

- Performing salary management.

B. Purchasing Support Division
   - Providing administrative support after sales representatives accept orders.
   - Mediating between customers and suppliers.
   - Evaluating suppliers and managing data.
   - Controlling and coordinating the purchasing process and delivery progress.
   - Managing equipment/product stock.
   - Handling the delivery of outsourced products.

C. General Affairs and HR Division
   - Establishing, implementing, and revising the Company's relevant management guidelines.
   - Analyzing, designing, and changing management matters.
   - Recruiting employees, organizing education and training courses, taking out insurance, and handling resignations.
   - Managing contracts.
   - Controlling and optimizing administrative costs and expenses.
   - Formulating and implementing strategies for the selection, use, training, and retention of talent.
   - Improving employee engagement and regularly promoting Company culture.

3. Audit Office
   (1) Checking and assessing the soundness, reasonableness, and effectiveness of the Company's internal control system and management systems.
   (2) Checking and assessing the efficiency of the Company's departments in executing internal plans or policies and their assigned duties.
4. Project Business Department
   (1) Developing market strategies for the Company.
   (2) Formulating product strategies and setting product prices.
   (3) Drawing up business plans/budgets.

(4) Achieving departmental objectives.
(5) Regularly visiting customers and identifying and solving their problems.
(6) Arranging presentations and displays, presenting proposals, and giving quotes.
(7) Handling matters related to tenders, price negotiation, and contract signing.
(8) Coordinating delivery, acceptance, and payment collection.

5. Financial Business Department
   (1) Working closely with the business department to expand the business.
   (2) Conducting staff planning and arranging education and training courses.
   (3) Planning software projects and utilizing and controlling resources.
   (4) Designing and developing software systems.
   (5) Finishing the development of the software that the Company is commissioned by customers to develop and maintaining the software.
   (6) Coordinating, handling, and solving customers' problems.
   (7) Studying new technologies/products.
   (8) Refining existing products.
   (9) Verifying and testing products.
6. Commercial Product Department
   (1) Planning product functions and market strategies.
   (2) Formulating product development strategies and setting product prices.
   (3) Designing and developing products.
   (4) Drawing up business plans/budgets.
   (5) Arranging presentations and displays, presenting proposals, and giving quotes.
   (6) Organizing seminars.
   (7) Performing price negotiation and contract signing.
   (8) Installing software, introducing services, and organizing education and training courses.
   (9) Developing customized software and maintaining software.

(10) Conducting staff planning and organizing education and training courses.

(11) Developing customized software and maintaining software.

(12) Offering technical labor dispatching services.

(13) Providing technical support.

II. Information on Directors, Supervisors, the President, Vice Presidents, Assistant Presidents, and Department and Division Heads

(I) Information on Directors and Supervisors:

April 21, 2024; shares; %

Title (Note 1)	Nationality or country of registration	Name	Gender Age (Note 2)	Date of election (taking office)	Term (year)	Date of first election (Note 3)	Shareholding at time of election		Current shareholding		Current shareholding of spouse and minor children		Nominee shareholding		Professional and educational background (Note 4)	Concurrent positions in the Company and other companies	Managers, directors or supervisors with whom there is a spousal relationship or a relationship within the second degree of kinship			Remarks (Note 5)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairperson	Republic of China	Hung-Yang Yu	Male 71~80	2022/06/23	3	1980/12/03	3,558,449	7.53	3,558,449	7.53	390,000	0.83	-	-	Department of Mathematics, National Tsing Hua University Master of International Business, National Taiwan University	Chairperson and CEO of Ares International Corporation Director of Argo International Corporation Director of Aplusoft (Suzhou) Co., Ltd.	Vice President of the marketing planning department	Chin-Wei Yu	Father-daughter	Note 6
Director	Republic of China	Seng-Yi Lin	Male 71~80	2022/06/23	3	1980/12/03	867,090	1.84	867,090	1.84	-	-	-	-	Department of Atmospheric Physics, National Central University	President of Ares International Corporation Chairman of Argo International Corporation Chairman of Aplusoft (Suzhou) Co., Ltd.	None	None	None	-
Director	Republic of China	Qing-Long Lin	Male 71~80	2022/06/23	3	2010/06/14	450,845	0.95	450,845	0.95	-	-	-	-	Department of Mathematics, Soochow University	CIO of Ares International Corporation Supervisor of Aplusoft (Suzhou) Co., Ltd.	None	None	None	-
Director	Republic of China	Mitac Incorporated	N/A	2022/06/23	3	1988/12/02	1,486,409	3.15	1,000409	2.12	-	-	-	-	N/A	N/A	N/A			-

Director	Republic of China	Mitac Incorporated Representative: Xiang-Yun Yang	Female 61~70	2022/06/23	3	2019/07/15	-	-	-	-	-	-	-	-	Master of Business Administration, National Taiwan University Financial Assistant to the Chairman of MiTAC International Corporation CFO of MiTAC International Corporation Chief Corporate Governance Officer of MiTAC Holdings Corporation Supervisor of Waffer Technology Corp.	Director and Corporate Representative of Ares International Corporation Chairman of Jian Foods Incorporation Chairman of Lian Yuan Investment Co., Ltd. Director of Synnex Technology International Corporation Director of Y.S. Educational Foundation Vice President of the Investment Department and Director of MiTAC Incorporated	None	None	None	-
Director	Republic of China	Mitac Incorporated Representative: Hua-Bin Miao	Male 51~60	2022/06/23	3	2013/07/30	-	-	-	-	-	-	-	-	Doctor of Management, College of Commerce, National Cheng-Chi University Master’s of Business Management, College of Commerce, National Cheng-Chi University MBA, Waseda University, Japan Executive Assistant to the President of Synnex Info Tech	Director and Corporate Representative of Ares International Corporation Chairman of Mitac Hikari Corporation Vice Chairman of Lien Hwa United Lpg Co., Ltd. Director of Mitac Communication Co., Ltd. Director of National Aerospace Fasteners Corporation Director of Getac Holdings Corporation Director and Vice President of Mitac Incorporated Director and Vice President of Mitac Information Technology Corp. Director of He Li Investment Co., Ltd. Chairman of Mei Feng Investment Co., Ltd. Director of Synnex Technology International Corporation Director of General Resources Co.	None	None	None	-

Independent Director	Republic of China	Jin-Tang You	Male 71~80	2022/06/23	1	2021/07/30	-	-	-	-	-	-	-	-	Bachelor of Banking, National Cheng-Chi University Master of Commerce, National Taiwan University Head of Department of Banking, Central Bank of the Republic of China President of Taiwan Cooperative Financial Holding Co. Ltd.	Independent Director of Ares International Corporation	None	None	None	-
Independent Director	Republic of China	Ming-Da Huang	Male 61~70	2022/06/23	3	2016/06/22	-	-	-	-	-	-	-	-	Department of Computer Science, Tamkang University Master of Management Sciences, Tamkang University Doctor of Management Sciences, Tamkang University Professor of the Information Management Department, Tamkang University	Independent Director of Ares International Corporation President of Information Service Association of Chinese Colleges Member of the National Development Council's "Administration e-Certification Promotion Team" Member of the Civil Advisory Committee subordinate to the Executive Yuan's Digital Nation and Innovative Economic Development (DIGI+) Promotion Team Member of the Financial Information System and Information Security Advisory Team	None	None	None	-
Independent Director	Republic of China	Hwa-Yu Chang	Female 51~60	2022/06/23	3	2022/06/23	-	-	-	-	-	-	-	-	Accounting Department, National Taiwan University	Independent Director of Ares International Corporation CPA of Kang-Yeh CPA Firm	None	None	None	-
Independent Director	Republic of China	Jiun-Ming Chen	Male 51~60	2023/06/21	2	2023/06/21	-	-	-	-	-	-	-	-	Doctor of Mathematics, Purdue University, the USA	Independent Director of Ares International Corporation Person in charge of QSancus Inc. Adjunct Assistant Professor of Mathematics, National Taiwan University	None	None	None	-

Note 1: For corporate entity shareholders, their names and the names of their representatives shall be listed separately (for the representatives of corporate entity shareholders, the names of the corporate entity shareholders shall be provided) and Table (1) shall be filled in.

Note 2: Actual age shall be provided and may be presented in range, for example, 41-50 years old or 51-60 years old.

Note 3: The date when the director or supervisor took office for the first time. Where there is an interruption in their term of service, it shall be annotated.

Note 4: For experience related to the current position, where the director or supervisor held a post in the CPA firm or an affiliate of the Company during the aforesaid period, the title of the post and their duties in the post shall be specified.

Note 5: Where the Chairman and President of the Company or any other equivalents (top management) are the same person or are spouses or relatives within the first degree of kinship, the reason, reasonableness, necessity, and response measures (e.g., increasing the number of independent directors with a majority of directors not serving as employees or managerial officers of the Company) shall be specified.

Note 6: This is required for running the Company's business and the Company has appointed independent directors without a majority of directors serving as the Company's employees or managerial officers.

1. Major Shareholders of Corporate Entity Shareholders

April 21, 2024

Name of corporate entity shareholder (Note 1)	Major Shareholders of Corporate Entity Shareholders (Note 2)	Shareholding percentage
Mitac Incorporated	Lien Hwa Industrial Holdings Corp.	35.29%
	Synnex Technology International Corporation	18.39%
	Mei An Investment Co., Ltd.	10.56%
	MiTAC International Corporation	8.71%
	Zi Feng Investment Co., Ltd.	5.37%
	Ai-Chen Hsu	1.98%
	Hua Cheng Investment Co., Ltd.	1.92%
	Feng-Chiang Miao	1.08%
	Yi Feng Investment Co., Ltd.	0.75%
	Hong Ding Investment Co., Ltd.	0.74%

Note 1: Where the director is the representative of a corporate entity shareholder, the name of the corporate entity shareholder shall be provided.

Note 2: Name the major shareholders (the top 10 owners in terms of shareholding percentage) of the corporate entity shareholders and provide their shareholding percentages. Table 2 shall be filled in if any of the major shareholders is a corporate entity.

Note 3: For non-company corporate entity shareholders, the names of the shareholders and their shareholding percentages that shall be disclosed under Note 2 are considered to be the names of the investors or donors and their investment or donation percentages (reference can be made to the announcements of the Judicial Yuan). In case of any deceased donor, the word "deceased" shall be added.

2. Major Shareholders of Major Corporate Entity Shareholders

April 21, 2024

Name of corporate entity (Note 1)	Major Shareholders of Corporate Entity (Note 2)	Shareholding percentage
Lien Hwa Industrial Holdings Corp.	UPC Technology Corporation	9.68%
	Yi Yuan Investment Co., Ltd.	9.14%
	Yi Feng Investment Co., Ltd.	4.86%
	Feng-Chiang Miao	3.19%
	Feng-Chuan Miao	3.02%
	Y.S. Educational Foundation	3.00%
	Employee Welfare Committee of Lien Hwa Industrial Holdings Corp.	2.82%
	MiTAC International Corporation	2.79%
	Tsu-An Chou	2.51%

	Feng-Sheng Miao	2.23%
Synnex Technology International Corporation	Mitac Incorporated	15.62%
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Account held in trust by Taishin International Bank Co., Ltd.	8.02%
	Yuanta/P-shares Taiwan Dividend Plus ETF Account	4.72%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF Account held in trust by Taipei Fubon Bank	4.31%
	Lien Hwa Industrial Holdings Corp.	3.57%
	Investment Account of Morgan Stanley & Co International Limited held in trust by HSBC Bank (Taiwan) Limited	3.29%
	Shu-Wu Tu	2.17%
	Rong Xuan Investment Limited	2.16%
	Feng-Chiang Miao	1.71%
	Mei An Investment Co., Ltd.	1.43%
Mei An Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25%
	JumpStart Investments Ltd.	16.67%
	Others	1.08%
MiTAC International Corporation	MiTAC Holdings Corporation	100%
Zi Feng Investment Co., Ltd.	MiTAC International Corporation	100%
Hua Cheng Construction Co., Ltd.	Lien Hwa Industrial Holdings Corp.	100%
Yi Feng Investment Co., Ltd.	Shang Heng Fu (BVI) Co., Ltd.	100%
Hong Ding Investment Co., Ltd.	Shu-Wu Tu	8.55%
	Hai-Chen Tu	7.69%
	Ying-Jung Tu	41.88%
	Ying-Hsuan Tu	41.88%

Note 1: If any of the major shareholders listed in Table (1) above is a corporate entity, the name of the corporate entity shall be provided.

Note 2: Name the major shareholders (the top 10 owners in terms of shareholding percentage) of the corporate entity and provide their shareholding percentages.

Note 3: For non-company corporate entity shareholders, the names of the shareholders and their shareholding percentages that shall be disclosed under Note 2 are considered to be the names of the investors or donors and their investment or donation percentages (reference can be made to the announcements of the Judicial Yuan). In case of any deceased donor, the word “deceased” shall be added.

3. Information on directors and supervisors

(1) Disclosure of Information about the Professional Qualifications of Directors and the Independence of Independent Directors:

Criteria / Name	Professional qualifications and experience (Note 1)	Compliance with independence requirements (Note 2)	Number of public companies where the director or supervisor is currently also an independent director
Hung-Yang Yu	Having over five years' experience required for the Company's business activities and currently serving as the Chairman and CEO of the Company, with none of the circumstances under Article 30 of the Company Act applicable.	—	0
Seng-Yi Lin	Having over five years' experience required for the Company's business activities and currently serving as the President of the Company, with none of the circumstances under Article 30 of the Company Act applicable.	—	0
Qing-Long Lin	Having over five years' experience required for the Company's business activities and currently serving as the CIO of the Company, with none of the circumstances under Article 30 of the Company Act applicable.	—	0
Xiang-Yun Yang	Having over five years' experience required for the Company's business activities, currently serving as a director and corporate representative of the Company as well as the chairwoman of Jian Foods Incorporation and Lian Yuan Investment Co., Ltd., and used to be the CFO of MiTAC-SYNNEX Group, with none of the circumstances under Article 30 of the Company Act applicable.	—	0
Hua-Bin Miao	Having over five years' experience required for the Company's business activities and currently serving as a director and corporate representative of the Company, the chairman of Mitac Hikari Corporation, the vice chairman of Lien Hwa United Lpg Co., Ltd., and the vice president of MiTAC Information Technology Corp., with none of the circumstances under Article 30 of the Company Act applicable.	—	0
Jin-Tang You	Having over five years' experience required for the Company's business activities, currently serving as an independent director of the Company, and used to be the head of the Department of Banking, Central Bank of the Republic of China and the president of Taiwan Cooperative Financial Holding Co. Ltd.,	(1) Not an employee of the Company or its affiliates. (2) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or	0

	with none of the circumstances under Article 30 of the Company Act applicable.	ranks as one of its top ten shareholders. (3) Not a manager as defined in (1) or the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship of any person as defined in (2). (4) Not a director, supervisor, or employee of a corporate entity shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as one of its top five shareholders, or designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of another company whose majority of director seats or voting shares are controlled by the person who also controls a majority of the Company's director seats or voting shares. (6) Not a director, supervisor or employee of another company or organization who is the Company's Chairman, President or person with an equivalent position or the spouse thereof. (7) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or organization that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or organization that, provides audit services or has received compensation for providing commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company in the most recent two years, or the spouse thereof. (9) Not the spouse or a relative within the second degree of kinship of another director. (10) Not elected as a government agency, corporate entity, or the representative thereof under Article 27 of the Company Act.	
Ming-Da Huang	Having over five years' experience working as an instructor specializing in fields required for the Company's business activities at public/private colleges or universities and experience required for	(1) Not an employee of the Company or its affiliates. (2) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor	0

	the Company's business activities, currently serving as an independent director of the Company, the president of Information Service Association of Chinese Colleges, a member of the National Development Council's "Administration e-Certification Promotion Team," a member of the Civil Advisory Committee subordinate to the Executive Yuan's Digital Nation and Innovative Economic Development (DIGI+) Promotion Team, and a member of the Financial Information System and Information Security Advisory Team, and used to be a professor of the Information Management Department, Tamkang University, with none of the circumstances under Article 30 of the Company Act applicable.	children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (3) Not a manager as defined in (1) or the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship of any person as defined in (2). (4) Not a director, supervisor, or employee of a corporate entity shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as one of its top five shareholders, or designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of another company whose majority of director seats or voting shares are controlled by the person who also controls a majority of the Company's director seats or voting shares. (6) Not a director, supervisor or employee of another company or organization who is the Company's Chairman, President or person with an equivalent position or the spouse thereof. (7) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or organization that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or organization that, provides audit services or has received compensation for providing commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company in the most recent two years, or the spouse thereof. (9) Not the spouse or a relative within the second degree of kinship of another director. (10) Not elected as a government agency, corporate entity, or the representative thereof under Article 27 of the Company Act.	

Hwa-Yu Chang	Having over five years' experience working as a CPA and experience required for the Company's business activities and currently serving as an independent director of the Company and a CPA of Kang-Yeh CPA Firm, with none of the circumstances under Article 30 of the Company Act applicable.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (4) Not a manager as defined in (1) or the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship of any person as defined in (2) or (3). (5) Not a director, supervisor, or employee of a corporate entity shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as one of its top five shareholders, or designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of another company whose majority of director seats or voting shares are controlled by the person who also controls a majority of the Company's director seats or voting shares. (7) Not a director, supervisor or employee of another company or organization who is the Company's Chairman, President or person with an equivalent position or the spouse thereof. (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or organization that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or organization that, provides audit services or has received compensation for providing commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company in the most recent two years, or the spouse thereof.	0

		(10) Not the spouse or a relative within the second degree of kinship of another director. (11) Not elected as a government agency, corporate entity, or the representative thereof under Article 27 of the Company Act.	
Jiun-Ming Chen	More than five years' experience working as an instructor specializing in fields required for the Company's business activities at public/private colleges or universities and experience required for the Company's business activities, and currently serving as an independent director of the Company, the person in charge of QSancus Inc., an adjunct assistant professor of mathematics in National Taiwan University, with none of the circumstances under Article 30 of the Company Act applicable.	(1) Not an employee of the Company or its affiliates. (2) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (3) Not a manager as defined in (1) or the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship of any person as defined in (2). (4) Not a director, supervisor, or employee of a corporate entity shareholder that directly holds 5% or more of the total number of issued shares of the Company, ranks as one of its top five shareholders, or designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of another company whose majority of director seats or voting shares are controlled by the person who also controls a majority of the Company's director seats or voting shares. (6) Not a director, supervisor or employee of another company or organization who is the Company's Chairman, President or person with an equivalent position or the spouse thereof. (7) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or organization that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or organization that, provides audit services or has received compensation for providing commercial, legal,	0

		financial, or accounting services to the Company or to any affiliate of the Company in the most recent two years, or the spouse thereof. (9) Not the spouse or a relative within the second degree of kinship of another director. (10) Not elected as a government agency, corporate entity, or the representative thereof under Article 27 of the Company Act.	

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. Where the director or supervisor is a member of the Audit Committee and specializes in accounting or finance, the accounting or financial background and work experience of the director shall be specified and a description of whether none of the circumstances under Article 30 of the Company Act is applicable shall also be given.

Note 2: Independent directors' compliance with the requirements for independence shall be specified, including but not limited to the following: Whether or not the independent directors themselves, their spouses, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; the number of shares held by the independent directors, their spouses, or relatives within the second degree of kinship (or as nominee shareholders) in the Company and the shareholding percentage; whether or not the independent directors are directors, supervisors or employees of a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of compensation received for providing commercial, legal, financial, and accounting services to the Company or its affiliates in the most recent two years.

(2) Diversity and independence of the Board of Directors:

a. Diversity of the Board of Directors — Specify the Board of Directors' diversity policies, objectives, and their achievement status. The diversity policy includes, but is not limited to, election criteria for directors, professional qualifications and experience required for the Board of Directors, and board composition by gender, age, nationality, and culture. The Company's concrete objectives and their achievement status are specified based on the policies mentioned above:

In view of the diversity policy, and in order to enhance corporate governance and facilitate the sound development of the board composition and structure, the Company's board members are nominated and elected using a candidate nomination system in accordance with the Articles of Incorporation. In addition to evaluating the educational and work experiences of candidates and assessing their professional background, integrity, and relevant professional qualifications, the Company complies with the "Regulations Governing Election of Directors" and "Corporate Governance Best Practice Principles." Once a resolution is adopted by the Board of Directors, a director election may be held at a shareholders' meeting to ensure the diversity and independence of the board members.

All board members are elected based on the principle of meritocracy and the following two categories of criteria:

(a) Basic requirements and values: Gender, age, nationality and culture, etc.

(b) Professional knowledge and skills: Operational judgment skills, accounting and financial analysis skills, business management skills, crisis management skills, industrial knowledge, international market insights, leadership skills, decision-making skills, and risk management knowledge and skills.

The implementation of the board member diversity policy is shown below:

Name of director	Nationality	Gender	Serving concurrently as the Company’s employee	Age				Term of office as independent director			Operational judgment skills	Accounting and financial analysis skills	Business management skills	Crisis management skills	Industrial knowledge	International market insights	Leadership skills	Decision-making skills	Risk management knowledge and skills
				41 to 50	51 to 60	61 to 70	71 to 75	Less than 3 years	3 to 9 years	More than 9 years									
Hung-Yang Yu	Republic of China	Male	V				V				V		V	V	V	V	V	V	V
Seng-Yi Lin	Republic of China	Male	V				V					V	V				V		
Qing-Long Lin	Republic of China	Male	V				V							V	V				V
Xiang-Yun Yang	Republic of China	Female				V						V	V				V		
Hua-Bin Miao	Republic of China	Male			V						V		V	V		V	V		
Jin-Tang You	Republic of China	Male					V		V		V		V						
Ming-Da Huang	Republic of China	Male				V			V						V				V
Hwa-Yu Chang	Republic of China	Female			V			V				V			V				
Jiun-Ming Chen	Republic of China	Male			V			V							V				V

The specific management objectives of the board composition diversity policy and their achievement status are shown below:

Management goal	Achievement status
The number of independent directors exceeds one-third of the total number of directors	Achieved
Independent directors do not serve more than 3 terms of office consecutively	Achieved
The number of directors who also serve as the Company's managerial officers does not exceed one-third of the total number of directors	Achieved
Board members are equipped with adequate and diverse professional knowledge and skills	Achieved

b. Independence of the Board of Directors — Specify the number of independent directors and their proportion, describe the independence of the Board of Directors, and explain whether none of the circumstances set forth in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act are applicable, including specification of the spousal relationship and first-degree and second-degree kinship between directors.

The Company’s current Board of Directors consists of nine members, including five directors and four independent directors. 33.3% of them serve concurrently as the Company’s employees. Independent directors account for 44.4% of the members and female directors constitute 22.2%. Of the independent directors, two have a term of office of less than 3 years, and two have a term of office of 3-9 years. Of the directors, four are over 70 years of age, two are ages 61 to 70, and three are less than 60 years of age. The Company takes gender equality in the composition of the Board of Directors seriously and aims at increasing the number of female directors to over one third (33%) of the total board members. Of the current board members, male directors occupy 77.8% and female directors account for 22.2%. We will strive to increase the number of female directors to attain the goal.

As of the end of 2023, all independent directors complied with the regulations of the Securities and Futures Bureau, Financial Supervisory Commission concerning independent directors, and none of the circumstances set forth in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act occurred between the directors and independent directors. In addition, there were no spousal relationships and first-degree and second-degree kinships between the directors, demonstrating the independence of the Board of Directors.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Department and Division Heads:

April 21, 2024; shares; %

Title (Note 1)	Nationality	Name	Gender	Date of election (taking office)	Shareholding		Shareholding of spouse and minor children		Nominee shareholding		Professional and educational background (Note 2)	Concurrent positions in other companies	Managerial officers with whom there is a spousal relationship or a relationship within the second degree of kinship			Remarks (Note 3)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
CEO	Republic of China	Hung-Yang Yu	Male	1980/10/06	3,558,449	7.53	390,000	0.83	--	--	Department of Mathematics, National Tsing Hua University Master of International Business, National Taiwan University	Director of Argo International Corporation Director of Aplusoft (Suzhou) Co., Ltd.	Vice President of the marketing planning department	Chin-Wei Yu	Father-daughter	Note 4
President	Republic of China	Seng-Yi Lin	Male	1980/10/01	867,090	1.84	--	--	--	--	Department of Atmospheric Physics, National Central University Master of International Business, National Taiwan University	Chairman of Argo International Corporation Chairman of Aplusoft (Suzhou) Co., Ltd.	None			--
CIO	Republic of China	Qing-Long Lin	Male	1981/07/04	450,845	0.95	--	--	--	--	Department of Mathematics, Soochow University	Supervisor of Aplusoft (Suzhou) Co., Ltd.	None			--
Vice President of the system department	Republic of China	Xiang-Rong Song	Male	1985/12/01	462,352	0.98	--	--	--	--	Department of Applied Mathematics, Chinese Culture University Master of International Business, National Taiwan University	Director of M-Power Information Co., Ltd. Director of Aplusoft (Suzhou) Co., Ltd.	None			--
Vice President of the business department	Republic of China	Jun-Xiao Huang	Male	2016/02/23	80,000	0.17	--	--	--	--	Chinese Culture University Master of International Business, National Taiwan University	Director of Aplusoft (Suzhou) Co., Ltd.	None			--
Vice President of the marketing planning department	Republic of China	Chin-Wei Yu	Female	2018/02/26	468,000	0.99	--	--	--	--	Bachelor of Foreign Languages and Literatures, National Taiwan University Master of Comparative Literature, University of Warwick, UK	Director of M-Power Information Co., Ltd. Supervisor of Aplusoft (Suzhou) Co., Ltd.	CEO	Hung-Yang Yu	Father-daughter	--
Audit Manager	Republic of China	Ren-Jhong Siang	Male	2019/06/01	90	0.0	--	--	--	--	Graduate Institute of Information Management, Brandeis University, USA	None	None			--
Accounting Manager	Republic of China	Cuei-Ying Wang	Female	2015/04/01	--	--	--	--	--	--	Department of Accounting, Chinese Culture University Graduate Institute of Business Administration, Tamkang University	None	None			--

Note 1: Information on persons serving as the President, Vice Presidents, Assistant Vice Presidents, and department and division heads shall be included. Regardless of titles, information on persons in positions equivalent to the President, Vice Presidents or Assistant Vice Presidents shall be disclosed.

Note 2: For experience related to the current position, where the director or supervisor held a post in the CPA firm or an affiliate of the Company during the aforesaid period, the title of the post and their duties in the post shall be specified.

Note 3: Where the President or any other equivalents (top management) and Chairman are the same person or are spouses or relatives within the first degree of kinship, the reason, reasonableness, necessity, and response measures (e.g., increasing the number of independent directors with a majority of directors not serving as employees or managerial officers of the Company) shall be disclosed.

Note 4: This is required for running the Company's business and the Company has appointed independent directors without a majority of directors serving as the Company's employees or managerial officers.

III. Remuneration of Directors, Supervisors, the President and Vice Presidents in the Most Recent Year

(I) Remuneration of General Directors and Independent Directors in 2023 (disclosure of names in aggregate form by ranges):

Unit: NT$ thousand; shares; December 31, 2023

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Director remuneration</th><th colspan="2" rowspan="2">Sum of A, B, C and D and as a percentage of profits after tax (Note 10)</th><th colspan="8">Remuneration received for concurrent service as an employee</th><th colspan="2" rowspan="2">Sum of A, B, C, D, E, F and G and as a percentage of profits after tax (Note 10)</th><th rowspan="4">Remuneration received from non-subsidiary investee companies or the parent (Note 11)</th></tr>
<tr><th colspan="2">Compensation (A) (Note 2)</th><th colspan="2">Post-employment pension (B)</th><th colspan="2">Director renumeration (C) (Note 3)</th><th colspan="2">Business execution expense (D) (Note 4)</th><th colspan="2">Salary, bonus, special disbursement, etc. (E) (Note 5)</th><th colspan="2">Post-employment pension (F)</th><th colspan="4">Employee remuneration (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th></tr>
<tr><th>Amount paid in cash</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Amount paid in shares</th></tr>
<tr><td>Chairperson</td><td>Hung-Yang Yu</td><td rowspan="10">3,480</td><td rowspan="10">3,480</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">6,670</td><td rowspan="10">6,670</td><td rowspan="10">330</td><td rowspan="10">330</td><td rowspan="10">10,480
6.06%</td><td rowspan="10">10,480
6.06%</td><td rowspan="10">16,234</td><td rowspan="10">16,234</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">9,987</td><td rowspan="10">0</td><td rowspan="10">9,987</td><td rowspan="10">0</td><td rowspan="10">36,701
21.22%</td><td rowspan="10">36,701
21.22%</td><td rowspan="10">None</td></tr>
<tr><td>Director</td><td>Seng-Yi Lin</td></tr>
<tr><td>Director</td><td>Qing-Long Lin</td></tr>
<tr><td>Director</td><td>Mitac Incorporated</td></tr>
<tr><td>Director</td><td>Mitac Incorporated
Representative: Xiang-Yun Yang</td></tr>
<tr><td>Director</td><td>Mitac Incorporated
Representative: Hua-Bin Miao</td></tr>
<tr><td>Independent Director</td><td>Jin-Tang You</td></tr>
<tr><td>Independent Director</td><td>Ming-Da Huang</td></tr>
<tr><td>Independent Director</td><td>Hwa-Yu Chang</td></tr>
<tr><td>Independent Director</td><td>Jiun-Ming Chen</td></tr>
<tr><td colspan="23">1. Please specify the policy, system, standard, and structure for payment of remuneration to independent directors and describe the relevance to the amount of remuneration paid based on factors such as job responsibilities, risks, and time invested: In accordance with the Articles of Incorporation, where the Company has earnings (before tax) in the current year, no more than 3% of the earnings shall be allocated on a fixed proportion basis as remuneration to the directors and supervisors. However, if there are any accumulated losses, part of the earnings shall first be set aside to make up for such losses. Hence, the amount of the remuneration is highly correlated to the Company's business performance.
2. Remuneration received by the Company's directors for providing services (e.g., serving as a non-employee advisor of the parent/all companies in the financial statements/investee companies) in the most recent year, other than that disclosed in the table above: None.</td></tr>
</table>

Remuneration Scale

Scale of remuneration to the Company's directors	Name of director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NT$1,000,000	Representative of Mitac Incorporated, Xiang-Yun Yang; Representative of Mitac Incorporated, Hua-Bin Miao; Independent Director Jin-Tang You; Independent Director Ming-Da Huang; Independent Director Hwa-Yu Chang; and Independent Director Jiun-Ming Chen	Representative of Mitac Incorporated, Xiang-Yun Yang; Representative of Mitac Incorporated, Hua-Bin Miao; Independent Director Jin-Tang You; Independent Director Ming-Da Huang; Independent Director Hwa-Yu Chang; and Independent Director Jiun-Ming Chen	Representative of Mitac Incorporated, Xiang-Yun Yang; Representative of Mitac Incorporated, Hua-Bin Miao; Independent Director Jin-Tang You; Independent Director Ming-Da Huang; Independent Director Hwa-Yu Chang; and Independent Director Jiun-Ming Chen	Representative of Mitac Incorporated, Xiang-Yun Yang; Representative of Mitac Incorporated, Hua-Bin Miao; Independent Director Jin-Tang You; Independent Director Ming-Da Huang; Independent Director Hwa-Yu Chang; and Independent Director Jiun-Ming Chen
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	Mitac Incorporated	Mitac Incorporated	Mitac Incorporated	Mitac Incorporated
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	Hung-Yang Yu, Seng-Yi Lin, Qing-Long Lin	Hung-Yang Yu, Seng-Yi Lin, Qing-Long Lin	—	—
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	—	—	—	—
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	—	—	Qing-Long Lin	Qing-Long Lin
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	—	—	Hung-Yang Yu, Seng-Yi Lin	Hung-Yang Yu, Seng-Yi Lin
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	—	—	—	—
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	—	—	—	—
NT$100,000,000 or more	—	—	—	—
Total	9 people	9 people	9 people	9 people

Note 1: Directors' names shall be listed separately (for corporate entity shareholders, their names and the names of their representatives shall be listed separately). This table and Table (III) below shall be filled in if any director concurrently serves as the President or a Vice President.

Note 2: The compensation to the directors in the most recent year (including salary as directors, supervisory allowance, severance pay, bonuses, and incentives).

Note 3: The amount of remuneration approved by the Board of Directors for distribution to the directors in the most recent year.

Note 4: The relevant business execution expenses of the directors in the most recent year (including travel allowance, special disbursement, allowances, housing, company cars, and other physical offers). Where housing, cars, and other vehicles are provided or there are expenses incurred exclusively for the directors, the nature and cost of the provided assets, the amount of actual rent or rent computed based on the fair market value, fuel expenses, and other payments shall be disclosed. Where a personal driver is assigned, the compensation paid to the driver by the Company shall be annotated, but not counted as part of the remuneration.

Note 5: The salary, supervisory allowance, severance pay, bonuses, incentives, travel allowance, special disbursement, allowances, housing, company cars, and other physical offers received by the directors for concurrently serving as employees of the Company (including as the President, Vice Presidents, and other managerial officers and employees) in the most recent year. Where housing, cars, and other vehicles are provided or there are expenses incurred exclusively for the directors, the nature and cost of the provided assets, the amount of actual rent or rent computed based on the fair market value, fuel expenses, and other payments shall be disclosed. Where a personal driver is assigned, the compensation paid to the driver by the Company shall be annotated, but not counted as part of the remuneration. The salary expense recognized in accordance with IFRS 2 "Share-based Payment," including any acquired employee stock warrants, restricted stock awards, and shares subscribed for in cash capital increase, shall be counted as part of the remuneration.

Note 6: For directors who received employee remuneration (including that paid in shares and cash) for concurrently serving as employees of the Company (including as the President, Vice Presidents, and other managerial officers and employees) in the most recent year, the amount of the employee remuneration approved by the Board of Directors for distribution in the most recent year shall be disclosed. Where the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and Table (IV) below shall be filled in.

Note 7: The total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the directors of the Company shall be disclosed.

Note 8: The name of each director shall be shown in their respective scales based on the total amount of remuneration paid by the Company to them.

Note 9: The total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the directors of the Company shall be disclosed and their names shall be shown in their respective scales.

Note 10: Profits after tax are those in the most recent year. Where IFRSs are adopted, profits after tax are those in the most recent parent-only or individual financial statements.

Note 11: a. The column shall be filled in with the specific amount of remuneration received from non-subsidiary investee companies or the parent by the Company's directors (if no such remuneration was received, fill in "None" in the column).

b. Where the directors of the Company received any remuneration from non-subsidiary investee companies, the remuneration shall be counted under Column I in the Remuneration Scale and the column shall be renamed to "Parent and all investee companies."

c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration), and business execution expenses the directors of the Company received for serving as directors, supervisors, or managerial officers of non-subsidiary investee companies.

* The renumeration disclosed in the table is different from income as defined in the Income Tax Act. The table is therefore intended for the purpose of disclosing information and not for the purpose of taxation.

(II) Remuneration of the President and Vice Presidents in 2023 (disclosure of names in aggregate form by ranges):

Unit: NT$ thousand; shares; December 31, 2023

Title	Name	Salary (A) (Note 2)		Post-employment pension (B)		Bonus, special disbursement, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C and D and as a percentage of profits after tax (%) (Note 8)		Remuneration received from non-subsidiary investee companies or the parent (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Hung-Yang Yu	19,398	19,398	0	0	6,124	6,124	15,379	0	15,379	0	40,901 23.65%	40,901 23.65%	740
President	Seng-Yi Lin													
CIO	Qing-Long Lin													
Vice President of the system department	Xiang-Rong Song													
Vice President of the business department	Jun-Xiao Huang													
Vice President of the marketing planning department	Chin-Wei Yu													

Remuneration Scale

Scale of remuneration to the Company's directors	President and Vice Presidents' Names	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	—	—
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	Jun-Xiao Huang, Chin-Wei Yu	Jun-Xiao Huang, Chin-Wei Yu
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	Seng-Yi Lin, Qing-Long Lin, Xiang-Rong Song	Seng-Yi Lin, Qing-Long Lin, Xiang-Rong Song
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	Hung-Yang Yu	Hung-Yang Yu
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	—	—
NT$100,000,000 or more	—	—
Total	6 people	6 people

Note 1: The names of the President and Vice Presidents shall be listed separately and the amount of payments made to them shall be disclosed in aggregate form. This table and Table (I) above shall be filled in if any director concurrently serves as the President or a Vice President.

Note 2: The salary, supervisory allowance, and severance pay of the President and Vice Presidents in the most recent year.

Note 3: The amount of bonuses, incentives, travel allowance, special disbursement, allowances, housing, company cars, and other physical offers and compensations provided and paid to the President and Vice Presidents in the most recent year. Where housing, cars, and other vehicles are provided or there are expenses incurred exclusively for the directors, the nature and cost of the provided assets, the amount of actual rent or rent computed based on the fair market value, fuel expenses, and other payments shall be disclosed. Where a personal driver is assigned, the compensation paid to the driver by the Company shall be annotated, but not counted as part of the remuneration. The salary expense recognized in accordance with IFRS 2 "Share-based Payment," including any acquired employee stock warrants, restricted stock awards, and shares subscribed for in cash capital increase, shall be counted as part of the remuneration.

Note 4: The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the President and Vice Presidents in the most recent year. Where the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year and Table (IV) below shall be filled in.

Note 5: The total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the President and Vice Presidents of the Company shall be disclosed.

Note 6: The name of the President and each Vice President shall be shown in their respective scales based on the total amount of remuneration paid by the Company to them.

Note 7: The total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the President and Vice Presidents of the Company shall be disclosed and their names shall be shown in their respective scales.

Note 8: Profits after tax are those in the most recent parent-only or individual financial statements.

Note 9:
a. The column shall be filled in with the specific amount of remuneration received from non-subsidiary investee companies or the parent by the Company's President and Vice Presidents (if no such remuneration was received, fill in "None" in the column).

b. Where the President and Vice Presidents of the Company received any remuneration from non-subsidiary investee companies or the parent, the remuneration shall be counted under E in the Remuneration Scale and the column shall be renamed to "Parent and all investee companies."

c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration), and business execution expenses the President and Vice Presidents of the Company received for serving as directors, supervisors, or managerial officers of non-subsidiary investee companies or the parent.

* The renumeration disclosed in the table is different from income as defined in the Income Tax Act. The table is therefore intended for the purpose of disclosing information and not for the purpose of taxation.

(III) Names of Managerial Officers with Employee Remuneration and the Distribution of the Remuneration:

Unit: NT$ thousand; December 31, 2023

<table>
<tr><th></th><th>Title (Note 1)</th><th>Name (Note 1)</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Total</th><th>Total amount as a percentage of profits after tax (%)</th></tr>
<tr><td rowspan="6">Managerial officers</td><td>CEO</td><td>Hung-Yang Yu</td><td rowspan="6">0</td><td rowspan="6">13,547</td><td rowspan="6">13,547</td><td rowspan="6">7.83%</td></tr>
<tr><td>President</td><td>Seng-Yi Lin</td></tr>
<tr><td>CIO</td><td>Qing-Long Lin</td></tr>
<tr><td>Vice President of the system department</td><td>Xiang-Rong Song</td></tr>
<tr><td>Vice President of the business department</td><td>Jun-Xiao Huang</td></tr>
<tr><td>Vice President of the marketing planning department</td><td>Chin-Wei Yu</td></tr>
</table>

Note 1: Their names and titles shall be disclosed separately and the distribution of the earnings may be disclosed in aggregate form.

Note 2: The amount of employee remuneration (including that paid in shares and cash) approved by the Board of Directors for distribution to the managerial officers in the most recent year. Where the amount cannot be estimated, this year's distribution amount shall be calculated in proportion to the actual distribution amount in the previous year. Profits after tax are those in the most recent year. Where IFRSs are adopted, profits after tax are those in the most recent parent-only or individual financial statements.

Note 3: Managerial officers as defined in the Financial Supervisory Commission's Letter Tai-Cai-Zheng-San-Zi No. 0920001301 dated March 27, 2003, shall include the following:

1. President or equivalents
2. Vice President or equivalents
3. Assistant Vice President or equivalents
4. Head of the finance department
5. Head of the accounting department
6. Others responsible for managing the affairs of the Company and authorized to sign on behalf of the Company

Note 4: Where the directors, President and Vice Presidents received employee remuneration (including that paid in shares and cash), in addition to Table (III) above, the table shall be filled in.

(IV) Comparative Analysis of Total Remuneration Paid by the Company and All Companies in the Consolidated Financial Statements to the Directors, Supervisors, President and Vice Presidents of the Company in the Most Recent Two Years as a Percentage of Profits After Tax in the Parent-only Financial Statements and a Description of the Policy, Standard and Packages for Payment of the Remuneration, the Procedures for Determination of Remuneration, and the Relevance to Business Performance and Future Risks:

Title/Year	2022		2023	
	As a percentage of profits after tax (%)		As a percentage of profits after tax (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	22.65%	22.65%	21.22%	21.22%
Supervisor	0.38%	0.38%	None	None
President and Vice Presidents	26.12%	26.12%	23.65%	23.65%

1. The Company pays remuneration to the directors and supervisors in accordance with the Articles of Incorporation. Where the Company has earnings in the current year, a fixed proportion of the earnings shall be allocated as the remuneration. However, if there are any accumulated losses, part of the earnings shall first be set aside to make up for such losses. In addition, the Company has formulated policies for director and supervisor remuneration in the Articles of Incorporation and set up the Remuneration Committee to assess and oversee the Company's remuneration system for the directors, supervisors, and managerial officers. Regardless of profits or losses, the Company may pay compensation to the directors and supervisors for performing company-related activities. The Board of Directors is authorized to determine the amount of the compensation in comprehensive consideration of the directors and supervisors' level of involvement in and contribution to the Company's operations, e.g., their understanding of the Company's objectives and missions, knowledge of their duties as directors, level of involvement in the Company's operations, internal relation management and communication, specialties and continuing education, and internal control, and with reference to the general level in the industry. Hence, the amount of the compensation is highly correlated to the Company's business performance and future risks.
2. The remuneration paid by the Company to the President and Vice Presidents is their salary for performing duties and is determined based on the position they are in and the responsibilities they assume. Furthermore, the Company has policies for employee remuneration in place and offers employees good remuneration and benefits pursuant to laws and regulations. Employee remuneration includes salary paid monthly and bonuses approved by their line managers. The Company conducts a performance evaluation for all the Company's employees every six months by evaluating their goal achievement rate, profitability, operating efficiency, and contribution to gain a clear understanding of their job performance and use the evaluation results as the basis for promotion and remuneration. The standards are set by taking into account the general standards for equivalent positions in the industry. Hence, the remuneration is highly correlated to the Company's business performance and future risks.

IV. Corporate Governance Report

(I) Information on the operations of the Board of Directors:

In 2023, the Board of Directors held <u>4 meetings (A)</u>, and the attendance of directors at these meetings was as follows:

Title	Name (Note 1)	Actual number of meetings attended (in voting/non-voting capacity) (B)	Number of meetings attended by proxy	Actual rate of attendance (in voting/non-voting capacity) (%) [B/A] (Note 2)	Remarks
Chairperson	Hung-Yang Yu	4	0	100%	
Director	Seng-Yi Lin	4	0	100%	
Director	Qing-Long Lin	4	0	100%	
Director	Mitac Incorporated Representative: Xiang-Yun Yang	3	0	75%	
Director	Mitac Incorporated Representative: Hua-Bin Miao	4	0	100%	
Independent Director	Jin-Tang You	4	0	100%	
Independent Director	Ming-Da Huang	4	0	100%	
Independent Director	Hwa-Yu Chang	4	0	100%	

Independent Director	Jiun-Ming Chen	2	0	50%	Newly elected through co-option on 2023/06/21.

Other information required to be recorded:

I. Where any of the following applies to the operations of the Board of Directors, the board meeting dates and sessions, proposals, all opinions of the independent directors, and actions taken by the Company in response to the opinions of the independent directors shall be specified: Refer to the following table.

(I) Matters set forth in Article 14-3 of the Securities and Exchange Act.

Board of Directors	Proposal and its subsequent handling	Independent directors' opinions	Actions taken by the Company in response to independent directors' opinions	Resolution
1st meeting in 2023 2023.03.22	Proposal for assessment of the independence and competence of the Company's CPAs	No objection	None	Approved with no objection by all attending board members
2nd meeting in 2023 2023.05.10	Proposal for the appointment, remuneration, and non-audit services of CPAs from PWC Group	No objection	None	Approved with no objection by all attending board members

(II) Resolutions, other than the foregoing ones, adopted by the Board of Directors to which objections or reservations have been expressed by the independent directors in records or written statements: None.

II. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and their participation in the voting shall be specified: None.

III. Information on the cycle, period, scope, method, and content of self-evaluations for the Board of Directors and their implementation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	1/1-12/31	Board of Directors	Board internal self-evaluation	1. Level of involvement in the operation of the Company 2. Improvement of the quality of decision-making of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control
Once a year	1/1-12/31	Board members	Board member self-evaluation	1. Understanding of the Company's objectives and missions 2. Knowledge of directors' duties. 3. Level of involvement in the operation of the Company

				4. Internal relationship management and communication 5. Directors' professionalism and continuing education 6. Internal control
Once a year	1/1-12/31	Audit Committee	Audit Committee internal self-evaluation	1. Level of involvement in the operation of the Company 2. Knowledge of the Audit Committee's duties 3. Improvement of the quality of decision-making of the Audit Committee 4. Composition and member election of the Audit Committee 5. Internal control
Once a year	1/1-12/31	Remuneration Committee	Remuneration Committee internal self-evaluation	1. Level of involvement in the operation of the Company 2. Knowledge of the Remuneration Committee's duties 3. Improvement of the quality of decision-making of the Remuneration Committee 4. Composition and member election of the Remuneration Committee 5. Internal control

Implementation:

The internal self-evaluation of the Board of Directors, the self-evaluation of the members of the Board of Directors, the internal self-evaluation of the Audit Committee, and the internal self-evaluation of the Remuneration Committee in 2023 showed that the overall operation of the Company was good

IV. Objectives for enhancement of the functions of the Board of Directors in the current year and the most recent year (e.g., establishment of the Audit Committee and improvement of information transparency) and the assessment of their implementation:

(I) Establish the "Rules of Procedures for Board of Directors' Meetings" to maintain the operational efficiency of the Board of Directors

(II) Establish the "Ethical Management Principles" and the "Operating Procedures and Code of Conduct for Ethical Management" to provide directors and managers with guidance on acting in compliance with ethical standards to achieve sound corporate governance

(III) Purchase directors and officers liability insurance for all directors (including independent directors)

(IV) Disclose important resolutions of the Board of Directors on the Company's website

(V) Appoint independent directors to improve the functions of the Board of Directors

（Ⅵ）Appoint a corporate governance officer to handle matters requested by directors and supervise corporate governance-related operations

Note 1: Where a director or supervisor is a corporate entity, the names of the corporate entity shareholder and its representative shall be provided.

Note 2: 1. Where any director or supervisor resigns before the end of a fiscal year, the resignation date shall be annotated in the Remarks field and their actual rate of attendance (in a voting/non-voting capacity) (%) shall be calculated based on the number of board meetings held and the actual number of meetings attended (in a voting/non-voting capacity) during their term of service.

2. Where there is a re-election of directors or supervisors before the end of a fiscal year, newly elected and former directors and supervisors shall be listed. In the Remarks field, the directors and supervisors shall be marked as former, newly elected, or re-elected and the re-election date shall be provided. Their actual rate of attendance (in a voting/non-voting capacity) (%) shall be calculated based on the number of board meetings held and the actual number of meetings attended (in a voting/non-voting capacity) during their term of service.

(II) Information on the Operations of the Audit Committee

In 2023, the Audit Committee held 4 meetings (A), and the attendance of independent directors at these meetings was as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (in voting/non-voting capacity) (%) (B/A) (Notes 1 and 2)	Remarks
Independent Director	Ming-Da Huang	4	0	100%	
Independent Director	Jin-Tang You	4	0	100%	
Independent Director	Hwa-Yu Chang	4	0	100%	
Independent Director	Jiun-Ming Chen	4	0	100%	Newly elected through co-option on 2023/06/21.

Other information required to be recorded:

I. Where any of the following applies to the operations of the Audit Committee, Audit Committee meeting dates and sessions, proposals, objections, reservations or major suggestions of the independent directors, resolutions of the Audit Committee, and actions taken by the Company in response to the opinions of the Audit Committee shall be specified.

(I) Matters set forth in Article 14-5 of the Securities and Exchange Act: None.

(II) Matters other than those listed above that have not been approved by the Audit Committee but have been approved by two-thirds or more of all directors: None.

II. With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal, and their participation in the voting shall be specified: None.

III. The communication of independent directors with the Chief Internal Auditor and CPAs (including significant communications about the Company's finances and business and the methods and results of the communications) is described below:

(I) Communication of independent directors with the chief internal auditor and CPAs

1. The Company's independent directors communicate with the Chief Internal Auditor and CPAs primarily through communication meetings or via e-mail. The communication meetings are held on a regular basis. A meeting may be held in the event of a significant matter. Matters communicated and discussed may include:

(1) CPAs' reports for internal and financial audits

(2) Reports on the financial position

(3) Implementation of internal control

(4) Impact of regulatory amendments on accounting

2. In 2023, the Company's Chief Internal Auditor held a communication meeting every quarter to report on audits to independent directors and communicate the audit results and their follow-up actions.

3. In 2023, the Company's CPAs held a communication meeting every quarter to report on the audit of financial statements to independent directors and communicated on the planning of the scheduled audit of the consolidated and parent-only financial statements for 2023 before auditing the Annual Report.

(II) Summary of the Communication Between Independent Directors and the Chief Internal Auditor

1. There was good communication with the Company's independent directors on the implementation and effectiveness of audit activities.
2. The primary matters communicated in 2023 are summarized in the table below:

Date	Attendee	Subject of Communication	Communication Result
2023/03/22 Pre-meeting before the board meeting	Independent Director Ming-Da Huang Independent Director Jin-Tang You Independent Director Hwa-Yu Chang Chief Auditor Ren-Jhong Siang	1. "Statement on the Internal Control System" for 2022 2. Report on the implementation of internal audit activities during January - February 2023	The Company's independent directors had no opinion on the implementation and effectiveness of the Company's audit activities.
2023/05/10 Pre-meeting before the board meeting	Independent Director Ming-Da Huang Independent Director Jin-Tang You Independent Director Hwa-Yu Chang Chief Auditor Ren-Jhong Siang	Report on the Implementation of Internal Audit Activities During March - April 2023	The Company's independent directors had no opinion on the implementation and effectiveness of the Company's audit activities.
2023/08/10 Pre-meeting before the board meeting	Independent Director Ming-Da Huang Independent Director Jin-Tang You Independent Director Hwa-Yu Chang Independent Director Jiun-Ming Chen Chief Auditor Ren-Jhong Siang	Report on the Implementation of Internal Audit Activities During May - July 2023	The Company's independent directors had no opinion on the implementation and effectiveness of the Company's audit activities.
2023/11/10 Pre-meeting before the board meeting	Independent Director Ming-Da Huang Independent Director Jin-Tang You Independent Director Hwa-Yu Chang Independent Director Jiun-Ming Chen Chief Auditor Ren-Jhong Siang	1. Report on the Implementation of Internal Audit Activities During August - October 2023 2. Internal audit plan for 2024	The Company's independent directors had no opinion on the implementation and effectiveness of the Company's audit activities.
2023/12/26 Pre-meeting before the board meeting	Independent Director Ming-Da Huang Independent Director Jin-Tang You Independent Director Hwa-Yu Chang Independent Director Jiun-Ming Chen Chief Auditor Ren-Jhong Siang	Report on the implementation of internal audit activities during November - December 2023	The Company's independent directors had no opinion on the implementation and effectiveness of the Company's audit activities.

(III) Summary of the Communication Between Independent Directors and CPAs

1. There was good communications between the Company's independent directors and CPAs.
2. The primary matters communicated in 2023 are summarized in the table below:

Date	Subject of communication	Communication result
2023/03/22 Pre-meeting before the board meeting	Report on the Audit of the Parent-only and Consolidated Financial Statements for 2022	Independent directors had no opinion on the matters communicated.
2023/05/10 Pre-meeting before the board meeting	Report on the audit of the consolidated financial statements for Q1 of 2023.	Independent directors had no opinion on the matters communicated.
2023/08/10 Pre-meeting before the board meeting	Report on the consolidated financial statements for the first half of 2023.	Independent directors had no opinion on the matters communicated.
2023/11/10 Pre-meeting before the board meeting	1. Report on the audit of the consolidated financial statements for the first three quarters of 2023. 2. Discussion and communication with independent directors on the planning of the scheduled audit of the consolidated and parent-only financial statements for 2024, including the project schedule, audit risks identified initially, and planned key audit matters.	Independent directors had no opinion on the matters communicated.

(III) Implementation of Corporate Governance, Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and Reasons for Such Deviations:

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		I. (I) The Company established the following policies and procedures in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," proposed them at the board meetings on December 26, 2014, and March 26, 2015, and disclosed them on the Company's website after they were approved by all directors for implementation: 1. Corporate Social Responsibility Policy. 2. Ethical Management Principles. 3. Operating Procedures and Code of Conduct for Ethical Management. 4. Code of Ethics for Directors and Managerial Officers.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>5. Code of Professional Ethics for Employees.
(II) The Company established the “Corporate Governance Best-Practice Principles” and implemented them after they were approved by the Board of Directors on August 10, 2016.</td><td></td></tr>
<tr><td>II. Equity structure and shareholder equity
(I) Has the company established internal procedures to handle shareholders’ suggestions, questions, disputes, and lawsuits? Has the company followed such procedures?
(II) Does the company keep a list of the company’s major controlling shareholders and their ultimate controllers?
(III) Has the company established and implemented risk control mechanisms and firewalls with its affiliates?</td><td>

V

V

V</td><td></td><td>II.
(I) The Company has appointed a spokesperson and dedicated personnel to handle relevant matters. In case of disputes, the Company’s legal counsel lawyer will assist in handling the disputes.
(II) Dedicated personnel have been appointed to manage relevant information, allowing the Company to keep updated with the list of the Company’s major controlling shareholders and their ultimate controllers and maintain good relationships with the major shareholders.
(III) The Company has stipulated the “Operating Procedures for Transactions with Group Entities, Certain Companies, and Related Parties” pursuant to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and established an internal control system for major transactions, purchase/sale transactions, major asset transactions, long-term equity investment transactions, loaning of funds to others, endorsements/guarantees, etc. to create risk control mechanisms with the Company’s affiliates, and</td><td>Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.”</td></tr>
</table>

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
(IV) Has the company established internal regulations that prevent insiders from trading securities using non-public market information?	V		auditors supervise their implementation periodically. (IV) The Company has the "Operating Procedures and Code of Conduct for Ethical Management," "Code of Ethics for Directors and Managerial Officers," "Code of Professional Ethics for Employees," and "Operating Procedures for Application for Suspension or Resumption of Trading" in place to prohibit insiders from using non-public market information to trade securities.	
III. Composition and responsibilities of the board of directors (I) Does the board of directors formulate diversity policies and specific management objectives? Are the policies and objectives thoroughly implemented?	V		III. (I) 1. A board diversity policy has been established in accordance with Article 20 of the Company's "Corporate Governance Best-Practice Principles." The Company's board members are nominated and elected using a candidate nomination system in accordance with the Articles of Incorporation. In addition to evaluating the educational and work experiences of candidates and assessing their professional background, integrity, and relevant professional qualifications, the Company complies with the "Regulations Governing Election of Directors" and "Corporate Governance Best Practice Principles." Once a resolution is adopted by the Board of Directors, a director election may be held at a shareholders' meeting to ensure the diversity and independence of the board members. 2. The Company's current Board of Directors consists of nine members,	No major deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
			including two female members. The members are Hung-Yang Yu who has good operational judgment, business management, and crisis management skills, possesses industrial knowledge and international market insights, excels at making leadership decisions, and is familiar with risk management; Seng-Yi Lin and Xiang-Yun Yang who are skilled in accounting and financial analysis, business management, and leadership; Qing-Long Lin who has good crisis management skills, industrial knowledge, and risk management knowledge; Hua-Bin Miao who possesses good operational judgment, business management, and crisis management skills as well as international market insights and leadership skills; Jin-Tang You who excels at making operational judgments and business management; Ming-Da Huang and Jiun-Ming Chen who are skilled in-industrial knowledge and risk management knowledge; and Hwa-Yu Chang who is skillful in accounting and financial analysis and possesses industrial knowledge. 3. 33.3% of the Company's directors serve concurrently as the Company's employees. Independent directors account for 44.4%; female directors constitute 22%. Of the independent directors, two have a term of office of less than 3 years, and two have a term of office of 3-9 years. Of the directors, four are over 71 years of age, two are ages 61 to 70, and three are less than 60 years of age. The Company takes gender equality in the composition of the Board of Directors	

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
			seriously and aims at increasing the number of female directors to over one third (33%) of the total board members. Of the current board members, male directors occupy 78% and female directors account for 22%. We will strive to increase the number of female directors to attain the goal. 4. The Board of Directors discloses its diversity policies on the composition of its members on the Company's website.	
(II) Has the company voluntarily set up any functional committees apart from a remuneration committee and an audit committee?	V		(II) The Company will set up other functional committees in accordance with laws and regulations.	
(III) Has the company stipulated regulations and methods for evaluation of the performance of the board of directors? Does the company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluations submitted to the board of directors and used as reference for the remuneration of individual directors and for their nomination or re-election?	V		(III) 1. The Company stipulated regulations governing the Board of Directors' performance evaluation and evaluation methods in August 2016. Relevant provisions were amended in December 2020. 2. Link between director performance evaluation and remuneration: According to Article 24 of the Articles of Incorporation, the Company shall set aside no higher than 3% of the current year's earnings as remuneration for directors and supervisors in the year and give them reasonable compensation with the Company's operating results and their contribution to the Company's performance taken into account. The Company's "Regulations for Evaluation of the Performance of the Board of Directors" are used as an evaluation basis in the procedure for determining the remuneration. In	

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
			addition to the Company's overall operating performance as well as future operating risks and development trends in the industry, directors' individual performance achievement and contribution to the Company's performance are taken into account to give reasonable compensation. The relevant performance evaluations and the reasonableness of remuneration are reviewed by the Remuneration Committee and Board of Directors. The remuneration system is also reviewed from time to time according to actual operations and relevant laws to pursue a balance between the Company's sustainable management and risk control.	
(IV) Does the company assess the independence of CPAs on a regular basis?	V		(IV) The Company's Audit Committee assesses the independence and competence of the Company's CPAs every year. The Audit Committee not only asks the CPAs to provide a "declaration of independence" and "audit quality indicators (AQIs)", but also uses the standard in Note 2 and 13 AQIs for the assessment. It is confirmed that, except for fees for audit and taxation cases, the CPAs have no financial interests or business relationships with the Company, and that the CPAs' family members have not violated the independence requirements. In addition, according to the AQIs, it is also confirmed that the CPAs and their firm perform better than the industry average in terms of audit experience and the number of training hours. The assessment results from the most	

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
			recent year were discussed and approved by the Audit Committee on March 13, 2024 and then reported at the board meeting on the same day for a resolution on the assessment of the independence and competence of the CPAs.	
IV. Does the listed/OTC company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board meetings and shareholders' meetings as required by law, and preparing minutes for board meetings and shareholders' meetings)?	V		IV. For the Company's corporate governance activities, the administration department is concurrently responsible for corporate governance affairs and the audit department provides consultation.	No major deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."
V. Has the company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Has the company created a section for stakeholders on its website and does it give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	V		V. The Company has set up a section for stakeholders on the Company's website. All business segments have their own transaction maintenance contact responsible for communicating with stakeholders.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."
VI. Does the company engage any professional shareholder services agent to manage	V		VI. The Company has engaged the Stock Transfer Agency Department of Taishin Securities Co., Limited as its shareholder services agent	Compliant with the "Corporate Governance Best-Practice

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
affairs for shareholders' meetings?			responsible for handling matters related to shareholders' meetings.	Principles for TWSE/TPEx Listed Companies."
VII. Information disclosure (I) Has the company set up a website to disclose financial, business and corporate governance information? (II) Does the company use other means to disclose information (e.g., setting up a website in English, assigning dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to the company's website)? (III) Does the company publish and submit annual financial statements within two months after the end of each fiscal year? Does the company publish and submit financial statements of the first, second and third quarters and the monthly operational status before the required deadline?	 V V 	 V	VII. (I) The Company has set up a website in Chinese to disclose and update financial, business and corporate governance information on a regular basis. (II) The Company discloses information on the Company's finances, business, shareholding of major shareholders, and corporate governance on the Market Observation Post System for shareholders' reference. There are dedicated personnel responsible for maintaining, updating, and disclosing information on the Company. The Company has thoroughly implemented a spokesperson system and designated a spokesperson fully responsible for publicizing information. (III) The Company's annual, Q1, Q2, and Q3 financial statements were submitted and released within the prescribed time frame.	(I)-(III) Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." (III) It was infeasible to make early submissions due to the CPA audit schedules.
VIII. Does the company have other important information useful for understanding the status of corporate governance of the company (including but not	V		VIII. (I) The Company's directors receive professional financial, business and commercial education from time to	Compliant with the "Corporate Governance Best-Practice Principles for

Assessment criteria	Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
limited to employee rights, employee care, investor relations, supplier relationships, stakeholders' rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by the company, etc.)?			time, including corporate governance courses. (II) The Company's directors have good attendance at board meetings. (III) The Company runs an internal control self-assessment program on an annual basis and ensures the thorough implementation of risk management assessment. (IV) The directors will recuse themselves from proposals in which they have an interest. Up to now, there have been no such proposals. (V) The Company has taken out "director and supervisor liability insurance" for directors according to the importance of their duties.	TWSE/TPEx Listed Companies."
IX. Please describe the improvements made based on the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and specify the priorities and measures for improvements not yet made. (Not applicable if not evaluated) In the 10th evaluation, the Company had multiple evaluation indicators up to the standard. We expect to make improvements concerning items that we have not yet scored in the 11th evaluation.				

Note 1: No matter whether "Yes" or "No" is checked in the "Implementation" column, a specification shall be provided in the "Summary" field.

Note 2: Assessment of the independence and competence of CPAs

Assessment criteria	Assessment result	Compliance with independence requirements
1. Whether the CPAs have direct or material indirect financial interests with the Company	No	Yes
2. Whether the CPAs have made or received loans or guarantees to or from the Company or the Company's directors	No	Yes
3. Whether the CPAs have close business relationships and potential employment relationships with the Company	No	Yes
4. Whether the CPAs and their audit team members are currently holding or, in the most recent two years, held director or managerial officer positions or other positions having a significant impact on the audit work at the Company	No	Yes
5. Whether the CPAs have offered any non-audit services that may cause a direct impact on the audit work to the Company	No	Yes
6. Whether the CPAs have acted as the defenders of the Company or have mediated any disputes with third parties on behalf of the Company	No	Yes

7.	Whether the CPAs have kinship with the Company's directors, managerial officers, or personnel holding positions having a significant impact on the audit case	No	Yes
8.	Whether the CPAs avoid having any inappropriate relationships with the Company	Yes	Yes
9.	Whether the CPAs are involved in the Company's management decision-making actions	None	Yes
10.	Whether the CPAs have accepted valuable presents or gifts (except for those whose value does not exceed the general standard of etiquette) from the Company or the directors, supervisors, or managerial officers of the Company	No	Yes

(IV) Composition and Operations of the Remuneration Committee:

1. Information on Remuneration Committee Members

December 31, 2023

Title (Note 1)	Name / Criteria	Professional qualifications and experience (Note 2)	Compliance with independence requirements (Note 3)	Number of public companies where the committee member is currently also a remuneration committee member
Independent Director (Convener)	Ming-Da Huang	Please refer to (1) in 3. Information on Directors and Supervisors on page 22 for relevant information		0
Independent Director	Hwa-Yu Chang	Please refer to (1) in 3. Information on Directors and Supervisors on page 22 for relevant information		0
Independent Director	Jin-Tang You	Please refer to (1) in 3. Information on Directors and Supervisors on page 22 for relevant information		0
Independent Director	Jiun-Ming Chen	Please refer to (1) in 3. Information on Directors and Supervisors on page 22 for relevant information		0

Note 1: Please specify in the table the years of service, professional qualifications and experience, and compliance with independence requirements of each Remuneration Committee member. For independent directors, add a statement that says "Please refer to (1) in 3. Information on Directors and Supervisors on page OO for relevant information." Fill in the "Title" column with Independent Director or any other position (please mark if the member is the convener).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Compliance with independence requirements: Specify the compliance of Remuneration Committee members with independence requirements, including but not limited to the following: Whether or not the members themselves, their spouses, and relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; the number of shares held by the members, their spouses, or relatives within the second degree of kinship (or as nominee shareholders) in the Company and the shareholding percentage; whether or not the members are directors, supervisors or employees of a company that has a specific relationship with the Company (refer to Article 6, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of compensation received for providing commercial, legal, financial, and accounting services to the Company or its affiliates in the most recent two years.

2. Information on the Operations of the Remuneration Committee:

(1) The Remuneration Committee of the Company consists of 4 members.

(2) Term of the current members: June 23, 2022, to June 22, 2025. In 2023, the Remuneration Committee held 3 (A) meetings, and the attendance of the members at these meetings was as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) (B/A) (Note)	Remarks (Duty)
Convener	Ming-Da Huang	3	0	100%	Formulate, assess, and review the policies, systems, standards and structures for the

					performance evaluation and remuneration of directors and managerial officers.
Committee Member	Jin-Tang You	3	0	100%	Formulate, assess, and review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managerial officers.
Committee Member	Hwa-Yu Chang	3	0	100%	Formulate, assess, and review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managerial officers.
Committee Member	Jiun-Ming Chen (Newly elected on 2023/06/21)	1	0	33%	Formulate, assess, and review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managerial officers.

Other information required to be recorded:

1. Where the Board of Directors has declined to adopt or amended the suggestions of the Remuneration Committee, the board meeting dates and sessions, proposals, resolutions of the Board of Directors, and actions taken by the Company in response to the opinions of the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is higher than that suggested by the Remuneration Committee, the difference and its reason shall be specified). Not applicable for the Company.
2. Where the members of the Remuneration Committee have expressed objections or reservations in records or written statements to any resolution of the Remuneration Committee, the Remuneration Committee meeting dates and sessions, proposals, opinions of all members, and actions taken in response to their opinions shall be specified. Not applicable for the Company.

Note 1: Where any Remuneration Committee member resigns before the end of a fiscal year, the resignation date shall be annotated in the Remarks field and their actual rate of attendance (%) shall be calculated based on the number of Remuneration Committee meetings held and the actual number of meetings attended during their term of service.

Note 2: Where there is a re-election of Remuneration Committee members before the end of a fiscal year, newly elected and former Remuneration Committee members shall be listed. In the Remarks field, the members shall be marked as former, newly elected, or re-elected and the re-election date shall be provided. Their actual rate of attendance (%) shall be calculated based on the number of Remuneration Committee meetings held and the actual number of meetings attended during their term of service.

Remuneration Committee	Proposal and its subsequent handling	Resolution	Actions taken by the Company in response to the opinions of the Remuneration Committee
1st meeting (2023/03/22)	1 Review of the amount distributed by the Company as remuneration to employees and to directors and supervisors in 2022	Approved by all committee members	Approved by all attending board members
2nd meeting (2023/05/10)	1 Proposal to increase the remuneration of all directors of the Company	Approved by all committee members	Approved by all attending board members
2nd meeting (2023/11/10)	1 Review of the monthly remuneration system for the Company’s managerial officers	Approved by all committee members	Approved by all attending board members

(V) Implementation of Sustainable Development Promotion, Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons for Such Deviations:

Implementation item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
I. Has the company established a governance framework to promote sustainable development? Has the company established a specialized (or designated an existing) department to promote sustainable development? Does the board of directors authorize the senior management to handle and supervise the board?		V	The Company has not established such a framework, but relevant planning is in progress.	Relevant planning is in progress.
II. Does the company conduct risk assessment regarding environmental, social and corporate governance issues related to the company's operations according to the materiality principle? Has the company formulated relevant risk management policies or strategies? (Note 2)	V		II. (I) The Company assessed the risk of environmental, social and corporate governance issues related to the Company's operations to formulated the "Risk Management Policy" and "Risk Management Procedure and Regulations" which were implemented after being approved by the Board of Directors on 2020/10/21. Relevant assessments were conducted in accordance with the above-mentioned requirements. At the board meeting held on 2022/11/9, a report on the implementation of risk management in 2022 was made. (II) The Company's risk assessment covers group entities (III) Regular reports on the risk of major environmental, social and corporate governance issues are made at board meetings. Relevant assessment standards, procedures and results as well as risk management policies and strategies have been formulated.	Compliant with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," without major deviations.

<table>
<tr>
<td>III. Environmental issues
(I) Has the company created an appropriate environmental management system suitable for the characteristics of the company’s industry?

(II) Is the company committed to achieving more efficient use of energy and using renewable materials with low environmental impacts?

(III) Does the company assess the potential present and future risks and opportunities arising from climate change for the company? Does the company take any measures in response to climate-related issues?

(IV) Does the company gather statistics on the greenhouse gas (GHG) emissions, water usage and total weight of waste over the previous two years? Has the company established policies for energy saving, reduction of carbon emissions, GHG emissions, and water consumption, or management of other waste?</td>
<td>V</td>
<td></td>
<td>III.
(I)～(IV)
The Company is in the software industry and does not produce electronic or electrical equipment, components and materials. Hence, there are no issues related to compliance with the Restriction of the Use of Certain Hazardous Substances (RoHS) in Electrical and Electronic Equipment concerning environment-related controlled substances, e.g., heavy metals, organochlorine compounds, and organobromine compounds, Waste Electrical and Electronic Equipment (WEEE) Directive, and Energy-Related Products (EuP) Directive.

The Company’s reduction of GHG emissions, water consumption and waste is shown below:
<table>
<tr><th></th><th>2023</th><th>2022</th></tr>
<tr><td>Annual GHG emissions (metric tons)</td><td>215</td><td>246</td></tr>
<tr><td>Water consumption (metric tons)</td><td>8,044</td><td>7,610</td></tr>
<tr><td>Total waste weight (metric tons)</td><td>0.033</td><td>0.034</td></tr>
</table>
The measures and strategies adopted are as follows:
To support the policy of energy saving and carbon reduction and encourage the engagement of employees in environmental protection, the Company has taken the following measures:
1. Purchasing equipment primarily from suppliers carrying an Energy Star mark or complying with the RoHS.
2. Waste sorting and recycling: Waste is divided into general waste, plastic and Styrofoam, and bottles.
3. Recycling cartons, printer paper boxes, and waste paper.
4. Using public transportation during business trips, if possible.</td>
<td>No major deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.”</td>
</tr>
</table>

			5. Taking stairs instead of elevators, if possible.	
IV. Social issues (I) Has the company established relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions? (II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave and other benefits)? Are the operating performance or results appropriately reflected in the remuneration for employees?	V V		IV. (I)～(II) The Company complies with applicable labor laws and regulations as well as the principles specified by international human rights conventions such as the "UN Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," "UN Global Compact," and "UN International Labor Organization." The Company protects the rights that employees are entitled to, ensures a non-discriminatory employment policy, and has established and implemented appropriate management methods and procedures, e.g., work rules; labor complaint channels; Procedure for Employees' Mental Health Counseling Applications; Procedure for Employees' Health Check-up Applications; Guidelines for Preventing and Handling Sexual Harassment; Proposal Reward System Implementation Rules; Procedure for Education/Training and External Training Applications; and employee recruitment procedures: 1. When employing employees, the Company does not discriminate against them due to their race, class, language, thought, religion, political party, permanent place of residence, gender, appearance, facial features, place of birth, sexual orientation, age, marital status, disability, or past trade union membership. 2. Female employees account for almost a half of all employees. 3. Employees are offered reasonable work hours and remuneration and bonus systems, and evaluations are conducted twice every year. The Company's operating results are directly reflected in the remuneration of employees. 4. Education and training courses are organized for employees.	No major deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies."

			5. Insurance plans and leave/attendance systems are implemented. 6. Employee health is taken seriously and health check-up allowance is offered. 7. Pension contributions are made as required by law. 8. The Employee Welfare Committee has been set up. Human rights issue assessments, risk mitigation measures, and specific practices and outcomes: 1. Offering an indicative and competitive salary and providing transparent and smooth promotion and career development channels. 2. Hiring more people with disabilities than the law requires. 3. Regularly reviewing human rights systems: The Company's work rules are reviewed at least twice a year. 4. Human rights-related education and training: The Company has never hired child or illegal workers and there has been no racial, gender, political party or sexual orientation discrimination, sexual harassment or workplace bullying. The Company has stipulated provisions for human rights protection in the work rules and relevant management regulations in compliance with international principles of human rights protection.	
(III) Does the company provide its employees with a safe and healthy work environment and provide them with safety and health education regularly?	V		(III) To give employees a safe and healthy work environment, the Company has performed the following measures: 1. Installing fire alarms on all floors and conducting fire safety equipment inspection every quarter. 2. Installing AEDs at fixed locations. 3. Installing fire hydrants and fire extinguishers at fixed locations. Organizing safety evacuation exercises and providing training on how to use fire extinguishers with the administration	

			department of the Shuanglian Building on an annual basis. 4. Prohibiting smoking throughout the office in accordance with the "new provisions in the Tobacco Hazards Prevention Act" promoted by the Department of Health, Taipei City Government. 5. Establishing the "Procedure for Employees' Health Check-up Applications" and collaborating with Lianan Wellness Center and Cathay Health Management to offer employees a health check-up allowance and to have Lianan Wellness Center send electronic newsletters containing health-related information regularly. 6. The Company did not have any occupational accidents in 2023. 7. The Company did not have any fire-related incidents in 2023.	
(IV) Does the company establish effective plans for the development and training of the career competencies of employees?	V		(IV) The Company conducts an employee survey at the end of each year to identify competency training needs in the following year and make plans and take action based on the survey results and the Company's operating environment and practical needs.	
(V) Does the company take customer health and safety into account and market and label products and services in accordance with relevant laws and international practices? Has the company established policies and complaint procedures to protect the rights and interests of consumers and customers?	V		(V) The Company's products and services are provided according to ISO 9001, ISO 27001 and CMMIL3 certified SOPs. The Company has also filed trademark and patent applications for the company logo and important products. A section for stakeholders has been set up on the Company's website. All business segments have their own transaction maintenance contact responsible for communicating with the stakeholders.	
(VI) Has the company established any supplier management policies that require suppliers to comply	V		(VI) The Company established the "Supplier Management Policy" and "Supplier Management Regulations"	

with relevant regulations on issues of environmental protection, occupational safety and health or labor rights? What is the implementation status?			which were approved by the Board of Directors and implemented on 2020/10/21 to require suppliers to comply with regulations on environmental protection, occupational safety and health, or labor rights, and sign a Supplier Letter of Commitment, and to encourage them to acquire relevant certifications. Before the end of each year, the Company evaluates suppliers and takes the evaluation results into consideration for subsequent purchases. Supplier education and training courses are organized on an irregular basis to improve the competencies of suppliers. Furthermore, annual delivery records are reviewed and evaluated to prepare a list of suppliers as a basis for supplier selection.	
V. Does the company prepare a sustainability report and other reports that disclose non-financial information of the company based on internationally accepted report preparation standards or guidelines? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agencies?		V	The Company has not established such a framework, but relevant planning is in progress.	Relevant planning is in progress
VI. Where the company has established its own principles for sustainable development in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” please describe the deviations between the operations of the company and such principles: No deviations.				
VII. Other important information useful for understanding the implementation of sustainable development promotion: (I) Provided regular support for children in TFCF’s child sponsorship program for years to fulfill social responsibility. (II) Sponsored Lifeline Association, Taipei, for establishment of the mobile lifeline system. (III) Signed a declaration titled “Happy Enterprise” that contains seven objectives to fulfill corporate social responsibility, prevent occupational accidents, create employment opportunities, and build a happy workplace for employees.				

(IV) Worked with Yuanpei University of Technology to promote industry-academia collaboration in order to help improve the professional skills of students through training and enhance their employability through guidance.
(V) Assisted in searching for missing children to support the "404 Search Project" for missing children and provide care for society.
(VI) Collaborated with the First Social Welfare Foundation in charity events for many years. The foundation has provided the Company with invoice and cash donation boxes for fundraising and planned events for collecting second-hand items and recruiting weekend volunteers in the hope of helping children with disabilities achieve better futures by having Ares's employees work together.
(VII) Taught and promoted PKI applications at universities and colleges in Taiwan.
(VIII) Made a donation of NT$ 1 million to the religious organizations Tzu Chi and Shuang Lien Presbyterian Church in the aftermath of the disaster caused by Typhoon Morakot.
(IX) Made donations for the 921 earthquake in its immediate aftermath together with employees.
(X) Became a permanent sponsor of the Taiwan Fund for Children and Families.
(XI) Worked with Lifeline Association, Taipei, and sponsored it to build a mobile lifeline system to provide care for society.
(XII) Promoted internship courses in collaboration with National Taichung University of Science and Technology.
(XIII) Promoted internship courses in collaboration with Fu Jen Catholic University.
(XIV) Set up breastfeeding rooms for the benefit of employees.
(XV) Offer a parental allowance to encourage employees to have babies and relieve their family financial needs.
(XVI) Contracted with multiple kindergartens for collaboration to offer various admission discount programs.
(XVII) Encourage employees to bring their own cups and tableware to save energy and reduce carbon emissions.
(XVIII) Supported the blood donation campaign of Taipei Medical University to fulfill ESG responsibility.

Note 1: If "Yes" is checked in the "Implementation" column, please specify the important policies and strategies adopted and their implementation. If "No" is checked in the "Implementation" column, please explain the deviations and their reasons and describe relevant policies, strategies, and measures planned to be adopted in the future in the "Deviations from the 'Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies' and reasons for such deviations" field. However, for Implementation Items I and II, listed companies shall describe their governance and supervision structure for sustainable development, including but not limited to management guidelines, strategies, goals, and review measures. Companies' risk management policies or strategies and assessment for environmental, social and corporate governance issues related to their operations shall also be specified.

Note 2: The materiality principle means that environmental, social and corporate governance issues have material impact on the investors and other stakeholders of a company.

Note 3: Please refer to the best practice example on the website of the Corporate Governance Center, Taipei Stock Exchange for the method of disclosure.

2. Climate-related information of listed companies:

(1) Climate-related implementation

Item	Implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the board of directors and the management. 2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (in the short-, medium-, and long-term). 3. Describe the financial impact of extreme climate events and transformation actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess the company's resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. 6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be described. 8. If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned schedule, and the progress for each year shall be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, the source and number of the carbon offsets or the number of the RECs shall be specified. 9. GHG inventory and assurance, reduction goals, strategies, and concrete action plans. (Fill in A. and B. separately)	The Company is in the software industry and does not produce electronic or electrical equipment, components and materials, and thus, does not generate environment-related controlled substances, e.g., heavy metals, organochlorine compounds, and organobromine compounds, under the Restriction of the Use of Certain Hazardous Substances (RoHS) or the waste defined in the Waste Electrical and Electronic Equipment (WEEE) Directive and Energy-Related Products (EuP) Directive. Since the Company has no production processes, there are no direct emissions (Scope 1). The energy consumption of the Company mainly comes from purchased electricity and gasoline and diesel used for company vehicles. In the most recent two years, purchased electricity was the main source of emissions, accounting for more than 93% of overall emissions. Mobile sources (gasoline and diesel used for corporate vehicles) constituted the remainder, namely indirect emissions (Scope 2). In the course of operations, other than the water for domestic use, no additional waste water is generated. 100% of the water used by the Company is from Taiwan Water Corporation. No underground water or other water sources are used. All sewage is discharged and treated in accordance with the regulations of the competent authority, so there is no concern of water pollution. In order to conserve water resources, the Company continues to advocate and promote the concept and actions of water conservation among employees. The Group has submitted a report on the progress of GHG inventory to the Board of Directors on a quarterly basis since Q1 of 2023.

A. GHG inventory and assurance in the most recent two years

a. GHG inventory information

Specify the GHG emissions (metric tons CO2e), intensity (metric tons CO2e/NT$ million) and information coverage for the most recent two years		
Year	Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)
2023	215	0.2553
2022	246	0.3064

Note 1: Direct emissions (Scope 1, i.e. emissions directly from sources owned or controlled by the company), indirect emissions from energy (Scope 2, i.e. indirect GHG emissions from purchased electricity, heat or steam), and other indirect emissions (Scope 3, i.e. emissions generated from the activities of the company, which are indirect emissions not from energy but from sources owned or controlled by other companies).

Note 2: The scope of information on direct emissions and indirect emissions from energy shall be in accordance with the schedule prescribed in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies. Information on other indirect emissions may be disclosed voluntarily.

Note 3: GHG inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions may be calculated per unit of product/service or turnover, provided that the data calculated based on turnover (NT$ million) shall be specified.

b. GHG assurance information

Describe the status of assurance in the most recent two years up to the publication date of the annual report, including the scope of assurance, assurance institution, criteria of assurance, and assurance opinions.
The parent company expects to complete inventory in 2028, and the subsidiaries in the consolidated financial statements expect to complete inventory in 2029.

Note 1: The schedule specified in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies shall be followed. If the company fails to obtain a full GHG assurance opinion before the publication date of the annual report, it should indicate “Complete assurance information will be disclosed in the sustainability report.” If the company does not prepare a sustainability report, it shall indicate “Complete assurance information will be disclosed on the Market Observation Post System” and disclose complete assurance information in the annual report for the following year.

Note 2: The assurance institution shall comply with the relevant requirements of Taiwan Stock Exchange Corporation and the Taipei Exchange on sustainability report assurance institutions.

B. GHG reduction goals, strategies, and concrete action plans

Describe the GHG reduction base year and data, reduction goals, strategies, concrete action plans, and the achievement of the reduction goals.
The Company has paid close attention to the issues of water resources, energy conservation, and environmental protection for many years. For water conservation plans, we start from the full implementation of daily water conservation. To support the policy of energy saving and carbon reduction and encourage the engagement of employees in environmental protection, the Company has taken the following measures: Replacing all office lighting equipment with LED lights. Purchasing equipment primarily from suppliers carrying an Energy Star mark or complying with the RoHS. Waste sorting and recycling: Waste is divided into general waste, plastic and Styrofoam, and bottles. Providing recycling cartons and printer paper boxes to recycle waste paper. Advocating and promoting the concept and actions of water conservation among employees. Prioritizing public transportation during business trips. Taking stairs instead of elevators, if possible. The Company's waste is mainly generated by employees in daily life, and is sorted and recycled in accordance with local government regulations.

Note 1: The schedule specified in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies shall be followed.

Note 2: The base year should be the year that inventory is completed based on the boundary of the consolidated financial statements. For example, pursuant to Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, a company with capital of more than NT$10 billion shall complete inventory for its 2024 consolidated financial statements in 2025. Therefore, the base year is 2024. If the company has completed the inventory ahead of schedule, the earlier year may be used as the base year, and the data of the base year may be calculated based on the average for a single year or over several years.

(VI) Implementation of Ethical Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons for Such Deviations:

Assessment criteria	Implementation (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
I. Establishment of ethical management policies and plans (I) Has the company established any ethical management policy adopted by the board of directors? Do the regulations and external documents of the company specify the policies and practices of ethical management and the commitments of the board of directors and senior management to actively implement the ethical management policies?	V		I. (I) 1. The Company submitted the "Corporate Social Responsibility Policy," "Ethical Management Principles," "Operating Procedures and Code of Conduct for Ethical Management," "Code of Ethics for Directors, Supervisors, and Managerial Officers," and "Code of Professional Ethics for Employees" at the shareholders' meeting on June 23, 2015, and published the "Corporate Social Responsibility Policy" on the Company's website. 2. The Company established an ethical management policy which was adopted by the Board of Directors on 2020/5/8, and also specified the policy and practices of ethical management and the commitments of the Board of Directors and senior management to actively implementing the ethical management policy.	Compliant with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies."
(II) Does the company establish any mechanism for assessment of the risks of unethical behavior and perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of the company? Does the company establish, on the basis of the foregoing, any plan for the prevention of unethical behavior, including at least measures for the	V		(II) 1. Measures against operating activities with higher risks of unethical behavior within the business scope, including at least giving or accepting bribes, providing illegal political contributions, making inappropriate donations or sponsorships, and giving or accepting unreasonable gifts and hospitality or any improper	

Assessment criteria	Implementation (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
prevention of the behavior under Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		benefits, have been stipulated in Article 8 of the "Ethical Management Principles." The relevant operating procedures and code of conduct have been provided in the "Operating Procedures and Code of Conduct for Ethical Management." 2. Since May 2018, the Company has planned education and training on anti-corruption and bribery and provided online education and training courses. All employees have participated in the courses and passed the tests.	
(III) Has the company specified in the plan for the prevention of unethical behavior the relevant operating procedures, code of conduct, penalties for violations, and complaint systems and implemented them? Is the foregoing plan reviewed and amended on a regular basis?	V		(III) The Company's operating procedures, codes of conduct, penalties for violations, and reporting systems for any behavior of the Company's personnel involving directly or indirectly giving, accepting, guaranteeing or asking for any improper benefits for the purpose of gaining or maintaining benefits when performing their duties or any other behavior that involves integrity violations, illegal acts or breaches of fiduciary duty have been provided in the "Operating Procedures and Code of Conduct for Ethical Management."	
II. Implementation of ethical management (I) Does the company assess the history of integrity of its business counterparties? Do the contracts between the company and business counterparties include any	V		II. (I) The Company has amended the contracts with suppliers to include relevant provisions.	Compliant with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx

Assessment criteria	Implementation (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
provisions governing ethical behavior?				Listed Companies.”
(II) Has the company set up any unit subordinate to the board of directors that is responsible for promoting corporate ethical management, reporting to the board of directors regarding its ethical management policies and unethical behavior prevention plans as well as its supervision of the implementation on a regular basis (at least annually)?	V		(II) The Company’s Operating Procedures and Code of Conduct for Ethical Management specify that the administration department shall concurrently serve as a unit subordinate to the Board of Directors and responsible for amending, implementing, and explaining the operating procedure and code of conduct, providing consultation, entering and archiving reports, and supervising the implementation. The unit shall also report on its ethical management policy and unethical behavior prevention plan as well as its supervision of the implementation to the Board of Directors.	
(III) Has the company established any policy for prevention of conflicts of interest and does it provide any appropriate channel for communication? Is such policy implemented?	V		(III) The Company has disclosed the Corporate Social Responsibility Policy; Ethical Management Principles; Operating Procedures and Code of Conduct for Ethical Management; Code of Ethics for Directors, Supervisors, and Managerial Officers; and Code of Professional Ethics for Employees on the Company’s website after they were adopted at a board meeting and implemented. Information on the contact for stakeholders has also been provided on the website.	

Assessment criteria	Implementation (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
(IV) Has the company established effective accounting and internal control systems to ensure the implementation of ethical management? Has the internal audit department established any relevant audit plans based on the results of the assessment of the risks of unethical behavior? Does the company, in accordance with the foregoing plan, audit compliance with the unethical behavior prevention plan or engage CPAs to do so? (V) Does the company organize internal and external education and training courses on ethical management on a regular basis?	V V		(IV) Measures against any behavior involving improper benefits, unethical behavior, and bribery have been included in the Company’s accounting and internal control systems. The systems are audited by the internal audit unit based on the audit plan and further audited by CPAs every quarter. (V) Since 2018, the Company has provided anti-corruption and bribery education and training materials, offered online education and training courses, and required all employees to participate in the courses and pass the tests.	
III. Operation of the whistleblowing system of the company (I) Has the company established whistleblowing and reward systems? Has the company established a convenient whistleblowing channel and appointed dedicated personnel to investigate reported misconduct? (II) Has the company established standard operating procedures for the investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and relevant confidentiality measures? (III) Has the company adopted measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	V V V		III. (I)～(III) Relevant systems and measures have been provided in the Corporate Social Responsibility Policy; Ethical Management Principles; Operating Procedures and Code of Conduct for Ethical Management; Code of Ethics for Directors, Supervisors, and Managerial Officers; and Code of Professional Ethics for Employees, implemented after being adopted at a board meeting, and disclosed on the Company’s website.	Compliant with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.”

Assessment criteria	Implementation (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations
	Yes	No	Summary	
IV. Enhancement of information disclosure (I) Does the company disclose its ethical management principles and promotion progress on its website and the Market Observation Post System?	V		IV. (I) 1. The Company has set up a website in Chinese to disclose and update financial, business and corporate governance information on a regular basis. 2. The Company discloses information on the Company's finances, business, shareholding of major shareholders, and corporate governance on the Market Observation Post System for shareholders' reference.	Compliant with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies."
V. Where the company has established its own principles for ethical management in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe the deviations between the operations of the company and such principles: No deviations.				
VI. Other important information useful for understanding the status of ethical management at the company: (e.g., the company's review and revision of its ethical management principles) The Company amended the "Ethical Management Principles" and "Operating Procedures and Code of Conduct for Ethical Management" on March 23, 2022, put them into practice after the annual shareholders' meeting on June 23, 2022, and disclosed them on the Company's website.				

Note 1: No matter whether "Yes" or "No" is checked in the "Implementation" column, a specification shall be provided in the "Summary" field.

(VII) Where the company has set up its own governance principles and relevant regulations, the methods of access to them shall be disclosed: The Company's website has been set up and the Company's corporate governance policies and documents will be disclosed progressively in line with the establishment of corporate governance principles.

(VIII) Other important information useful for understanding the status of corporate governance may be disclosed: None.

(IX) Implementation of the internal control system:

1. Statement on Internal Control

Ares International Corporation

Statement on the Internal Control System

Date: March 13, 2024

Based on the results of the Company's self-assessment of the internal control system in 2023, the Company hereby issues the following statement:

1. The Company acknowledges that the Board of Directors and managerial officers are responsible for the establishment, implementation and maintenance of the internal control system. The Company has established such system. The purpose of the system is to provide reasonable assurance for achievement of the objectives of operational effectiveness and efficiency (including profits, performance and protection of asset security); reliable, timely and transparent reporting in compliance with applicable regulations; and compliance with applicable laws and regulations.
2. An internal control system has its inherent limits. Regardless of how complete its design is, an effective internal control system can only provide reasonable assurance for the achievement of the above-mentioned three objectives. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may also change. Nonetheless, the Company's internal control system has a self-monitoring mechanism. Once a deficiency is identified, the Company will take actions to correct it.
3. The Company determines whether the design and implementation of the internal control system are effective based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter the "Regulations") for determination of the effectiveness of the internal control system. The criteria adopted by the "Regulations" for the internal control system divide it into the following five elements based on the process of management and control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring activities. Each of the elements further includes several items. For the foregoing items, please refer to the provisions of the "Regulations."
4. The Company has adopted the above-mentioned criteria for the internal control system to assess the effectiveness of the design and implementation of the Company's internal control system.
5. Based on the results of the foregoing assessment, the Company considers that the internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including the design and implementation of the internal control system in relation to understanding of the level of accomplishment of the objectives of operational effectiveness and efficiency; reliable, timely and transparent reporting in compliance with applicable regulations; and compliance with applicable laws and regulations, was effective and able to reasonably ensure the achievement of the above-mentioned objectives.
6. This statement will form part of the main information of the Company's annual report and prospectus and will be published. In the event that any of the above published information involves falsification, concealment or other illegalities, the Company will be subject to the legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. The Company declares that this statement was approved at the board meeting on March 13, 2024. Out of nine attending directors, zero expressed any objection. All attending directors approved the information in the statement.

Ares International Corporation

Chairman: Hung-Yang Yu Signature/Seal

President: Seng-Yi Lin Signature/Seal

2. Where a CPA was engaged to review the internal control system, the review report from the CPA shall be disclosed: None.

(X) Punishments imposed in accordance with the law on the Company and employees or punishments imposed by the Company on employees for violation of the internal control system's requirements, major deficiencies and improvements made in the most recent year and as of the publication date of the annual report: None.

(XI) Important resolutions adopted at shareholders' meetings and by the Board of Directors in the most recent year and as of the publication date of the annual report:

1. Resolutions adopted by the Board of Directors on March 22, 2023
    (1) Reported on the amount of remuneration for individual directors and the remuneration policy for 2022
    (2) Reported on the performance evaluation results of the Company's Board of Directors and functional committees in 2022
    (3) Reported on the GHG inventory progress in Q1 of 2023
    (4) Approved the proposal for the distribution of remuneration to employees and to directors for 2022
    (5) Approved the business report and financial statements for 2022
    (6) Approved the proposal for the distribution of earnings for 2022
    (7) Approved the 2022 Statement on the Internal Control System
    (8) Approved the proposal for the partial amendment of the "Corporate Governance Best Practice Principles"
    (9) Approved the proposal for the partial amendment of the "Rules of Procedures for Board of Directors' Meetings"
    (10) Approved the proposal for the assessment of the CPAs' independence and competence
    (11) Approved the proposal for the co-option of independent directors
    (12) Approved matters on holding the 2023 annual shareholders' meeting
2. Resolutions Adopted by the Board of Directors on May 10, 2023
    (1) Reported on the GHG inventory progress in Q2 of 2023
    (2) Approved the proposal for the appointment, remuneration, and non-audit services of CPAs from PwC Group
    (3) Approved the consolidated financial statements for Q1 of 2023
    (4) Approved the proposal for the nomination of candidates for independent directors
    (5) Approved the proposal for the additions to the agenda of the 2023 annual shareholders' meeting
    (6) Approved the proposal for the appointment of the corporate governance officer
    (7) Approved the proposals approved by the Remuneration Committee
3. Resolutions Adopted by the Board of Directors on August 10, 2023
    (1) Reported on the GHG inventory progress in Q3 of 2023

(2) Reported on the progress of the Company’s investment in Myshine Technology Co., Ltd.

(3) Reported on the progress of the Company's sale of shares in M-Power Information.

(4) Approved the consolidated financial statements for the first half of 2023

4. Resolutions Adopted by the Board of Directors on November 10, 2023

   (1) Reported on the completed renewal of the liability insurance for directors and supervisors

   (2) Reported on the intellectual property management plan in 2023

   (3) Reported on the proposal for the GHG inventory progress in Q4 of 2023

   (4) Approved the consolidated financial statements for the first three quarters of 2023

   (5) Approved the proposals approved by the Remuneration Committee

   (6) Approved the proposal for the partial amendment of the “Internal Control System”

   (7) Approved the proposal for the amendment of the internal audit plan for 2023

   (8) Approved the internal audit plan for 2024

5. Resolutions adopted by the Board of Directors on March 13, 2024

   (1) Reported on the Company’s development of the “ability to prepare financial statements” in accordance with the Corporate Governance 3.0 and submission of relevant information to the sixth board meeting in 2020; relevant improvements have been made for annual self-prepared financial statements

   (2) Reported on the amount of remuneration of individual directors and the remuneration policy for 2023

   (3) Reported on the performance evaluation results of the Company’s Board of Directors and functional committees in 2023

   (4) Reported on the GHG inventory progress in Q1 of 2024

   (5) Approved the proposal for the distribution of remuneration to employees and to directors for 2023

   (6) Approved the business report and financial statements for 2023

   (7) Approved the proposal for the distribution of earnings for 2023

   (8) Approved the 2023 Statement on the Internal Control System

   (9) Approved the proposal for the partial amendment of the “Organization Rules of the Audit Committee”

   (10) Approved the proposal for the partial amendment of the “Rules of Procedures for Board of Directors’ Meetings”

   (11) Approved the proposal for the assessment of the CPAs’ independence and competence

   (12) Approved matters on holding the 2024 annual shareholders’ meeting

6. Resolutions Adopted by the Board of Directors on May 14, 2024

   (1) Approved the consolidated financial statements for Q1 of 2024

   (2) Approved the proposal for the entrusted PwC Group's PwC Legal to carry out publicly-funded repairs of overseas company services case

7. Resolutions adopted at the shareholders’ meeting on June 21, 2023, and their implementation

(1) Approved the business report and financial statements for 2022

Implementation: The business report and financial statements have been published on the Market Observation Post System as required by regulations.

(2) Approved the proposal for the distribution of earnings for 2022

Implementation:

The ex-dividend record date was set on July 4, 2023; the ex-dividend date was set on July 20, 2023

Cash dividend of NT$2.83464838 per share was distributed on August 18, 2023.

(3) Approved the proposal for the co-option of independent directors

Implementation:

In accordance with Article 4, Paragraph 2 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, the Company co-opted an independent director at the shareholders' meeting on June 21, 2023. The new independent director will have a term of office of two years from June 21, 2023 to June 22, 2025.

(4) Approved the proposal for the lifting of the non-compete restriction on new directors

Implementation:

A proposal to lift the non-compete restriction on the directors and their representatives elected at the shareholders' meeting was submitted for shareholder approval in accordance with Article 209 of the Company Act. The result was uploaded as material information to the Market Observation Post System after the shareholders' meeting on June 21, 2023.

(XII) Directors or supervisors' dissenting opinions in records or written statements in respect of important resolutions adopted by the Board of Directors in the most recent year and as of the publication date of the annual report: None.

(XIII) Resignation and removal from office of the Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, and chief research & development officer in the most recent year and as of the publication date of the annual report: None.

V. Information on CPAs' Fees

Unit: NT$ thousand

Name of CPA firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Yi-Fan Lin	2023/01/01~2023/12/31	2,315	390	2,705	The non-audit fees were paid for the audit of the profit-seeking enterprise income tax and the review of the checklist for information on the salary of full-time employees concurrently serving in non-managerial positions.
	Fu-Ming Liao	2023/01/01~2023/12/31				

Note: Where the CPAs or the CPA firm were changed in the current year, please indicate the respective audit period, describe the reason for such change in the Remarks field, and disclose the paid audit and non-audit fees in sequence. The services for which the non-audit fees were paid shall be annotated.

(I) Where the audit fees paid in the year of a change of CPA firm were less than those paid the previous year, the amounts of audit fees paid before and after such change and the reason for the decrease shall be disclosed: None.

(II) Where audit fees were reduced by 10% or more compared to those in the previous year, the amount and percentage of the decrease in the audit fees and the reason for the decrease shall be disclosed: None.

VI. Information on Changes of CPAs: None.

VII. Where the Chairman, President, and Managerial Officers in Charge of Financial and Accounting Affairs Have Served at the CPA Firm or Any of Its Affiliates in the Most Recent Year, Their Names, Titles, and the Period They Have Served at the CPA Firm or Affiliate Shall Be Disclosed: None.

VIII. Transfers of Shares and Changes in Pledged Shares Held by Directors, Supervisors, Managerial Officers, and Major Shareholders with a Shareholding of 10% or More in the Most Recent Year and as of the Publication Date of the Annual Report

(I) Changes in shares held by directors, supervisors, managerial officers, and major shareholders:

Title (Note 1)	Name	2023		Current year, as of April 21	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairperson and CEO	Hung-Yang Yu	—	—	—	—
Director and President	Seng-Yi Lin	—	—	—	—
Director and CIO	Qing-Long Lin	—	—	—	—
Director	Mitac Incorporated	(486,000)	—	—	—
Independent Director	Ming-Da Huang	—	—	—	—
Independent Director	Jin-Tang You	—	—	—	—
Independent Director	Hwa-Yu Chang	—	—	—	—
Independent Director	Jiun-Ming Chen	—	—	—	—
Vice President of the system department	Xiang-Rong Song	(14,000)	—	—	—
Vice President of the business department	Jun-Xiao Huang	—	—	—	—
Vice President of the marketing planning department	Chin-Wei Yu	(18,000)	—	—	—

Note: Shareholders holding 10% or more of the Company's total shares shall be marked as a major shareholder and listed separately.

(II) Information on transfers of shares: None.

(III) Information on pledged shares: None.

IX. Information on Relationships between Top 10 Owners

April 21, 2024

Name (Note 1)	Shareholding in own name		Shareholding of spouse and minor children		Total nominee shareholding		Names and relationships of top 10 owners who are related parties, spouses or relatives within the second degree of kinship. (Note 3)		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Hung-Yang Yu	3,558,449	7.53%	390,000	0.83%	—	—	Chin-Wei Yu	Father-daughter	—
Mitac Incorporated	1,000,409	2.12%	—	—	—	—	—	—	—
Mitac Incorporated Representative: Xiang-Yun Yang	—	—	—	—	—	—	—	—	—
Mitac Incorporated Representative: Hua-Bin Miao	—	—	—	—	—	—	—	—	—
Seng-Yi Lin	867,090	1.83%	—	—	—	—	—	—	—
Hsiao-Chien Ho	723,000	1.53%	—	—	—	—	—	—	—
Shu-Chen Hsieh	556,000	1.18%	—	—	—	—	—	—	—
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Investment Account for Tripartite SBL Transactions on the Self-operated Platform of a Securities Service Provider held in trust by HSBC Bank (Taiwan) Limited	504.000	1.07%	—	—	—	—	—	—	—
Chin-Wei Yu	468,000	0.99%	—	—	—	—	Hung-Yang Yu	Father-daughter	—
Xiang-Rong Song	462,352	0.98%	—	—	—	—	—	—	—
Qing-Long Lin	450,845	0.95%	—	—	—	—	—	—	—
Ta-Yu Tseng	432,000	0.91%	—	—	—	—	—	—	—

Note 1: All top 10 owners shall be listed. For corporate entity shareholders, their names and the names of their representatives shall be listed separately.

Note 2: Shareholding percentage shall be calculated based on the shares held in the person's own name, by their spouse or minor children, or as a nominee shareholder, respectively.

Note 3: The relationships between the shareholders listed above, including corporate entity and natural-person shareholders, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Numbers of Shares Held by the Company, the Directors, Supervisors and Managerial Officers of the Company, and Companies Directly or Indirectly Controlled by the Company in a Single Investee Company, and the Comprehensive Shareholding Percentage Calculated on a Consolidated Basis

December 31, 2023

Unit: Shares; %

Investee company (Note 1)	The Company's investment		Investment of directors, supervisors, managerial officers and directly or indirectly controlled companies		Comprehensive investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Argo International Corporation	1,863,446	33.88	-	-	1,863,446	33.88
M-Power Information Co., Ltd.	3,843,015	17.47	-	-	3,843,015	17.47
Myshine Technology Co., Ltd.	200,000	40	-	-	200,000	40
ARES GROUP CORP. (ARES GROUP)	1,500,000	100	-	-	1,500,000	100
ARES INTERNATIONAL (THAILAND)	1,470,000	49	-	-	1,470,000	49
WELJOIN TECHNOLOGIES LIMITED (BVI)	50,000	100	-	-	50,000	100
Formosa Golf and Country Club Corp.	2,025	0.01	-	-	2,025	0.01

Note 1: The Company's long term investments.

Chapter 4. Fundraising Overview

I. Sources of Share Capital

(I) Formation of share capital:

April 21, 2023

Unit: NT$; shares; %

Date	Issue price (NT$)	Authorized share capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Non-cash property used as contribution to capital	Others
1980/11	1,000	2,500	2,500,000	2,500	2,500,000	Cash 2,500,000	None	None
1983/07	1,000	2,750	2,750,000	2,750	2,750,000	Cash 250,000	None	None
1988/11	10	1,100,000	11,000,000	1,100,000	11,000,000	Cash 7,370,000 Earnings 880,000	None	None
1991/09	10	6,600,000	66,000,000	2,500,000	25,000,000	Cash 4,100,000 Earnings 9,900,000	None	None
1992/10	-	6,600,000	66,000,000	3,400,000	34,000,000	Earnings 9,000,000	None	None
1994/06	10	6,600,000	66,000,000	5,000,000	50,000,000	Cash 9,880,000 Earnings 6,120,000	None	None
1996/11/	10	20,000,000	200,000,000	10,000,000	100,000,000	Cash 46,600,000 Earnings 3,400,000	None	None
1997/06	10	20,000,000	200,000,000	18,000,000	180,000,000	Cash 70,000,000 Earnings 10,000,000	None	(1997)-Tai-Cai-Zheng-(I)-Zi No. 31779 dated 1997.4.28
1998/07	-	23,000,000	230,000,000	20,880,000	208,800,000	Earnings 27,000,000 Employee bonus 1,800,000	None	(1998)-Tai-Cai-Zheng-(I)-Zi No. 58919 dated 1998.7.13
1999/11	60	50,000,000	500,000,000	30,180,000	301,800,000	Cash 50,000,000 Earnings 39,672,000 Employee bonus 3,328,000	None	(1999)-Tai-Cai-Zheng-(I)-Zi No. 76979 dated 1999.8.31

Date	Issue price (NT$)	Authorized share capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Non-cash property used as contribution to capital	Others
2000/10	41	50,000,000	500,000,000	43,305,000	433,050,000	Cash 50,000,000 Earnings 48,288,000 Capital reserve 27,162,000 Employee bonus 5,800,000	None	(2000)-Tai-Cai-Zheng-(I)-Zi No. 60049 dated 2000.7.19
2001/11	-	92,000,000	920,000,000	50,641,800	506,418,000	Earnings 47,635,500 Capital reserve 21,652,500 Employee bonus 4,080,000	None	(2001)-Tai-Cai-Zheng-(I)-Zi No. 160325 dated 2001.9.27
2002/10	-	115,600,000	1,156,000,000	53,418,890	534,188,900	Earnings 25,320,900 Employee bonus 2,450,000	None	(2002)-Tai-Cai-Zheng-(I)-Zi No. 0910137707 dated 2002.7.9
2006/03	-	115,600,000	1,156,000,000	52,268,890	522,688,900	Retired treasury stock 11,500,000	None	Jing-Shou-Shang-Zi No. 09501055780 dated 2006.3.31
2007/06	-	115,600,000	1,156,000,000	51,253,890	512,538,900	Retired treasury stock 10,150,000	None	Jing-Shou-Shang-Zi No. 09601125380 dated 2006.6.7
2008/12	-	115,600,000	1,156,000,000	49,253,890	492,538,900	Retired treasury stock 20,000,000	None	Jing-Shou-Shang-Zi No. 09701318570 dated 2008.12.19
2011/04	-	115,600,000	1,156,000,000	47,253,890	472,538,900	Retired treasury stock 20,000,000	None	Fu-Chan-Ye-Shang-Zi No. 10082149530 dated 2011.4.29

(II) Type of shares

Unit: Shares　April 21, 2024

Type of shares	Authorized share capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	47,253,890	68,346,110	115,600,000	Listed stock

Note: Please indicate whether the stock is listed or OTC-listed (please mark if it is subject to listing or OTC listing restrictions).

II. Shareholder Structure

Unit: Shares　April 21, 2024

Shareholder Structure / Number	Government agencies	Financial institutions	Other corporate entities	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	5	165	28,641	36	28,847
Number of shares held	0	186,487	1,735,010	43,345,023	1,987,370	47,253,890
Shareholding percentage	0.00%	0.39%	3.67%	91.73%	4.21%	100.00%

III. Equity Distribution:

(I) Common stock:

Unit: Shares　April 21, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	19,447	485,090	1.03%
1,000 to 5,000	8,178	14,916,131	31.57%
5,001 to 10,000	745	5,967,002	12.63%
10,001 to 15,000	169	2,115,606	4.48%
15,001 to 20,000	109	2,021,820	4.28%
20,001 to 30,000	70	1,814,657	3.84%
30,001 to 40,000	34	1,241,377	2.63%
40,001 to 50,000	13	610,142	1.29%
50,001 to 100,000	40	2,807,989	5.94%
100,001 to 200,000	22	3,107,931	6.58%
200,001 to 400,000	8	2,301,000	4.87%
400,001 to 600,000	8	3,716,197	7.86%
600,001 to 800,000	1	723,000	1.53%
800,001 to 1,000,000	1	867,090	1.83%
1,000,001 or more	2	4,558,858	9.65%
Total	28,847	47,253,890	100.00%

(II) Preferred stock: None.

IV. List of Major Shareholders

Names, numbers of shares held, and shareholding percentages of shareholders holding 5% or more of the Company's shares or the top 10 owners.

Unit: Shares April 21, 2024

Name of major shareholder \ Shares	Number of shares held	Shareholding percentage
Hung-Yang Yu	3,558,449	7.53%
Mitac Incorporated	1,000,409	2.12%
Seng-Yi Lin	867,090	1.83%
Hsiao-Chien Ho	723,000	1.53%
Shu-Chen Hsieh	556,000	1.18%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Investment Account for Tripartite SBL Transactions on the Self-operated Platform of a Securities Service Provider held in trust by HSBC Bank (Taiwan) Limited	504,000	1.07%
Chin-Wei Yu	468,000	0.99%
Xiang-Rong Song	462,352	0.98%
Qing-Long Lin	450,845	0.95%
Ta-Yu Tseng	432,000	0.91%

V. Market Price, Net Asset Value, Earnings and Dividend per Share and Relevant Information in the Most Recent Two Years

Information on market price, net asset value, earnings and dividend per share

Unit: Thousand shares, NT$

Item \ Year			2022	2023	Current year, as of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		29.15	71.4	64.5
	Lowest		24.1	27.6	54.9
	Average		26.78	51.58	60.16
Net asset value per share (Note 2)	Before distribution		18.56	19.34	19.54
	After distribution		18.56	(Note 9)	-
Earnings per share	Weighted average number of shares		47,254	47,254	47,254
	Earnings per share (Note 3)	Before adjustment	3.04	3.66	0.21
		After adjustment	-	-	-
Dividend per share	Cash dividend		2.83	(Note 9)	-
	Allotment of bonus shares	From earnings	-	-	-
		From capital reserves	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Analysis of return on investment	Price/earnings ratio (Note 5)		8.81	14.09	286.48
	Price/dividend ratio (Note 6)		9.46	(Note 9)	-
	Cash dividend yield rate (Note 7)		0.11	(Note 9)	-

Where earnings or capital reserves were capitalized for allotment of shares, information on the market price and cash dividend adjusted retroactively based on the number of shares allotted shall be disclosed.

Note 1: List the highest and lowest market price in each year and calculate each year's average market price based on the trading value and trading volume in the respective year.

Note 2: Please list it based on the number of shares issued as of the end of the year and the number of shares distributed, as resolved by the Board of Directors or at the shareholders' meeting in the following year.

Note 3: Where a retroactive adjustment was required due to allotment of bonus shares, the earnings per share before and after the adjustment shall be listed.

Note 4: Where the dividend not distributed in the current year may be carried forward to a year in which the Company has earnings according to the conditions for issuance of equity securities, the unpaid dividends accumulated as of the current year shall be disclosed.

Note 5: Price/earnings ratio = Average closing price per share in the current year / Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share in the current year / Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividend per share / Average closing price per share in the current year.

Note 8: For the "Net asset value per share" and "Earnings per share" fields, provide the data as of the publication date of the annual report in the financial statements audited (reviewed) by CPAs in the most recent quarter. For the other fields, provide the data of the current year as of the publication date of the annual report.

Note 9: Not applicable, as the distribution of earnings in 2023 has not been approved at a shareholders' meeting.

VI. Dividend Policy and Implementation

(I) Dividend policy specified in the Articles of Incorporation:

1. When the Company has earnings in the current year, a provision for remuneration paid to employees and to directors shall be made from the earnings. However, if there are any accumulated losses, part of the earnings shall be first set aside to make up for such losses. The provision for the remuneration paid to employees and to directors is also allocated as follows:

   (1) 5% to 15% for employee remuneration.

   (2) Up to 3% for director remuneration.

   When the Company has earnings at the year's final accounting, they shall be used for the following purposes and in the following order of priority:

   (1) Paying taxes.

   (2) Making up for losses from prior years.

   (3) Setting aside 10% as legal reserve.

   (4) Making a provision for the special reserve based on the Company's operational needs and in accordance with laws and regulations.

2. The Company operates in the information technology industry where technology and markets advance and grow rapidly. On the basis of the Company's capital expenditure needs and the need to make sound financial plans to pursue sustainable development, the Board of Directors specifies in the earnings distribution proposal that a provision of at least 50% of the earnings less the provisions made in accordance with Subparagraphs 1 to 4 of the preceding paragraph and plus the accumulated undistributed earnings shall be made for shareholder dividends, of which the percentage of dividends distributed in cash shall not be less than 10% of the total dividends.

3. The earnings distribution percentage in the preceding paragraph may be adjusted based on the actual earnings, capital budgets, and capital position in the current year or other relevant factors by a resolution at the shareholders' meeting.

(II) Dividend distribution proposed at the shareholders' meeting:

The Company's earnings distribution proposal for 2023 was drawn up as shown in the following table at the board meeting on March 13, 2024:

Ares International Corporation

2023 Earnings Distribution Statement

Unit: NT$

Opening undistributed earnings	13,258,022
Less: Adjustment to retained earnings in 2023	(600,101)
Plus: Profits after tax in 2023	172,964,838
Less: 10% set aside as legal reserves	(17,236,474)
Plus: Special reserves transferred to earnings	202,688
Distributable earnings	168,588,973
Distribution item:	
Shareholder bonus (a cash dividend of NT$3.28715691 per share)	155,330,951
Closing undistributed earnings	13,258,022

Note:

1. If the dividend payout ratio must be adjusted as a result of the change in the share capital that has influenced the number of the Company's outstanding shares, the annual shareholders' meeting shall be requested to authorize the Chairperson with full power to handle this matter.
2. The amount of the cash dividend is calculated proportionally and truncated to the nearest whole NT dollar. Fractional amounts of less than NT$1 are summed up and allocated based on the size of decimals in descending order and the account number in sequential order until the total amount of the cash dividend is allocated. After the annual shareholders' meeting, the Chairperson is authorized to set the record date for the dividend payout.
3. The earnings distributed shall be allocated from the earnings in 2023 as the first priority.

(III) Any expected material change in the dividend policy shall be described: None.

VII. Effect of Allotment of Bonus Shares Proposed at the Shareholders' Meeting on the Business Performance and Earnings per Share of the Company: There was no plan to distribute stock dividends in the current year.

VIII. Remuneration to employees and directors

(I) The percentage or range of remuneration for employees and directors as specified in the Articles of Incorporation:

When the Company has earnings in the current year, a provision for remuneration paid to employees and to directors shall be made from the earnings. However, if there are any accumulated losses, part of the earnings shall be first set aside to make up for such losses. The provision for the remuneration paid to employees and to directors is also allocated as follows:

1. 5% to 15% for employee remuneration.
2. Up to 3% for director remuneration.

(II) The basis of the estimate of remuneration for employees and directors in the current period, the basis of calculation of the number of shares distributed as remuneration to the employees, and the accounting treatment for any difference between the distributed amount and the estimate:

The remuneration of employees and directors in 2023 was estimated as 9% and 3%, respectively, of the earnings in the year. The Board of Directors resolved to distribute the remuneration in cash. A resolution was thereafter adopted at the shareholders' meeting to treat any difference between the amount distributed and the estimate as an accounting estimate change.

(III) Distribution of remuneration approved by the Board of Directors:

1. The amount of remuneration distributed in cash and shares to employees and directors:

   Employee remuneration (in cash): NT$20,009,045

   Employee remuneration (in shares): None

   Director remuneration: NT$6,669,682

   There is no difference between the amount of remuneration to be distributed to employees and directors and the amount estimated for 2023.

2. The amount of remuneration distributed in shares to employees and its ratio to the sum of the profits after tax and employee remuneration in the parent-only financial statements for the current period: N/A. (No employee remuneration (in shares) was distributed)

(IV) Actual distribution of remuneration to employees and directors in the previous year (including the number of shares, the amount distributed, and the stock price). Where there is any difference between the distributed amount and the amount of employee and director remuneration recognized, such difference and the reason and treatment thereof shall be specified:

In 2022, the Company distributed NT$17,627,451 as employee remuneration (in cash) and NT$5,875,817 as the remuneration of directors. The amount of the remuneration distributed matches with that approved by the Board of Directors.

IX. Repurchase of the Company's Own Shares: None.

X. Issuance of Corporate Bonds: None.

XI. Issuance of Preferred Stock: None.

XII. Participation in Issuance of Depositary Receipts: None.

XIII. Issuance of Employee Stock Warrants: None.

XIV. Issuance of New Shares in Connection with Mergers/Acquisitions or Acquisitions of Shares from Other Companies: None.

XV. Implementation of the Fund Utilization Plan:

Issues or private placements of securities that have not yet been completed as of the end of the quarter prior to the publication date of the annual report or issues or private placements of securities that were completed in the most recent three years for which the planned benefits have yet not become apparent: Not applicable.

Chapter 5. Overview of Operations

I. Information of Business Activities

(I) Business scope:

1. Main business activities

(1) Analysis, design, modification, installation and maintenance of application software packages.

(2) Sale of all types of computer equipment, network equipment and relevant software (excluding video games).

(3) System integration, network planning, and database management for above-mentioned items and design of relevant application software.

(4) Technical support and maintenance services for computer equipment and devices.

(5) Sale of computer data processing services.

(6) Offering technical labor dispatching services.

2. Existing product items and their proportion of operating income

Unit: NT$ thousand

Item	Net operating income in 2023	Proportion
System integration	46,384	6%
Application software	795,450	94%
Total	841,834	100%

3. New products to be developed

Since the establishment of the Company, we have aimed at becoming a professional system integrator devoted to offering customers integrated resource planning services and comprehensive solutions. In the future, Ares plans to focus on the following using our existing technology as the foundation:

(1) Continuing research and development of mobile applications for ARES Privacy Protector (ARESPP) used to secure documents

(2) In-depth industrial software application of ciMes (Computer Integrated Manufacturing Execution System), improvement of Kanban applications, and enhancement of underlying technology

(3) Enhancement of the mobile HRD and external connection functions of Human Capital Planner (HCP)

(4) Research and development of visual tools suitable for more derivatives

(5) Research and development of functions for ARES Nuntio

(6) Research and development of applications for prevention of financial crimes

(II) Overview of industry:

1. Current status and development of industry

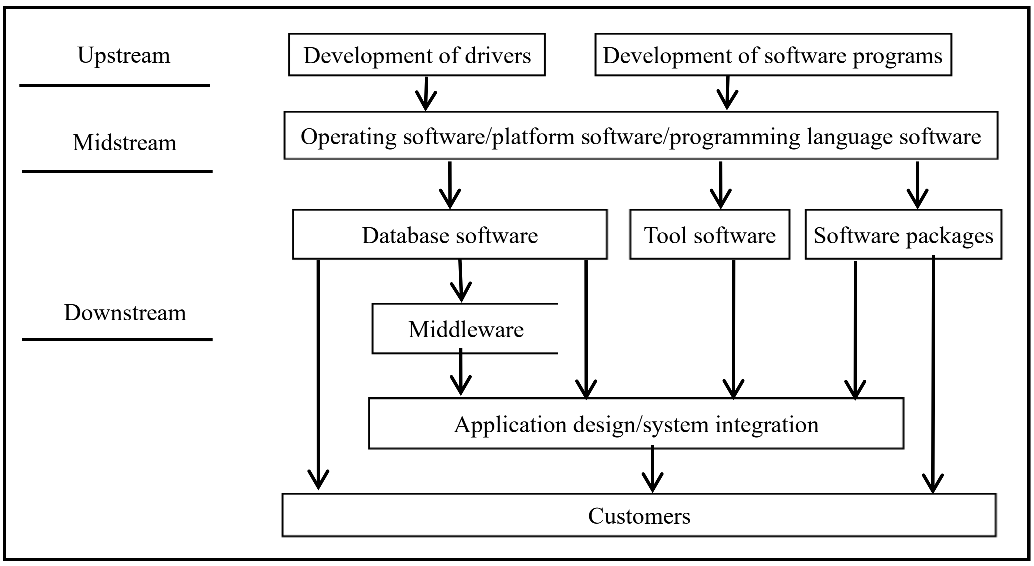
With the advent of the post-pandemic era, countries have opened their borders one after another, and important economies and supply chains have been reshuffled. The continuation of the China-US trade war, the demand for digital transformation, and other various factors will bring the global information service industry many challenges and new business opportunities in the next few years.

In addition, according to IDC data, by 2027, the global technology spending on AI solutions will grow to more than US$500 billion. “AI everywhere” will be a turning point in the development of the technology industry. In the future, enterprises will pay more attention to AI technology investment and AI-driven products and services. However, faced with a large number of innovative AI products and services, enterprises must also pay attention to how to choose from a vast array of options, and manage the risks associated with increased costs and loss of data control. IDC predicts that by 2026, 30% of large enterprises worldwide will improve their efficiency for information security incident remediation, management, and response through voluntary investment in security operations.

In Taiwan, according to the Ministry of Economic Affairs’ data, in recent years, Taiwanese industries have experienced trends, such as a higher percentage of domestic production, an increased proportion of export orders with production by manufacturers themselves, 70% of overseas-produced products sold to third countries, technology manufacturers most active in expanding or establishing new production lines across borders, ASEAN as the main choice for Taiwanese companies to expand overseas production lines, and the transfer of production lines mainly due to the US-China trade and technology disputes. In addition, in Q4 of 2023, the turnover of the computer and information service industry was NT$162 billion, reaching a quarterly record high, with a YoY increase of 6.5%; this was thanks to the increase in the demand for services such as network storage, software development, and system integration. The turnover of the information service industry was NT$42.5 billion, up by 11.9% YoY.

Meanwhile, the FSC (Financial Supervisory Commission) has announced corporate governance road maps for the compliance and sustainable development of listed companies. AI, network security, sustainability, and corporate governance are areas in sore need of management and review. Enterprises need to develop their own technology and run businesses in a manner that supports customers in meeting regulations and requirements.

2. Relationship among upstream, midstream and downstream activities in industry



Source: Information Service Industry Association of R.O.C.

As a professional system integrator and software design company, the Company is experienced in offering a wide range of products, from single products to integrated solutions. According to the analysis of the relationship among the upstream, midstream and downstream activities in the software industry, after driver designers develop operating software or platform software designed for controlling processing and basic interface functions, system designers directly use database software, tool software (COBOL, VB, JAVA, SQL, C, .NET, etc.) and software packages (e.g., MS Office), based on existing operating systems (e.g., Linus, Windows XP Pro, Windows NT, Unix) and customers' requirements for informatization, in programming and system integration or effectively connecting database software (e.g., Oracle, Sybase) and application design through middleware. By doing so, we can offer customers professional system integration services, meet all their needs during computerization, and allow them to solve any professional technical problems related to hardware configuration, software development, peripherals, and network connections through a single window.

(III) Overview of technology, research and development:

The Company's business activities mainly involve system integration as well as application software and software products. Our R&D results are differentiated by each business activity's functional requirements. For software products, we develop software packages that can be launched directly. As for system integration and application software, a variety of standard software interfaces and software components are developed to improve the production capacity of the system department and accelerate project development while complying with ISO9001 and CMMI quality standards. Ares's R&D results for software products as well as application software and system integration in the most recent two years are described separately as follows:

1. R&D expenses in the most recent year and as of the publication date of the annual report:

Unit: NT$ thousand

Year / Item	2023	Current year, as of March 31, 2024
Research expense	106,416	33,217
Operating income	841,834	165,278
As a percentage of operating income	12.64%	20.1%

2. R&D results in the most recent year and as of the publication date of the annual report

Application software and system integration

(1) Remote and cloud applications developed for ARES PP for document security

(2) More convenient and intuitive user interface for eAresBank international banking system

(3) Optimized introduction plan for Oracle ERP

(4) Refined existing functions of ciMes software

(5) Mobile version functions for HCP

(6) Treasury System's front, middle and back office products suitable for more financial derivatives

(7) Extensions for ARES Nuntio

3. R&D patents

Patents obtained for ARES uPKI (ubiquitous Public Key Infrastructure):

Patent name	Patent country
ANS. 1 encoding/decoding system using table lookup method	Taiwan, United States, Japan, China
Index-quoting method for abstract syntax notation recoding system	Taiwan
Password transformation method	Taiwan

Patents obtained for ARES PP:

Patent name	Patent country
Methods for adding invisible watermarks to digital documents and verifying the invisible watermarks	Taiwan
Digital document locating method	Taiwan

4. Introduction of the internationally-accepted CMMI model:

When it comes to the quality of business management, in addition to introducing the ISO 9001 software quality system in 1996, the Company adopted the CMMI (Capability Maturity Model-Integrated) model in October 2005. On January 15, 2008, we were successfully appraised at CMMI DEV V1.2 ML3, which was officially announced on the database website of the Software Engineering Institute (SEI) on March 7. The establishment of CMMI process areas (PAs) will enhance the Company's capabilities with respect to project planning and management, requirements management, software development, software construction management, software quality assurance, outsourcing management, risk management, decision analysis, and continuous improvement.

5. Certifications for recognition of professionalism

To boost our professional image and the competitiveness of our products in the market, we recently received registration certificates for three service items from the Industrial Development Bureau, Ministry of Economic Affairs: IS1 Information Security Management Consultant Service, IS2 Information Security Assessment, and IS3 Information Security Implement Service and Product Service, won the Taiwan Mittelstand Award, and became ISO 27001 (Information Security Management) certified. In addition, the Company's MES (Manufacturing Execution System), ciMes, and core banking system, eAresBank, were certified by Gartner as the only recommended systems in Taiwan multiple times.

6. Future R&D plans:

With the aim of enhancing our response to the demand for digital transformation and information security, the Company will continue the research and development of relevant products and services, further utilize advanced 5G, IoT and cloud commercial applications, and develop relevant solutions with existing products. Meanwhile, the development of new product versions will continue to meet volatile customer needs and comply with changing domestic/foreign laws and regulations.

(IV) Long-term and short-term business development plans

The Company's long-term and short-term business development plans formulated based on different market segmentation characteristics are as follows:

Market segmentation	Short-term business development plan	Long-term business development plan
Information security	Gathering information on customers' experience using document security products and their requirements for new functions for the products. Offering better information security solutions in response to the post-pandemic era, supply chain restructuring, and new government regulations.	Investing marketing resources in areas with demand for document security to maximize market share. Obtaining more relevant certificates to gain recognition from customers and maintain long-term competitive advantage.
Commercial software	Developing international certification applications and applications used to ensure compliance with laws and regulations or to respond to special events for a variety of software, e.g., eiMes, HCP system, and Oracle ERP localization software. Training talent from around the world.	Working with international partners in marketing and business promotion. Demonstrating the application value of products and improving their image. Vertically integrating production and manufacturing and offering integrated solutions to sharpen competitive edge.
Banking	Developing private-label products, e.g., multiple country versions of eAresBank and ARES Nuntio. Replacing foreign software in Taiwan and earning recognition and acceptance from customers.	Using private-label products to expand business in international markets. Becoming world-class software supplier.

II. Overview of Markets and Production/Sales

(I) Market analysis:

1. Sales (provision) regions of main products (services)

As the research and development of application software involves regional differences, the Company currently focuses on the domestic market and aims at expanding the business in the market with the rich experience in system integration planning and software development gained over the years.

The Company's regional sales in 2023 are shown below:

Unit: NT$ thousand

Sales region	Sales	Percentage
Total domestic sales	745,971	88.61%
Asia	95,107	11.30%
America	62	0.01%
Australia	694	0.08%
Total export sales	95,863	11.39%

2. Market share

Since there are a wide range of business activities and a variety of products in the information service sector, and because companies have different competitive advantages and niche conditions and there are no statistics for corresponding items, it is difficult to estimate the market share.

3. Advantages and disadvantages for competitive niche development and countermeasures

(1) Advantages

A. Emerging demand for Industry 4.0 and 5G continues to drive the demand for MESs and ERP

B. China-US trade war and supply chain restructuring bring digital transformation and information security opportunities

C. The government's New Southbound Policy and the post-pandemic era drive promote the customization and rebuild of HR systems

D. Changing pandemic situation leads to increased demand for remote services and outsourcing

E. Frequent information security incidents, new laws, and volatile pandemic situation force enterprises to pay more attention to relevant applications

F. Government regulations result in the demand for e-invoice system integration

G. Diversified customers and industries help spread risks

(2) Disadvantages

A. Implementation of MOL's new law causes an increase in personnel expenses

Countermeasures:

Reinforcing departmental cost control and improving labor utilization efficiency. Continuously promoting internal communications, meeting employees' needs at work, and ensuring their quality of life.

B. Tense Taiwan-China relationship, China-US trade war, and COVID-19 remain disadvantageous to development of the Company's business in Mainland China.

Countermeasures:

Increasing channels in other regions, e.g., by supporting the government's New Southbound Policy, and boosting marketing and promotion efforts.

C. There are challenges in talent acquisition

Countermeasures:

Employing more entry-level technicians, maintaining smooth technical exchanges with domestic universities, well-known training organizations, and the Institute for Information Industry (III), regularly managing the Company's social media, job bank page, and owned media to expose the brand image, and further communicating brand essence and reputation on a continuous basis to ensure talent sufficiency.

D. There are fewer new projects as the markets for foreign exchange and overseas branches mature

Countermeasures:

Cementing collaboration with new strategic partners, expanding product lines, and developing new products.

(II) Important applications and manufacturing processes of main products:

With leading-edge software technology and rich industrial experience, the Company offers management solutions to customers across all industries and sectors to solve any problems they may encounter during computerization once and for all, without forcing them deal with hardware, software, network, and peripheral suppliers alone. Ares has gained rich experience in system integration and project guidance by completing multiple projects in government, financial and commercial sectors.

(III) Supply of primary raw materials: Not applicable, as the Company is not a manufacturer.

(IV) Names of customers (suppliers) accounting for 10% or more of total sales (purchases) in any of the most recent two years, the amount of sales to (purchases from) the customers (suppliers), the proportion thereof, and the reason for the increase or decrease:

1. Names of customers accounting for 10% or more of total sales in the most recent two years: None.

2. Names of suppliers accounting for 10% or more of total purchases in the most recent two years: None.

(V) Production volumes and values in the most recent two years: As the Company operates in the information service sector instead of traditional manufacturing sectors, there is no way to calculate production volumes and values.

(VI) Sales Volumes and Values in the Most Recent Two Years:

Unit: NT$ thousand

Year / Sales volume and value / Main product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
System integration	—	35,844	—	—	—	46,384	—	—
Application software	—	674,996	—	91,664	—	699,587	—	95,863
Total	—	710,840	—	91,664	—	745,971	—	95,863

III. Employee Information in the Most Recent Two Years and as of the Publication Date of the Annual Report

Year		2022	2023	Current year, as of May 29, 2024
Number of employees	Management and marketing personnel	80	96	101
	R&D personnel	43	44	44
	Technicians	177	180	173
	Total	300	320	318
Average age		41.04	41.47	41.35
Average length of service (years)		12.24	12.07	12.25
Education distribution	Ph.D.	0.67%	0.62%	0.63%
	Master's	14%	14.06%	13.84%
	College	81%	80.94%	80.19%
	High school	4%	4.06%	5.03%
	Below high school	0.33%	0.32%	0.32%

IV. Information on Environmental Protection Expenses

Total amount of losses (including compensation) and penalties incurred by the company for environmental pollution in the most recent year and as of the publication date of the annual report. Future countermeasures (including improvement plans) and potential expenditure (including the estimated amount of losses, penalties and compensation that may occur if the countermeasures are not taken. If it cannot be reasonably estimated, clearly explain why such a reasonable estimation cannot be made) shall also be specified:

(I) Total amount of losses (including compensation) and penalties incurred by the company for environmental pollution in the most recent year and as of the publication date of the annual report: None.

(II) Future countermeasures and potential expenditure: Not applicable.

V. Labor-Management Relations

(I) Describe the company's employee benefits, continuous education, training and retirement systems and their implementation as well as labor-management negotiations and measures for protecting employees' rights:

1. Employee benefits:

(1) Labor insurance:

All our employees have enrolled in the labor insurance scheme as required by law.

(2) National health insurance:

A. All our employees and their dependents have enrolled in the national health insurance scheme as required by law.

B. Health insurance premiums are handled in accordance with government regulations.

(3) Group insurance:

Employees are enrolled in a group accident insurance scheme on their first day of work.

(4) Employee benefits:

A. The Company regularly organizes trips, gives birthday gifts, plans year-end gatherings, and offers New Year's gifts and medical check-ups to employees.

B. Additional annual leave is granted, such as medical check-up leave and vaccination leave.

C. Flexible remote work policies are in place to reward employees with excellent performance and benefit those who live far away from the office.

D. Internal and external education and training are provided.

E. We conduct employee satisfaction surveys and optimize the workplace and relevant measures.

F. Ares offers breastfeeding rooms and parental allowance.

G. AEDs are installed for first aid.

H. Sphygmomanometers are provided for the employees to check their condition on a regular basis.

I. Air purifiers are installed.

J. Health promotion activities are organized from time to time, such as weight loss competitions and walking campaigns.

2. Employees' continuing education and training:

The Company encourages employees to earn skill certifications based on their career plans and job requirements and provides them with subsidies. We also ensure the continuous growth of individual employees and the Company through education and training to make the most of our human resources and put the right people in the right places.

3. Retirement system and its implementation:

Pension system	Old system	New system
Applicable laws	Labor Standards Act	Labor Pension Act

Contribution method	Make a contribution of 2% of the total monthly salary of employees and deposit it in the special account in the Bank of Taiwan (formerly Central Trust of China) in the name of the Company	Make a 6% contribution based on employees' insurance level to their personal accounts in the Bureau of Labor Insurance
Contribution amount	The accumulated labor pension fund amount was NT$20,313 thousand	The amount of contributions made in 2023 was NT$13,664 thousand

4. Labor-management negotiations

   The Company has harmonious labor-management relations and there are no labor-management disputes and losses incurred therefrom. Representatives for labor-management meetings have also been elected. Smooth communication channels are provided for the employees.

5. Measures for protecting employee rights:

   To prevent sexual harassment, protect the rights of our employees, dispatched workers and job seekers, and provide a workplace free of sexual harassment, we have established reporting and handling guidelines in accordance with the Act of Gender Equality in Employment; Sexual Harassment Prevention Act; Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace; and Regulations of Sexual Harassment Prevention.

6. Competent authority-required certificates held by personnel responsible for the transparency of financial information: To improve the professional competence of the chief accountant and thereby enhance the quality of information in financial statements and protect the rights of investors, we have ensured that the chief accountant not only has a degree in accounting and more than five years of experience working as a principal accountant or chief accountant in a public company, but also continuously participates in relevant courses during employment. The chief accountant meets the qualifications as required by the competent authority and there are no non-compliances.

(II) List any losses incurred from labor-management disputes in the most recent year and as of the publication date of the annual report and disclose the estimated amount of losses that may be incurred at the moment or in the future and countermeasures. If the amount cannot be reasonably estimated, clearly explain why such a reasonable estimation cannot be made:

As Ares has always complied with related laws and regulations and valued the smoothness of labor-management communication channels, there has never been - and it is unlikely there will ever be - any labor-management dispute. Thus, no estimation can be made.

VI. Cybersecurity Management:

(I) Describe the cybersecurity risk management framework, cybersecurity policy, specific management plans, and resources invested in cybersecurity management:

1. Risk management framework:

   (1) In an effort to enhance the Company's information security, build robust information security management systems, and ensure the effective operation of the information security management systems, the Information Security Management Committee (hereinafter referred to as the Committee) has been set up to promote and maintain management, implementation and audit practices. The Committee consists of the

President, CIO, administration department head, audit manager, and technical support team members from the information service department. The CIO serves as the convener and may convene a meeting of related personnel, if necessary. In addition, the information on the information security supervisor and information security personnel were added and submitted on November 20, 2023.

(2) Implementation in 2023: Since May 2020, we have held an information security management review meeting regularly every month, developed and adjusted the information security policy, reviewed the current information security development status and future trends, and ensured the continuing operation of the information security management systems to improve the Company's information security management capability. The Company introduced the ISO 27001 Cybersecurity Management System in 2021 and is regularly certified for ISO/IEC (International Electrotechnical Commission) 27001. The validity period of the current certificate commenced on January 13, 2024, and will end on January 12, 2027.

(3) The Company's information security policy and guidelines, information security education and training, server room management guidelines, security camera installation guidelines, important data backup and recovery drills, VPN management measures, firewall policies, and regulations governing external personnel's use of the Company's network have been refined and revised after discussions, allowing for more robust information security management mechanisms.

(4) The amendment to the provisions of the information security policy was presented at the 5th board meeting on October 21, 2020.

2. Cybersecurity policy:

(1) Purpose: In view of the fact that information security is the foundation that secures the operation of services, to ensure that there is a consensus on the mission of achieving information security throughout Ares International Corporation (hereinafter referred to as the Company), the information security policy has been developed as the primary directive for the Company's information security management system.

(2) Objective: The Company's information security objective is to ensure the confidentiality, integrity, availability, and compliance of core system management activities. Quantitative indicators are defined based on levels and competencies and used to measure information security performance so as to check the implementation of the information security management systems and whether the information security objective is attained.

A. Confidentiality: Avoid leaking any sensitive information of the Company on the Internet.

B. Integrity: Ensure the correctness of the Company's sensitive data.

C. Availability: Make sure to back up important data held by the Company.

D. Compliance: Comply with related laws in Taiwan (e.g., Personal Data Protection Act, Trade Secrets Act, and intellectual property-related laws) and prevent the rights of the Company or third parties from being infringed.

3. Specific management plans and resources invested in cybersecurity management:

(1) Information asset management: All information assets must be properly processed and protected based on their nature and form of existence. They shall also be clearly marked with the information level corresponding to their nature in order to standardize the operating procedure for all relevant personnel.

(2) Access control management: Employees and third-parties' access to assets, networks, systems and applications related to the Company's services and operation as well as relevant information is controlled to prevent any unauthorized access and to protect confidential and sensitive data or equipment from being stolen or damaged.

(3) Network security management: The Company's network is divided into external and internal networks which are separated by a gateway. The network operating environment is regularly tested for security vulnerabilities. Monitoring measures are adopted to ensure the retention of records related to security activities.

(4) Physical and environmental security management: The Company's equipment and peripherals are protected to reduce the chance that assets will be stolen, damaged or lost due to environmental security issues or negligent or improper equipment operation, maintenance or management so as to achieve the purpose of security control.

(5) Information system development management: Before purchasing or developing a system, we assess the requirements for security functions. In developing the system, we make sure that the permissions of developers to access its source code and sensitive data are properly split and ensure the correctness of data processing in the information system and the security of the system development environment.

(II) List any losses incurred from significant cybersecurity events in the most recent year and as of the publication date of the annual report and disclose their potential impact and countermeasures. If the amount cannot be reasonably estimated, clearly explain why such a reasonable estimation cannot be made: None.

VII. Important Contracts:

Nature of contract	Counterparty	Start and expiry dates of contract	Main subject	Restrictions
Collaboration contract	SWIFT	2023/06/01 – 2024/05/31	SWIFT SERVICE	None
Co-marketing contract	ORACLE	2024/04/24– 2026/04/23	Full Use Program Distribution Agreement	None

Chapter 6. Financial Position

I. Condensed Balance Sheet and Statement of Comprehensive Income Data for the Most Recent Five Years

(I) Condensed balance sheet and statement of comprehensive income data:

1. Condensed Balance Sheet (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information for the current year as of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		1,090,153	1,165,679	1,163,095	1,208,408	1,263,297	1,220,514
Property, plant and equipment and their right-of-use assets (Note 2)		25,135	9,721	25,931	11,469	20,681	21,510
Intangible assets		96	533	541	201	768	780
Other assets (Note 2)		39,045	39,968	35,255	40,340	38,545	39,322
Total assets		1,234,382	1,302,705	1,335,146	1,407,179	1,459,476	1,423,426
Current liabilities	Before distribution	344,413	383,756	379,716	399,041	430,731	390,309
	After distribution (Note 4)	411,729	454,637	485,745	532,989	(Note 5)	(Note 5)
Non-current liabilities		143,978	147,179	136,552	130,993	114,765	109,943
Total liabilities	Before distribution	488,391	530,935	516,268	530,034	545,496	500,252
	After distribution (Note 4)	555,707	601,816	622,297	663,982	(Note 5)	(Note 5)
Equity attributable to owners of the parent		742,268	768,185	815,138	873,472	910,288	919,532
Share capital		472,539	472,539	472,539	472,539	472,539	472,539
Capital reserves	Before distribution	142,897	142,965	142,878	158,764	156,960	157,010
	After distribution (Note 4)	142,897	142,965	142,878	158,764	(Note 5)	(Note 5)
Retained earnings	Before distribution	136,075	159,023	207,065	246,315	284,732	294,427
	After distribution (Note 4)	68,759	88,142	101,036	112,367	(Note 5)	(Note 5)
Other equity		(9,243)	(6,342)	(7,344)	(4,146)	(3,943)	(4,444)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		3,723	3,585	3,740	3,673	3,692	3,642
Total equity	Before distribution	745,991	771,770	818,878	877,145	913,980	923,174
	After distribution (Note 4)	678,675	700,889	712,849	743,197	(Note 5)	(Note 5)

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: No asset revaluation was performed in the aforementioned years.

Note 3: The financial information for Q1, 2024 has been audited by CPAs.

Note 4: The figures after distribution shown above are based on the resolution reached during the shareholders' meeting in the following year.

Note 5: Not applicable, as the distribution of earnings in 2023 has not been approved at a shareholders' meeting.

2. Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information for the current year as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating income	722,504	773,691	800,734	802,504	841,834	165,278
Gross operating profits	305,254	302,219	333,779	335,985	343,789	40,404
Operating profits/losses	86,284	82,395	123,464	99,635	101,490	(22,115)
Non-operating income and expenses	12,177	31,242	15,370	72,586	94,189	33,028
Profits before tax	98,461	113,637	138,834	172,221	195,679	10,913
Net profits from continuing operations in the current period	80,377	97,961	114,955	143,323	173,014	9,515
Loss from discontinued operations	-	-	-	-	-	-
Net profits (losses) in the current period	80,377	97,961	114,955	143,323	173,014	9,515
Other comprehensive income in the current period (after tax, net)	(5,330)	(4,934)	3,121	5,087	(427)	(371)
Total comprehensive income in the current period	75,047	93,027	118,076	148,410	172,587	9,144
Net profits attributable to owners of the parent	80,072	97,753	114,532	143,417	172,965	9,695
Net profits attributable to non-controlling interests	305	208	423	(94)	49	(180)
Total comprehensive income attributable to owners of the parent	74,966	93,165	117,921	148,477	172,568	9,194
Total comprehensive income attributable to non-controlling interests	81	(138)	155	(67)	19	(50)
Earnings per share	1.69	2.07	2.42	3.04	3.66	0.21

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: The financial information for Q1, 2024 has been audited by CPAs.

Note 3: The financial information from 2019 to 2023 shows that there was no capitalization of interest.

3. Condensed Balance Sheet (Parent-only)

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,037,288	1,101,842	1,093,621	1,150,665	1,217,600
Property, plant and equipment and their right-of-use assets (Note 2)		22,543	8,579	21,631	8,963	20,032
Intangible assets		96	533	541	201	768
Other assets (Note 2)		38,675	39,658	34,826	39,863	38,064
Total assets		1,214,583	1,277,823	1,310,277	1,382,986	1,444,174
Current liabilities	Before distribution	328,680	362,459	360,758	378,916	419,121
	After distribution (Note 3)	395,996	433,340	466,787	512,864	(Note 4)
Non-current liabilities		143,635	147,179	134,381	130,598	114,765
Other liabilities		-	-	-	-	-
Total liabilities	Before distribution	472,315	509,638	495,139	509,514	533,886
	After distribution (Note 3)	539,631	580,519	601,168	643,462	(Note 4)
Share capital		472,539	472,539	472,539	472,539	472,539
Capital reserves	Before distribution	142,897	142,965	142,878	158,764	156,960
	After distribution (Note 3)	142,897	142,965	142,878	158,764	(Note 4)
Retained earnings	Before distribution	136,075	159,023	207,065	246,315	284,732
	After distribution (Note 3)	68,759	88,142	101,036	112,367	(Note 4)
Other equity		(9,243)	(6,342)	(7,344)	(4,146)	(3,943)
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	742,268	768,185	815,138	873,472	910,288
	After distribution (Note 3)	674,952	697,304	709,109	739,524	(Note 4)

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: No asset revaluation was performed in the aforementioned years.

Note 3: The figures after distribution shown above are based on the resolution reached during the shareholders' meeting in the following year.

Note 4: Not applicable, as the distribution of earnings in 2023 has not been approved at a shareholders' meeting.

4. Condensed Statement of Comprehensive Income (Parent-only)

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	679,978	740,657	774,467	775,184	821,052
Gross operating profits	278,417	277,519	298,307	311,618	315,801
Operating profits/losses	79,240	79,563	113,058	102,202	100,401
Non-operating profits and losses	18,568	33,219	24,998	70,157	95,243
Profits (losses) before tax	97,808	112,782	138,056	172,359	195,644
Profits and losses from continuing operations	80,072	97,753	114,532	143,417	172,965
Profits and losses from discontinued operations	-	-	-	-	-
Net profits (losses) in the current period	80,072	97,753	114,532	143,417	172,965
Other comprehensive income in the current period	(5,106)	(4,588)	3,389	5,060	(397)
Total comprehensive income in the current period	74,966	93,165	117,921	148,477	172,568
Earnings per share	1.69	2.07	2.42	3.04	3.66

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: The financial information from 2019 to 2023 shows that there was no capitalization of interest.

(II) Names of CPAs and their audit opinions in the most recent five years:

Year	Name of CPA firm	Name of CPA	Opinion
2019	PwC Taiwan	Yi-Fan Lin, Shu-Fen Yu	Unqualified opinion with an Other Matters paragraph
2020	PwC Taiwan	Yi-Fan Lin, Shu-Fen Yu	Unqualified opinion with an Other Matters paragraph
2021	PwC Taiwan	Yi-Fan Lin, Fu-Ming Liao	Unqualified opinion with an Other Matters paragraph
2022	PwC Taiwan	Yi-Fan Lin, Fu-Ming Liao	Unqualified opinion with an Other Matters paragraph
2023	PwC Taiwan	Yi-Fan Lin, Fu-Ming Liao	Unqualified opinion with an Other Matters paragraph

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis (Consolidated):

Analysis item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years					Current year, as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	39.57	40.76	38.67	37.67	37.38	35.14
	Long-term funds to property, plant and equipment ratio	2,974.51	7,946.98	3,176.15	7,666.72	4,974.35	4,802.96
Solvency (%)	Current ratio	316.52	303.76	306.31	302.83	293.29	317.70
	Quick ratio	291.99	284.35	282.01	278.64	271.31	289.33
	Interest coverage ratio	121.66	377.28	201.92	396.91	289.61	90.45
Operating performance	Receivables turnover ratio (times)	4.17	4.22	3.73	3.47	3.65	2.94
	Average collection days	87.52	86.49	97.85	105.18	100.00	124.15
	Inventory turnover ratio (times)	0	0	0	0	0	0
	Payables turnover ratio (times)	8.37	9.11	7.37	7.42	7.63	8.00
	Average sales days	0	0	0	0	0	0
	Property, plant and equipment turnover ratio (times)	43.45	44.39	44.92	42.91	52.37	31.34
	Total assets turnover ratio (times)	0.61	0.61	0.61	0.59	0.59	0.46
Profitability	Return on assets (%)	6.89	7.74	8.76	10.48	12.11	2.67
	Return on equity (%)	10.92	12.94	14.47	16.99	19.39	4.24
	Net profit before tax to paid-up capital (%) (Note 6)	20.84	24.05	29.38	36.45	41.41	9.24
	Net profits margin (%)	11.12	12.66	14.36	17.86	20.55	5.76
	Earnings per share (NT$)	1.69	2.07	2.42	3.04	3.66	0.21
Cash flow	Cash flow ratio (%)	48.51	39.34	5.57	43.12	29.90	(9.41)
	Cash flow adequacy ratio (%)	104.91	149.94	135.34	151.30	143.42	112.08
	Cash reinvestment ratio (%)	11.86	8.60	(4.99)	6.21	(0.49)	(3.50)
Leverage	Operating leverage	1.25	1.24	1.16	1.20	1.19	0.79
	Financial leverage	1.01	1.00	1.01	1.00	1.01	0.99

Please describe the reasons for changes in the financial ratios in the most recent two years. (Not required in case the increase or decrease is less than 20%)

(1) The decrease in the long-term funds to property, plants, and equipment ratio this year was mainly due to an increase in the net book value of the right-of-use assets as a result of the expiration and renewal of the Group's leases for relevant property this year.

(2) Referring to (I), the Group's interest expense was estimated in accordance with IFRS 16, leading to the interest coverage ratio shown above. In addition, the amount of property, plant and equipment this year increased slightly from the previous year, while there was a higher YoY increase in the turnover, causing the property, plant and equipment turnover ratio to increase.

(3) Profitability analysis:

The Group's overall profits this year increased YoY. In addition to the growth of income from the main business, this was mainly due to the gains on disposal of investments from the sale of partial shares in investee companies under the equity method, resulting in a significant increase in non-operating profits and thereby causing profitability ratios to rise.

(4) Cash flow analysis:

According to the 2023 economic indicators, the economic climate was in the doldrums for a long time throughout the year and only gradually stabilized in the fourth quarter. Therefore, due to the impact of the macro environment, the net cash inflow from operating activities this year decreased. In order to expand the business market, the Group has increased investment in Myshine Technology Co., Ltd. to improve investment performance, resulting in a YoY decrease in cash flow-related ratios.

(II) Financial Analysis (Parent-only):

Analysis item (Note 2) / Year (Note 1)			Financial Analysis for the Most Recent Five Years				
			2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio		38.89	39.88	37.79	36.84	36.97
	Long-term funds to property, plant and equipment ratio		3,298.48	8,963.06	3,780.21	9,764.90	5,117.08
Solvency (%)	Current ratio		315.59	303.99	303.15	303.67	290.51
	Quick ratio		290.72	283.46	278.63	279.07	268.78
	Interest coverage ratio		171.99	495.66	305.76	747.14	330.92
Operating performance	Receivables turnover ratio (times)		4.12	4.43	3.91	3.67	3.96
	Average collection days		88.59	82.39	93.35	99.45	92.17
	Inventory turnover ratio (times)		0	0	0	0	0
	Payables turnover ratio (times)		7.41	8.79	7.27	6.95	7.07
	Average sales days		0	0	0	0	0
	Property, plant and equipment turnover ratio (times)		44.85	47.60	51.27	50.68	56.63
	Total assets turnover ratio (times)		0.58	0.59	0.60	0.58	0.58
Profitability	Return on assets (%)		6.91	7.86	8.88	10.66	12.27
	Return on equity (%)		10.92	12.94	14.47	16.99	19.39
	As a percentage of paid-up capital (%) (Note 6)	Operating profits	16.77	16.84	23.93	21.63	21.25
		Net profits before tax	20.70	23.87	29.22	36.48	41.40
	Net profits margin (%)		11.78	13.20	14.79	18.50	21.07
	Earnings per share (NT$)		1.69	2.07	2.42	3.04	3.66
Cash flow	Cash flow ratio (%)		47.46	37.39	5.07	45.27	30.19
	Cash flow adequacy ratio (%)		100.85	144.46	132.47	146.74	136.44
	Cash reinvestment ratio (%)		10.79	7.07	(5.32)	6.20	(0.72)
Leverage	Operating leverage		1.24	1.23	1.16	1.18	1.17
	Financial leverage		1.01	1.00	1.00	1.00	1.01

Please describe the reasons for changes in the financial ratios in the most recent two years. (Not required in case the increase or decrease is less than 20%)

(1) The decrease in the long-term funds to property, plants, and equipment ratio this year was mainly due to an increase in the net book value of the right-of-use assets as a result of the expiration and renewal of the Group’s leases for relevant property this year.

(2) Referring to (I), the Company’s interest expense was estimated in accordance with IFRS 16, leading to the interest coverage ratio shown above.

(3) The Company's overall profits this year increased YoY. This was mainly due to the gains on disposal of investments from the sale of partial shares in investee companies under the equity method, resulting in a significant increase in non-operating profits and thereby causing profitability ratios to rise.

(4) Cash flow analysis:

According to the 2023 economic indicators, the economic climate was in the doldrums for a long time throughout the year and only gradually stabilized in the fourth quarter. Therefore, due to the impact of the macro environment, the net cash inflow from operating activities this year decreased. In order to expand the business market, the Company has increased investment in Myshine Technology Co., Ltd. to improve investment performance, resulting in a YoY decrease in cash flow-related ratios.

Exchange rates rebounded strongly, resulting in a substantial increase in net cash inflow from operating activities. This led to a YoY increase in cash flow-related ratios.

Note 1: All financial information from 2019 to 2023 has been audited by CPAs.

Note 2: The financial analysis formulas are shown below:

1. Financial structure
   (1) Liabilities to assets ratio = Total liabilities / Total assets.
   (2) Long-term funds to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Profits before income tax and interest expense / Interest expense in the current period.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable from business activities) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable from business activities) balance.
   (2) Average collection days = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of sales / Average inventory amount.
   (4) Payables (including accounts payable and notes payable from business activities) turnover ratio = Cost of sales / Average payables (including accounts payable and notes payable from business activities) balance.
   (5) Average inventory turnover days = 365 / Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = [Profits or losses after tax + Interest expense × (1 - Tax rate)] / Average total assets.
   (2) Return on equity = Profits or losses after tax / Average total equity.
   (3) Net profit margin = Profits or losses after tax / Net sales.
   (4) Earnings per share = (Profits or losses attributable to owners of the parent - Preferred dividends) / Weighted average number of shares issued. (Note 3)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/ (Capital expenditure + Increase in inventory + Cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)

6. Leverage:
    (1) Operating leverage = (Net operating income - Variable operating costs and expenses)/Operating profits (Note 5).
    (2) Financial leverage = Operating profits / (Operating profits - Interest expense).

Note 3: When using the above-mentioned formula for calculating earnings per share, please note that:

1. The weighted average number of shares of common stock shall be used as the basis, rather than the number of shares issued as of the end of the year.
2. Where there is any cash capital increase or treasury stock transaction, the circulation period shall be taken into account for calculation of the weighted average number of shares.
3. Where there is capitalization of earnings or capital reserves, a retroactive adjustment shall be made in proportion to the capital increase, and there is no need to consider the issuance period for the capital increase.
4. Where the preferred stock is non-convertible and cumulative preferred stock, the dividend in the current year (regardless of whether it is distributed) shall be deducted from profits after tax or added to losses after tax. Where the preferred stock is non-cumulative, if there are profits after tax, the preferred stock dividend shall be deducted from the profit after tax; if there are losses, no adjustment is required.

Note 4: For cash flow analysis calculations, please note that:

1. Net cash flow from operating activities refers to net cash inflows from operating activities in the cash flow statement.
2. Capital expenditure refers to cash outflows from capital investment every year.
3. Increase in inventory is counted only when the closing balance is higher than the opening balance; if there is a decrease in inventory at the end of the year, it is counted as 0.
4. Cash dividend includes common and preferred stock cash dividend.
5. Gross property, plant and equipment refers to total property, plant, and equipment net of accumulated depreciation.

Note 5: Issuers shall classify operating costs and operating expenses as fixed and variable by nature. Where estimation or subjective judgment is involved, pay attention to its reasonableness and maintain consistency.

Note 6: Where the company’s stock has no par value or has a par value other than NT$10, the ratio of equity attributable to owners of the parent in the balance sheet shall be used to calculate the above-mentioned percentages of the paid-up capital.

III. Audit Committee's Audit Report for the Most Recent Year's Financial Statements

Ares International Corporation
Audit Committee's Audit Report

CPA Yi-Fan Lin and CPA Fu-Ming Liao of PwC Taiwan have audited Ares International Corporation's parent-only and consolidated financial statements for 2023 (January 1, 2023 to December 31, 2023) prepared by the Board of Directors. After auditing the parent-only and consolidated financial statements along with the business report and proposal for earnings distribution for 2022, the Audit Committee believes that they comply with the Company Act and related laws and regulations and has prepared this report for reference in accordance with Article 219 of the Company Act. Please review.

To

Ares International Corporation's 2024 Annual Shareholders' Meeting

Convener of the Audit Committee: Ming-Da Huang

March 13, 2024

IV. Most Recent Year's Financial Statements

Ares International Corporation

Declaration of Consolidated Financial Statements of Affiliates

The Company hereby declares that for 2023 (from January 1 to December 31, 2023), the companies that shall be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those that shall be included in the consolidated financial statements of the parent company and subsidiaries according to IFRS 10 and that the relevant information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and subsidiaries. Hence, no consolidated financial statements of affiliates are prepared separately.

Company Name: Ares International Corporation

Person in charge: Hung-Yang Yu

March 13, 2024

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Ares International Corp. and subsidiaries (the “Group”) as at 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 material accounting policies.

In our opinion, based on our audits and reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 judgement, 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:

Service revenue recognition

Description

Refer to Note 4(24) for accounting policies on service revenue and Note 6(16) for details of service revenue accounts.

The Group recognises service revenue by considering the possibility of incurred cost recovery when unable to reasonably measure the performance obligation result of the service contract. The Group recognises service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client, the service revenue for the period is recognised based on the difference between the total contract price and accumulated recognised service revenue. As the timing of service revenue recognition is affected by the accuracy of the time of client acceptance, service revenue recognition was identified as a key audit matter.

How our audit addressed the matter

The procedures that we have performed in response to specific aspects of the abovementioned key audit matter are summarised as follows:

A. Obtained an understanding of the internal controls over the service revenue process and assessed the effectiveness of its implementation.

B. Obtained a summary of service revenue and performed the following audit procedures on contracts which could not be reasonably estimated:

(a) Service contracts accepted by the client during the year:

- Sampled and checked the certificate of client acceptance confirmation.
- Verified the total contract price.
- Ascertained whether the date on the certificate of acceptance was consistent with the timing of the recognition of service revenue and the appropriate accounting entry was made.

(b) Service contracts which have not been accepted by the client during the year:

- Reconciled the amount of input costs with service revenue recognition.
- Sampled and checked the consistency between the input costs and original documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$113,787 thousand and NT$123,734 thousand, constituting 7.80% and 8.79% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT$19,950 thousand and NT$28,463 thousand, constituting 11.56% and 19.18% of the total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ares International Corp. as at 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 an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

6. Obtain sufficient 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.

CPA Lin, Yi-Fan
CPA Liao, Fu-Ming

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.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 553,759	38	$ 574,013	41
1136	Financial assets at amortised cost - current	6(2) and 8	396,707	27	316,110	22
1140	Contract assets - current	6(16)	139,382	10	99,294	7
1150	Notes receivable, net	6(3)	237	-	26	-
1170	Accounts receivable, net	6(3)	76,592	5	122,541	9
1180	Accounts receivable - related parties, net	7	1,284	-	1,108	-
1200	Other receivables		3,842	-	2,444	-
1410	Prepayments	6(4)	41,588	3	42,383	3
1470	Other current assets	8	49,906	4	50,489	4
11XX	**Total current assets**		1,263,297	87	1,208,408	86
	Non-current assets					
1550	Investments accounted for using the equity method	6(6)	136,185	9	146,761	10
1600	Property, plant and equipment, net	6(7)	4,299	-	4,714	-
1755	Right-of-use assets	6(8)	16,382	1	6,755	1
1780	Intangible assets		768	-	201	-
1840	Deferred income tax assets	6(22)	30,910	2	32,698	2
1900	Other non-current assets	8	7,635	1	7,642	1
15XX	**Total non-current assets**		196,179	13	198,771	14
1XXX	**Total assets**		$ 1,459,476	100	$ 1,407,179	100

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(16)	$ 175,267	12	$ 156,697	11
2170	Accounts payable	6(9)	69,487	5	50,455	4
2180	Accounts payable - related parties	7	314	-	-	-
2200	Other payables	6(10)	151,306	10	146,064	11
2230	Current income tax liabilities		16,678	1	33,374	2
2250	Provisions for liabilities - current	6(12)	2,740	-	7,631	1
2280	Current lease liabilities		14,939	1	4,820	-
21XX	**Total current liabilities**		430,731	29	399,041	29
	Non-current liabilities					
2580	Non-current lease liabilities		1,716	-	2,151	-
2640	Non-current accrued pension liabilities	6(11)	113,049	8	128,842	9
25XX	**Total non-current liabilities**		114,765	8	130,993	9
2XXX	**Total liabilities**		545,496	37	530,034	38
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Common stock		472,539	33	472,539	34
	Capital surplus	6(14)				
3200	Capital surplus		156,960	10	158,764	11
	Retained earnings	6(15)				
3310	Legal reserve		94,962	7	80,434	6
3320	Special reserve		4,146	-	7,344	-
3350	Unappropriated retained earnings		185,624	13	158,537	11
	Other equity interest					
3400	Other equity interest		(3,943)	-	(4,146)	-
31XX	**Equity attributable to owners of the parent**		910,288	63	873,472	62
36XX	Non-controlling interest		3,692	-	3,673	-
3XXX	**Total equity**		913,980	63	877,145	62
	Significant contingent liabilities and unrecognised contract commitents	9				
	Subsequent events	11				
3X2X	**Total liabilities and equity**		$ 1,459,476	100	$ 1,407,179	100

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(16) and 7	$ 841,834	100	$ 802,504	100
5000	Operating costs	6(20)(21) and 7	(498,045)	(59)	(466,519)	(58)
5950	Gross profit		343,789	41	335,985	42
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(72,084)	(8)	(62,757)	(8)
6200	General and administrative expenses		(67,226)	(8)	(62,440)	(8)
6300	Research and development expenses		(106,416)	(13)	(106,010)	(13)
6450	Reversal of (provision for) expected credit losses	12(2)	3,427	-	(5,143)	-
6000	Total operating expenses		(242,299)	(29)	(236,350)	(29)
6900	Operating profit		101,490	12	99,635	13
	Non-operating income and expenses					
7100	Interest income	6(17)	17,222	2	5,881	1
7010	Other income	6(18)	820	-	3,856	-
7020	Other gains and losses	6(19)	58,265	7	36,093	5
7050	Finance costs	6(8)	(678)	-	(435)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	18,560	2	27,191	3
7000	Total non-operating income and expenses		94,189	11	72,586	9
7900	**Profit before income tax**		195,679	23	172,221	22
7950	Income tax expense	6(22)	(22,665)	(2)	(28,898)	(4)
8200	**Profit for the year**		$ 173,014	21	$ 143,323	18
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	($ 733)	-	$ 1,973	-
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(6)	(13)	-	284	-
8349	Income tax relating to components of other comprehensive income (loss)	6(22)	146	-	(395)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(600)	-	1,862	-
	Other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		223	-	4,024	-
8399	Income tax relating to components of other comprehensive loss	6(22)	(50)	-	(799)	-
8360	Other comprehensive income that will be reclassified to profit or loss		173	-	3,225	-
8300	**Other comprehensive (loss) income for the year**		($ 427)	-	$ 5,087	-
8500	**Total comprehensive income for the year**		$ 172,587	21	$ 148,410	18
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 172,965	21	$ 143,417	18
8620	Non-controlling interest		49	-	(94)	-
			$ 173,014	21	$ 143,323	18
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 172,568	21	$ 148,477	18
8720	Non-controlling interest		19	-	(67)	-
			$ 172,587	21	$ 148,410	18
	Earnings per share (in dollars)	6(23)				
9750	Basic		$ 3.66		$ 3.04	
9850	Diluted		$ 3.63		$ 2.99	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained earnings			Other equity interest				
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Year ended December 31, 2022											
Balance at January 1, 2022		$ 472,539	$ 142,878	$ 68,542	$ 6,342	$ 132,181	($ 5,344)	($ 2,000)	$ 815,138	$ 3,740	$ 818,878
Profit for the year		-	-	-	-	143,417	-	-	143,417	(94)	143,323
Other comprehensive income for the year		-	-	-	-	1,862	3,198	-	5,060	27	5,087
Total comprehensive income (loss)		-	-	-	-	145,279	3,198	-	148,477	(67)	148,410
Appropriations of 2021 earnings	6(15)										
Legal reserve		-	-	11,892	-	(11,892)	-	-	-	-	-
Special reserve		-	-	-	1,002	(1,002)	-	-	-	-	-
Cash dividends		-	-	-	-	(106,029)	-	-	(106,029)	-	(106,029)
Donated by the shareholders	6(14)	-	64	-	-	-	-	-	64	-	64
Changes in equity of investment in associates and joint ventures accounted for using equity method	6(14)	-	15,822	-	-	-	-	-	15,822	-	15,822
Balance at December 31, 2022		$ 472,539	$ 158,764	$ 80,434	$ 7,344	$ 158,537	($ 2,146)	($ 2,000)	$ 873,472	$ 3,673	$ 877,145
Year ended December 31, 2023											
Balance at January 1, 2023		$ 472,539	$ 158,764	$ 80,434	$ 7,344	$ 158,537	($ 2,146)	($ 2,000)	$ 873,472	$ 3,673	$ 877,145
Profit for the year		-	-	-	-	172,965	-	-	172,965	49	173,014
Other comprehensive (loss) income for the year		-	-	-	-	(600)	203	-	(397)	(30)	(427)
Total comprehensive income		-	-	-	-	172,365	203	-	172,568	19	172,587
Appropriations of 2022 earnings	6(15)										
Legal reserve		-	-	14,528	-	(14,528)	-	-	-	-	-
Special reserve		-	-	-	(3,198)	3,198	-	-	-	-	-
Cash dividends		-	-	-	-	(133,948)	-	-	(133,948)	-	(133,948)
Disposal of investment using the equity method	6(14)	-	(1,802)	-	-	-	-	-	(1,802)	-	(1,802)
Other	6(14)	-	(2)	-	-	-	-	-	(2)	-	(2)
Balance at December 31, 2023		$ 472,539	$ 156,960	$ 94,962	$ 4,146	$ 185,624	($ 1,943)	($ 2,000)	$ 910,288	$ 3,692	$ 913,980

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 195,679	$ 172,221
Adjustments			
Adjustments to reconcile (profit) loss			
(Reversal of) provision for expected credit loss impairment	6(20) and 12(2)	(3,427)	5,143
Depreciation of property, plant and equipment	6(7)(20)	2,153	2,765
Depreciation of right-of-use asset	6(8)(20)	16,805	16,915
Amortisation	6(20)	393	340
Interest income	6(17)	(17,222)	(5,881)
Interest expense	6(8)	678	435
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(18,560)	(27,191)
Gains on disposal of investments	6(19)	(61,776)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(2,608)	(26)
Accounts receivable		11,685	12,317
Accounts receivable - related parties		(176)	(1,108)
Other receivables		92	331
Prepayments		795	(14,125)
Other current assets		2,052	7,523
Changes in operating liabilities			
Contract liabilities		18,570	14,842
Notes payable		-	(264)
Accounts payable		19,032	(11,876)
Accounts payable - related parties		314	-
Other payables		5,242	11,448
Provisions for liabilities - current		(4,891)	2,628
Non-current accrued pension liabilities		(16,526)	(1,007)
Cash inflow generated from operations		148,304	185,430
Interest received		15,732	4,957
Income tax paid		(35,240)	(18,329)
Net cash flows from operating activities		128,796	172,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost-current		(393,500)	(308,061)
Decrease in financial assets at amortised cost-current		308,489	272,593
Increase in investments using the equity method	6(6)	(3,000)	(2,960)
Disposal of investments using the equity method	6(6)	71,942	-
Dividends received		20,929	12,378
Acquisition of property, plant and equipment	6(7)	(1,746)	(2,223)
Acquisition of intangible assets		(960)	-
Increase in refundable deposits (shown in other non-current assets)		7	16
Net cash flows from (used in) investing activities		2,161	(28,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	6(24)	(17,261)	(16,594)
Cash dividends paid	6(15)	(133,948)	(106,029)
Unclaimed cash dividends paid	6(14)	(2)	-
Donated by the shareholders	6(14)	-	64
Net cash flows used in financing activities		(151,211)	(122,559)
Net (decrease) increase in cash and cash equivalents		(20,254)	21,242
Cash and cash equivalents at beginning of year		574,013	552,771
Cash and cash equivalents at end of year		$ 553,759	$ 574,013

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as the 'Company') was established on December 3, 1980. The Company and subsidiaries (hereinafter referred to as the 'Group') are engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installation and maintenance of application software. The Company's stock was traded at the Taipei Exchange from March 1999, and was listed at the Taiwan Stock Exchange after the application of listing was approved since September 2001.

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

These consolidated financial statements were authorised 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 the 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

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

(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 on 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 on 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", 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 at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 unrealised 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 recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
ARES INTERNATIONAL CORP.	ARES GROUP CORP.	Investment business	100%	100%	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	"	100%	100%	
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	100%	100%	
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales of business management software	95.88%	95.88%	

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, 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 recognised 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 recognised 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 recognised 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 recognised 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 other 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 recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, 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 when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, 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 when the Group 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.

(5) Classification of current and non-current items

The Group's business includes sale of computer equipment and software and system integration design services. The operating cycle lasts more than one year. Therefore, all assets and liabilities associated with the sale of computer equipment and software and system integration design services are classified as current or non-current based on the length of the operating cycle. The classification criteria for all other accounts are as follows:

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 realised, 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 realised 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 settle 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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 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 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 recognise 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.

(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 recognised and derecognised 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 recognised 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 recognised 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.

(8) Financial assets at amortised cost

A. Financial assets at amortised 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 amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Subsequently, interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which is not in consonance with cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) 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.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Investments accounted for using 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 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise 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 do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised 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 recognised 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. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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 recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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 of property, plant and equipment are as follows:

Machinery and equipment	1~10 years
Transportation equipment	5~ 6 years
Office equipment	3~11 years
Leasehold improvements	3~10 years
Other equipment	5~11 years

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

A. Leases are recognised 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 recognised 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.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.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 recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) Impairment of non-financial assets

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 recognised 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 recognising 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 amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts 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.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or repaid on due.

(19) Provisions

Provisions (including warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised 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).

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

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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.

(21) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, 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. 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 that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales revenue – Sales of software

The Group engages in the research, development and sale of computer software related products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, sales returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably, and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Services revenue - IT Consulting services

The Group provides business IT management, design, implementation and support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total estimated labor hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total estimated costs of that performance obligation. Conversely, the Group recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total expected costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Group procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.

The Group's estimation of revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to a revision of estimates is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

Revenue from a service contract in which the Group bills a fixed amount for each hour of service provided is recognised at the amount to which the Group has the right to issue.

While the Company is unable to reasonably measure the result of performance obligations but is able to estimate the recoverable costs incurred arising from satisfying performance obligations, in such case, the Company could only recognise revenue within the amount of costs incurred until the result of performance obligations can be measured reasonably.

C. Sales revenue - Revenue from licencing intellectual property

The Group entered into a contract with a customer to grant a licence of computer software to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence is transferred to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the computer software to which the customer has rights, the customer is affected by the Group's activities, and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property. Therefore, the revenue is recognised when the licence is transferred to a customer at a point in time.

(25) Government grants

Government grants are recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-maker. The Group's Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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. The Group has no critical accounting judgements,estimates and assumption.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 464	$ 550
Checking accounts and demand deposits	390,751	355,531
Time deposits	162,544	217,932
	$ 553,759	$ 574,013

A. The Group transacts 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. Refer to Note 8 for the details of restricted cash and cash equivalents as of December 31, 2023 and 2022.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ 393,500	$ 312,475
Pledged time deposits	3,207	3,635
	$ 396,707	$ 316,110
Interest rate range of time deposits	1.00%~5.45%	0.23%~4.72%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 13,541	$ 3,659

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $396,707 and $316,110, respectively.

C. Details of the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 237	$ 26
Less: Allowance for uncollectible accounts	-	-
	$ 237	$ 26
Accounts receivable	$ 83,144	$ 134,963
Less: Allowance for uncollectible accounts	(6,552)	(12,422)
	$ 76,592	$ 122,541

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2023	
	Accounts receivable	Notes receivable
Not past due	$ 69,819	$ 237
Up to 90 days	7,496	-
91 to 180 days	1,017	-
181 to 270 days	-	-
Over 270 days	4,812	-
	$ 83,144	$ 237

	December 31, 2022	
	Accounts receivable	Notes receivable
Not past due	$ 107,149	$ 26
Up to 90 days	15,107	-
91 to 180 days	511	-
181 to 270 days	2,693	-
Over 270 days	9,503	-
	$ 134,963	$ 26

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $152,095.

C. The Group has no notes and accounts receivable pledged to others.

D. The Group has no discounted notes receivable.

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

F. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group were \$76,829 and \$122,567, respectively.

G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	December 31, 2023	December 31, 2022
Prepaid project cost	$ 40,031	$ 40,526
Other prepayments	1,557	1,857
	$ 41,588	$ 42,383

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	$ 2,000	$ 2,000
Valuation adjustment	(2,000)	(2,000)
	$ -	$ -

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0 as at December 31, 2023 and 2022.

B. For the years ended December 31, 2023 and 2022, no amount was recognised in profit or loss and other comprehensive income.

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

(6) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Associates:		
BLITZ IT CONSULTANTS PTE. LTD.	$ 19,217	$ 18,351
ARES INTERNATIONAL (THAILAND) CO., LTD.	3,181	4,676
ARGO INTERNATIONAL CORPORATION	27,888	28,854
M-POWER INFORMATION CO., LTD.	84,971	94,880
MYSHINE TECHNOLOGY CO., LTD.	928	-
	$ 136,185	$ 146,761

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Nature of relationship	Method of measurement
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	Strategic investment	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	"	"
ARGO INTERNATIONAL CORPORATION	Taiwan	33.88%	33.88%	"	"
M-POWER INFORMATION CO., LTD.	"	17.47%	19.74%	"	"
MYSHINE TECHNOLOGY CO., LTD.	"	40.00%	-	"	"

Note 1: In June 2022, the Group subscribed to the capital increase of ARGO INTERNATIONAL CORPORATION by cash amounting to $2,960, constituting 295,970 shares. The Group adjusted capital surplus of ($147) as the Group did not subcribe to the capital increase proportionately to its equity interest.

Note 2: In December 2022, the Group adjusted capital surplus of $15,969 as the Group did not participate in the capital increase of M-POWER INFORMATION CO., LTD.

Note 3: For the year ended December 31, 2023, the Group disposed 500,000 shares of M-POWER INFORMATION CO., LTD. with a disposal price of $71,942. The gain from disposal of investment was recognised at $61,776, and adjusted capital surplus of ($1,802) in accordance with the ownership proportion.

Note 4: In June 2023, the Group invested $3,000 in cash and acquired 200,000 shares of MYSHINE TECHNOLOGY CO., LTD., representing a 40% ownership stake.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amounts of the Group's individually immaterial associates amounted to $136,185 and $146,761, respectively.

	Years ended December 31 2023	Years ended December 31 2022
Profit for the year from continuing operations	$ 18,560	$ 27,191
Other comprehensive (loss) income, net of tax	(13)	284
Total comprehensive income	$ 18,547	$ 27,475

C. For the years ended December 31, 2023 and 2022, the Group recognised share of profit of associates in the amounts of $19,950 and $28,463, respectively, which were based on the financial statements of the same period which were not audited by independent auditors.

D. The Group's material associate, M-POWER INFORMATION CO., LTD., has quoted market prices. As of December 31, 2023 and 2022, the fair value was $470,769 and $155,012, respectively.

E. The Group is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION with a 33.88% and 17.47% equity interest, respectively. As the Group has no ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION, the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2023						
Cost	$ 10,581	$ 12,190	$ 1,568	$ 4,679	$ 1,429	$ 30,447
Accumulated depreciation	(7,669)	(11,735)	(1,535)	(4,236)	(558)	(25,733)
	$ 2,912	$ 455	$ 33	$ 443	$ 871	$ 4,714
2023						
At January 1	$ 2,912	$ 455	$ 33	$ 443	$ 871	$ 4,714
Additions	1,746	-	-	-	-	1,746
Depreciation charges	(1,484)	(305)	(23)	(63)	(278)	(2,153)
Net exchange differences	(8)	-	-	-	-	(8)
At December 31	$ 3,166	$ 150	$ 10	$ 380	$ 593	$ 4,299
At December 31, 2023						
Cost	$ 12,302	$ 12,190	$ 1,465	$ 4,679	$ 1,429	$ 32,065
Accumulated depreciation	(9,136)	(12,040)	(1,455)	(4,299)	(836)	(27,766)
	$ 3,166	$ 150	$ 10	$ 380	$ 593	$ 4,299

		Machinery and equipment		Transportation equipment		Office equipment		Leasehold improvements		Other facilities		Total
At January 1, 2022												
Cost	$	9,237	$	12,190	$	1,707	$	5,717	$	918	$	29,769
Accumulated depreciation	(	6,594)	(	10,406)	(	1,646)	(	5,358)	(	520)	(	24,524)
	$	2,643	$	1,784	$	61	$	359	$	398	$	5,245
2022												
At January 1	$	2,643	$	1,784	$	61	$	359	$	398	$	5,245
Additions		1,453		-		-		126		644		2,223
Depreciation charges	(	1,195)	(	1,329)	(	28)	(	42)	(	171)	(	2,765)
Net exchange differences		11		-		-		-		-		11
At December 31	$	2,912	$	455	$	33	$	443	$	871	$	4,714
At December 31, 2022												
Cost	$	10,581	$	12,190	$	1,568	$	4,679	$	1,429	$	30,447
Accumulated depreciation	(	7,669)	(	11,735)	(	1,535)	(	4,236)	(	558)	(	25,733)
	$	2,912	$	455	$	33	$	443	$	871	$	4,714

A. No interest was capitalised as part of property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements－lessee

A. The Group's leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 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. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.

C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Buildings	$ 16,382	$ 6,755

	Depreciation charge	
	Years ended December 31	
	2023	2022
Buildings	$ 16,805	$ 16,915

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $26,444 and $2,920, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 678	$ 435
Expense on short-term lease contracts	1,307	1,299
	$ 1,985	$ 1,734

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $18,568 and $17,893, respectively.

(9) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 26,807	$ 15,349
Project costs payable	42,680	35,106
	$ 69,487	$ 50,455

(10) Other payables

	December 31, 2023	December 31, 2022
Wages and bonus payable	$ 102,546	$ 96,568
Labor and health insurance fees payable	5,002	4,757
Employees' compensation and directors' remuneration payable	26,679	23,503
Other accrued expenses	17,079	21,236
	$ 151,306	$ 146,064

(11) 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 179,211)	($ 176,552)
Fair value of plan assets	66,162	47,710
Net defined benefit liability	($ 113,049)	($ 128,842)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	$ 176,552	$ 47,710	$ 128,842
Current service cost	2,241	-	2,241
Interest cost	2,119	-	2,119
Interest income	-	573	(573)
	180,912	48,283	132,629
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Experience adjustments	1,136	403	733
	1,136	403	733
Pension fund contribution	-	20,313	(20,313)
Paid pension	(2,837)	(2,837)	-
Balance at December 31	$ 179,211	$ 66,162	$ 113,049

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	$ 187,789	$ 55,967	$ 131,822
Current service cost	2,375	-	2,375
Interest cost	1,314	-	1,314
Interest income	-	391	(391)
	191,478	56,358	135,120
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in financial assumptions	(5,462)	-	(5,462)
Experience adjustments	7,536	4,047	3,489
	2,074	4,047	(1,973)
Pension fund contribution	-	4,189	(4,189)
Paid pension	(17,000)	(16,884)	(116)
Balance at December 31	$ 176,552	$ 47,710	$ 128,842

(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 utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised 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 Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.20%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience for the years ended December 31, 2023 and 2022 are set based on the 6th Taiwan Standard Odinary Experience Mortality Table.

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 2,357)	$ 2,424	$ 2,044	($ 2,001)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 2,610)	$ 2,690	$ 2,301	($ 2,248)

The sensitivity analysis above is 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $1,799.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 6 years.

B. Defined contribution plans:

(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 no less than 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. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $13,664 and $13,093, respectively.

(b) The Company's mainland China subsidiary, APLUSOFT (SUZHOU) CORPORATION, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 7% for the years ended December 31, 2023 and 2022. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plan of APLUSOFT (SUZHOU) CORPORATION for the years ended December 31, 2023 and 2022 were $425 and $345, respectively.

(12) Provisions

	Warranty 2023	Warranty 2022
Balance at January 1	$ 7,631	$ 5,003
Additional provisions	4,373	7,359
Used during the year	(2,419)	(3,168)
Unused amounts reversed	(6,845)	(1,563)
Balance at December 31	$ 2,740	$ 7,631

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 2,740	$ 7,631

The Group provides warranties on project contract, and the provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of December 31, 2023, the Company's authorised capital was $1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was $472,539, consisting of 47,254 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share.

(14) Capital surplus

	2023				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 92,839	$ 48,738	$ 318	$ 16,869	$ 158,764
Disposal of investments using the equity method	-	-	-	(1,802)	(1,802)
Other (Note 1)	-	-	(2)	-	(2)
At December 31	$ 92,839	$ 48,738	$ 316	$ 15,067	$ 156,960

	2022				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 92,839	$ 48,738	$ 254	$ 1,047	$ 142,878
Recognition of change in equity of associates in proportion to the Group's shareholding interest	-	-	-	15,822	15,822
Donated by the shareholders (Note 2)	-	-	64	-	64
At December 31	$ 92,839	$ 48,738	$ 318	$ 16,869	$ 158,764

Note 1: For the year ended December 31, 2023, the Company returned the previously collected overdue dividends of $2, which had been outstanding for more than five years to the shareholders.

Note 2: Capital surplus arising from donation pertain to unclaimed dividends over 5 years past due.

A. 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Refer to Note 6(6) for details of adjustment of capital surplus due to trading of affiliated company’s stocks for the years ended December 31, 2023 and 2022.

(15) <u>Retained earnings</u>

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed in the following methods and order:

(a) Pay all taxes.

(b) Offset prior years’ operating losses.

(c) 10% of the remaining amount shall be set aside as legal reserve.

(d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be distributed as dividends to shareholders which shall be proposed by the Board of Directors and resolved by the shareholders, The Board of Directors may decide not to distribute earnings for operation needs.

B. As the Company is engaged in information technology, which is a rapidly advance and growing market, the dividend policy of the Company is based on the company capital expenditure requirement and optimal financial plan for long-term operations. When the Board of Directors propose the distribution of retained earnings after deducting (a)~(d) above, the Board of Directors will propose the distribution of cash dividends and share dividends based on the operating requirements. Cash dividends shall comprise not less than 10% of total dividends distributed. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.

C. 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.

D. 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.

E. Distribution of retained earnings:

(a) On June 21, 2023 and June 23, 2022, the shareholders during their meeting resolved the distribution of 2022 and 2021 retained earnings, respectively, as follows:

	2022		2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 14,528		$ 11,892	
(Reversal of) appropriation for special reserve	(3,198)		1,002	
Cash dividends	133,948	$ 2.83	106,029	$ 2.24

(b) On March 13, 2024, the Company's Board of Directors proposed for the distribution of 2023 retained earnings as follows:

	2023	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 17,237	
Reversal of special reserve	(203)	
Cash dividends	155,331	$ 3.29

As of March 13, 2024, the abovementioned distribution of 2023 retained earnings has not yet been resolved at the stockholders' meeting.

(16) Operating revenue

Revenue from contracts with customers	Years ended December 31 2023	2022
Sales revenue	$ 46,384	$ 35,844
Services revenue	795,450	766,660
	$ 841,834	$ 802,504

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Year ended December 31, 2023 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	$ 95,107	$ 62	$ 745,971	$ 694	$ 841,834
Inter-segment	20,287	-	-	-	20,287
	$115,394	$ 62	$ 745,971	$ 694	$ 862,121
Timing of revenue recognition					
At a point in time	$ 5,491	$ -	$ 40,893	$ -	$ 46,384
Over time	89,616	62	705,078	694	795,450
	$ 95,107	$ 62	$ 745,971	$ 694	$ 841,834

Year ended December 31, 2022 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	$ 88,456	$ 3,208	$ 710,840	$ -	$ 802,504
Inter-segment	12,588	-	-	-	12,588
	$101,044	$ 3,208	$ 710,840	$ -	$ 815,092
Timing of revenue recognition					
At a point in time	$ 1,857	$ -	$ 33,987	$ -	$ 35,844
Over time	86,599	3,208	676,853	-	766,660
	$ 88,456	$ 3,208	$ 710,840	$ -	$ 802,504

Note: Segmental information is provided in Note 14.

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets - customer contract	$ 141,779	$ 99,294	$ 87,200
Less: Allowance for uncollectible accounts	(2,397)	-	-
	$ 139,382	$ 99,294	$ 87,200
Contract liabilities - advance receipts from customers	$ 175,267	$ 156,697	$ 141,855

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Years ended December 31	
	2023	2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Advance receipts	$ 94,173	$ 69,163

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 3,681	$ 2,222
Interest income from financial assets measured at amortised cost	13,541	3,659
	$ 17,222	$ 5,881

(18) Other income

	Years ended December 31	
	2023	2022
Commission income	$ 181	$ 1,825
Others	639	2,031
	$ 820	$ 3,856

(19) Other gains and losses

	Years ended December 31	
	2023	2022
Foreign exchange (loss) gains	($ 2,519)	$ 37,354
Gains on disposal of investments	61,776	-
Miscellaneous disbursements	(992)	(1,261)
	$ 58,265	$ 36,093

(20) Expenses by nature

	Years ended December 31	
	2023	2022
Employee benefit expense	$ 481,477	$ 450,715
Depreciation charges on property, plant and equipment	2,153	2,765
Depreciation charges on right-of-use assets	16,805	16,915
Amortisations	393	340
Operating lease payments	1,307	1,299
Outsourcing software	189,395	155,124
(Reversal of) provision for expected credit losses	(3,427)	5,143
Other expenses	16,913	42,233
Cost of sales	35,328	28,335
Operating costs and expenses	$ 740,344	$ 702,869

(21) Employee benefit expense

	Years ended December 31	
	2023	2022
Wages and salaries	$ 405,763	$ 384,236
Labor and health insurance fees	35,958	31,348
Pension costs	17,876	16,736
Directors' remuneration	10,354	8,699
Other personnel expenses	11,526	9,696
	$ 481,477	$ 450,715

A. As of December 31, 2023 and 2022, the Group had 324 and 305 employees, respectively.

B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $20,009 and $17,267, respectively; while directors' remuneration was accrued at $6,670 and $5,876, respectively. The aforementioned amounts were recognised in salary expenses.

D. Employees' compensation and directors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the years ended December 31, 2023, respectively.

E. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

F. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 20,883	$ 35,182
Prior year income tax (over) under estimation	(102)	11
Total current tax	20,781	35,193
Deferred tax:		
Origination and reversal of temporary differences	1,884	(6,295)
Income tax expense	$ 22,665	$ 28,898

(b) The income tax (charge)/credit relating to components of other comprehensive income and loss is as follows:

	Years ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	($ 146)	$ 395
Currency translation differences	50	799
	($ 96)	$ 1,194

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)	$ 39,115	$ 34,428
Tax exempt income by tax regulation	(16,348)	(5,541)
Prior year income tax (over) under estimation	(102)	11
Income tax expense	$ 22,665	$ 28,898

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:

	2023				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	At December 31
Temporary differences:					
—Deferred tax assets:					
Warranty cost	$ 1,526	($ 978)	$ -	$ -	$ 548
Allowance for bad debts in excess of allowable limit	1,427	(447)	-	-	980
Unrealised exchange loss	1,902	1,635	-	-	3,537
Unappropriated pensions	19,723	(3,305)	146	-	16,564
Unused annual leave	2,581	33	-	-	2,614
Loss on investment in foreign companies	5,539	1,178	(50)	-	6,667
	$ 32,698	($ 1,884)	$ 96	$ -	$ 30,910

	2022				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	At December 31
Temporary differences:					
—Deferred tax assets:					
Warranty cost	$ 1,000	$ 526	$ -	$ -	$ 1,526
Allowance for bad debts in excess of allowable limit	403	1,024	-	-	1,427
Unrealised exchange loss	215	1,687	-	-	1,902
Unappropriated pensions	20,319	(201)	(395)	-	19,723
Unused annual leave	2,368	213	-	-	2,581
Loss on investment in foreign companies	3,292	3,046	(799)	-	5,539
	$ 27,597	$ 6,295	($ 1,194)	$ -	$ 32,698

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	Amount filed	$ 2,365	$ 2,365	2024
2020	Amount filed	2,060	2,060	2025
2021	Amount filed	5,948	5,948	2026
2022	Assessed	19,776	19,776	2027
		$ 30,149	$ 30,149	

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Amount filed	$ 6,102	$ 6,102	2023
2019	Amount filed	2,365	2,365	2024
2020	Amount filed	2,060	2,060	2025
2021	Assessed	5,948	5,948	2026
2022	Estimated	1,565	1,565	2027
		$ 18,040	$ 18,040	

E. The amounts of deductible temporary difference that were not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Unrealised impairment loss	$ 400	$ 400

F. As of December 31, 2023, the Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority. On January 6, 2023, the Company has paid an additional tax of $128 based on the approved assessment results on the Company's income tax return for the year ended December 31, 2020.

G. ARES GROUP CORP., WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

(23) 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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 172,965	47,254	$ 3.66
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 172,965	47,254	
Assumed conversion of all dilutive potential ordinary shares	-	392	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 172,965	47,646	$ 3.63

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 143,417	47,254	$ 3.04
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 143,417	47,254	
Assumed conversion of all dilutive potential ordinary shares	-	679	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 143,417	47,933	$ 2.99

(24) Changes in liabilities from financing activities

	2023		2022	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 6,971	$ 6,971	$ 20,961	$ 20,961
Changes in cash flow from financing activities	(17,261)	(17,261)	(16,594)	(16,594)
Impact of changes in foreign exchange rate	(14)	(14)	67	67
Changes in other non-cash items	26,959	26,959	2,537	2,537
At December 31	$ 16,655	$ 16,655	$ 6,971	$ 6,971

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-POWER INFORMATION CO., LTD.	"
MYSHINE TECHNOLOGY CO., LTD.	"
MiTAC INC.	Key management
MiTAC INTERNATIONAL TECHNOLOGY CORP.	"

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2023	2022
Sales of goods:		
-Associates	$ -	$ 3,760
-Key management	1,405	179
	$ 1,405	$ 3,939

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Years ended December 31	
	2023	2022
Purchases of goods:		
-Associates	$ 25	$ 130
Purchases of services:		
-Associates	993	1,020
	$ 1,018	$ 1,150

(a) The Group's purchases are made for each system integration projects and are only purchased from related parties. Therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(b) Most of the transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable		
-MiTAC INTERNATIONAL TECHNOLOGY CORP.	$ 1,284	$ -
-M-POWER INFORMATION CO., LTD.	-	1,108
	$ 1,284	$ 1,108

D. Payable from related parties

	December 31, 2023	December 31, 2022
Accounts payable		
-MYSHINE TECHNOLOGY CO., LTD.	$ 314	$ -

F. In 2021, the Group entered into a three-year Argo ERP maintenance contract with an associate in the amount of $748. The Group recognised $249 as operating expense for the years ended December 31, 2023 and 2022.

G. Acquisition of financial assets:

For the year ended December 31, 2023: None.

				Year ended December 31, 2022
	Accounts	No. of shares	Objects	Consideration
Associates	Investments accounted for using the equity method	295,970	Common stock (Note)	$ 2,960

Note: Refer to Note 6(6) for details.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Salaries and other short-term employees' benefits	$ 67,281	$ 65,571

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as financial assets at amortised cost - current)	$ 3,207	$ 3,635	Bid bond
Guarantee deposits paid (shown as other current assets)	49,906	50,489	Bid bond and performance bond
Guarantee deposits paid (shown as other non-current assets)	7,635	7,642	Guarantees provided for leasing
	$ 60,748	$ 61,766	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Software products	$ 8,634	$ 10,740

B. As of December 31, 2023 and 2022, the Group received promissory notes amounting to $8,367 and $9,326 for the performance guarantees.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 13, 2024, the Group's Board of Directors proposed for the distribution of 2023 retained earnings. Please refer to Note 6(15) for details.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. 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 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 plus net debt.

During the year ended December 31, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio as low as possible.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 553,759	$ 574,013
Current financial assets at amortised cost	396,707	316,110
Notes receivable	237	26
Accounts receivable	76,592	122,541
Accounts receivable due from related parties	1,284	1,108
Other receivables	3,842	2,444
Guarantee deposits paid (shown as other current assets)	49,906	50,489
Guarantee deposits paid (shown as other non-current assets)	7,635	7,642
	$ 1,089,962	$ 1,074,373

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 69,487	$ 50,455
Accounts payable to related parties	314	-
Other payables	151,306	146,064
	$ 221,107	$ 196,519
Lease liabilities	$ 16,655	$ 6,971

B. Financial risk management policies

The Group's financial risks are primarily risks associated with its investments in financial instruments and foreign exchange risk arising from foreign-currency transactions. The Company uses the most rigorous controls to manage the financial risks from investments in various financial products. Each investment is assessed comprehensively, taking into account market risk, credit risk, liquidity risk and cash flow risk, with the goal of choosing the investment with the smallest risk. According to our policy goals of risk management, the Group manages its foreign exchange risk from foreign-currency transactions by optimising our risk exposure and maintaining an appropriate level of exposure to liquidity risk, thus achieving the best possible hedging strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,134	30.71	$ 341,925
HKD:NTD	20,131	3.93	79,115
AUD:NTD	490	20.98	10,280
EUR:NTD	114	33.98	3,874
RMB:NTD	21,963	4.32	94,880
USD:RMB	281	7.10	8,619
Non-monetary items			
USD:NTD	626	30.71	19,217
THB:NTD	3,528	0.90	3,181

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,576	30.71	$ 294,079
HKD:NTD	19,491	3.94	76,795
AUD:NTD	482	20.83	10,040
EUR:NTD	114	32.72	3,730
RMB:NTD	21,165	4.41	93,338
USD:RMB	231	6.96	7,090
RMB:USD	1,082	0.14	4,652
Non-monetary items			
USD:NTD	598	30.71	18,351
THB:NTD	5,230	0.89	4,676

iv. The total exchange gain, including realised and unrealised, 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 ($2,519) and $37,354, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 3,419	$ -
HKD:NTD	1.00%	791	-
AUD:NTD	1.00%	103	-
EUR:NTD	1.00%	39	-
RMB:NTD	1.00%	949	-
USD:RMB	1.00%	86	-
Non-monetary items			
USD:NTD	1.00%	-	192
THB:NTD	1.00%	-	32

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,941	$ -
HKD:NTD	1.00%	768	-
AUD:NTD	1.00%	100	-
EUR:NTD	1.00%	37	-
RMB:NTD	1.00%	933	-
USD:RMB	1.00%	71	-
RMB:USD	1.00%	47	-
Non-monetary items			
USD:NTD	1.00%	-	184
THB:NTD	1.00%	-	47

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group’s investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased or decreased both by $0, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(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 on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customers’ accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.

vi. 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 reorganisation 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.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2023 and 2022, the provision matrix and loss rate methodology are as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 270 days	Total
December 31, 2023						
Expected loss rate	1.38%~ 3.23%	4.18%~ 13.87%	10.42%~ 25%	12.75%~ 35.83%	100%	
Total book value	$ 49,205	$ 7,496	$ 1,017	$ -	$ 4,812	$ 62,530
Loss allowance	$ 1,126	$ 505	$ 109	$ -	$ 4,812	$ 6,552

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 270 days	Total
December 31, 2022						
Expected loss rate	1.29%~ 3.00%	5.06%~ 31.60%	9.34%~ 100%	8.62%~ 100%	100%	
Total book value	$ 92,271	$ 15,107	$ 511	$ 2,693	$ 9,503	$120,085
Loss allowance	$ 1,295	$ 1,059	$ 261	$ 304	$ 9,503	$ 12,422

	Company	Group 2	Group 3	Total
December 31, 2023				
Expected loss rate	1.69%	0%	0%	
Total book value	$ 141,779	$ 10,455	$ 10,159	$ 162,393
Loss allowance	$ 2,397	$ -	$ -	$ 2,397

	Company	Group 2	Group 3	Total
December 31, 2022				
Expected loss rate	0%	0%	0%	
Total book value	$ 99,294	$ 10,761	$ 4,117	$ 114,172
Loss allowance	$ -	$ -	$ -	$ -

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

ix. As of December 31, 2023 and 2022, contract assets amounted to $139,382 and $99,294, respectively, and loss allowance are $2,397 and $0, and the expected credit loss rate are 1.69% and 0%, respectively.

x. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 12,422	$ -	$ -	$ 12,422
(Reversal of) impairment loss	(5,824)	2,397	-	(3,427)
Effects of foreign exchange	(46)	-	-	(46)
At December 31	$ 6,552	$ 2,397	$ -	$ 8,949

	2022			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 7,232	$ -	$ -	$ 7,232
Impairment loss	5,143	-	-	5,143
Effects of foreign exchange	47	-	-	47
At December 31	$ 12,422	$ -	$ -	$ 12,422

(c) Liquidity risk

i. Cash flow forecasting is performed in 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.

ii. The table below analyses the Group's non-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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2023	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Total
Accounts payable	$ 68,742	$ 745	$ -	$ 69,487
Accounts payable-related parties	314	-	-	314
Other payables	121,620	29,686	-	151,306
Lease liabilities	4,272	12,477	148	16,897
	$ 194,948	$ 42,908	$ 148	$ 238,004

Non-derivative financial liabilities: December 31, 2022	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Total
Accounts payable	$ 49,935	$ 520	$ -	$ 50,455
Other payables	121,202	24,862	-	146,064
Lease liabilities	2,086	4,477	592	7,155
	$ 173,223	$ 29,859	$ 592	$ 203,674

(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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

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 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ -	$ -

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ -	$ -

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

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

G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. SEGMENT INFORMATION

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of segment income (loss). Interest income are not allocated to operating segments, as this type of activity is driven by the Group's financial segment, which manages the cash position of the group.

(3) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2023:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 440,463	$ 270,707	$ 130,664	$ 841,834
Inter-segment revenue	20,287	-	-	20,287
Total segment revenue	$ 460,750	$ 270,707	$ 130,664	$ 862,121
Segment income	$ 43,256	$ 71,635	$ 6,886	$ 121,777
Segment income (loss), including:				
Depreciation and amortisation	($ 9,184)	($ 7,972)	($ 2,195)	($ 19,351)

Year ended December 31, 2022:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 398,673	$ 247,956	$ 155,875	$ 802,504
Inter-segment revenue	12,588	-	-	12,588
Total segment revenue	$ 411,261	$ 247,956	$ 155,875	$ 815,092
Segment income	$ 61,202	$ 40,855	$ 10,166	$ 112,223
Segment income (loss), including:				
Depreciation and amortisation	($ 8,714)	($ 7,696)	($ 3,610)	($ 20,020)

The Group did not disclose the information in relation to segment assets and segment liabilities as this information is not provided to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income and loss

The segment operating income reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

	Years ended December 31	
Profit or loss	2023	2022
Total reportable segment revenue	$ 862,121	$ 815,092
Write-off of inter-segment revenue	(20,287)	(12,588)
Operating revenue	$ 841,834	$ 802,504

	Years ended December 31	
Profit or loss	2023	2022
Segment income	$ 121,777	$ 112,223
Adjustments and write-offs	(20,287)	(12,588)
Non-operating income and expenses	94,189	72,586
Income before tax from continuing operations	$ 195,679	$ 172,221

(5) Information on products and services

The primary operations of the Group are the design, sales, maintenance, and leasing of computers and related equipment, hardware, and software. All these operations belong in the same industry, therefore disclosure of financial information by industry does not apply here.

(6) 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
Taiwan	$ 745,971	$ 20,800	$ 710,840	$ 9,164
Asia	95,107	649	88,456	2,506
America	62	-	3,208	-
Australia	694	-	-	-
	$ 841,834	$ 21,449	$ 802,504	$ 11,670

A. The Group's revenue by location is calculated based on the location in which the sales were made.

B. Non-current assets refer to property, plant and equipment, right-to-use assets and intangible assets, and do not include financial instruments and deferred tax assets.

(7) Major customer information

For the years ended December 31, 2023 and 2022, the Group did not have customers that contributed to more than 10% of the operating revenue on the statement of comprehensive income.

ARES INTERNATIONAL CORP.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
ARES INTERNATIONAL CORP.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	$ -	0.01%	$ -	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9, 'Financial instruments'.
Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ARES INTERNATIONAL CORP.

Names, locations, and related information on investees (excluding information on investment in Mainland China)

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
ARES INTERNATIONAL CORP.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	$ 16,974	$ 16,974	1,863,446	33.88	$ 27,888	$ 15,819	$ 5,361	
"	M-POWER INFORMATION CO., LTD.	"	Agency and sale of database system and professional service of software	25,255	28,541	3,843,015	17.47	84,971	89,432	16,674	
"	MYSHINE TECHNOLOGY CO., LTD.	"	Front-end IoT integration and back-end management platform solution research and development application	3,000	-	200,000	40.00	928	(2,434)	(2,072)	
"	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100.00	19,520	133	133	Subsidiary
"	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49.00	3,181	(3,129)	(1,533)	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100.00	31,222	734	734	Subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	"	34,115	34,115	1,120,000	100.00	19,282	130	Note 3	Subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25.00	19,217	516	Note 3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

ARES INTERNATIONAL CORP.
Information on investments in Mainland China
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Investment flows: Remitted to Mainland China	Investment flows: Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income recognised 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
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	$ 25,228	Note 1	$ 11,732	$ -	$ 4,699	$ 7,033	$ 1,193	95.88	$ 1,144	$ 29,828	$ 18,669	Note 4

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).
Note 2: The financial statements were audited and attested by R.O.C. parent company's CPA.
Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).
Note 4: Cash dividends included in the accumulated amount of investment income remitted back to Taiwan which had been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to $4,699 (RMB 1,080,030.67/USD 148,160.48).

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
Ares International Corp.	$ 56,479	$ 77,296	$ 548,388

ARES INTERNATIONAL CORP.
Major shareholders information
December 31, 2023

Table 4

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
YU, HONG-YANG	$ 3,558,449	7.53%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

V. Ares International Corporation’s Annual Parent-only Financial Statements Audited by CPAs

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Ares International Corp. (the “Company”) as at 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 parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at 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 in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the these requirements. Based on our audits and reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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:

Service revenue recognition

<u>Description</u>

Refer to Note 4(23) for accounting policies on service revenue recognition and Note 6(16) for details of service revenue.

The Company recognises service revenue by considering the possibility of incurred cost recovery when unable to reasonably measure the performance obligation result of the service contract. The Company recognises service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client, the service revenue for the period is recognised based on the difference between the total contract price and accumulated recognised service revenue. As the timing of service revenue recognition is affected by the accuracy of the time of client acceptance, service revenue recognition was identified as a key audit matter.

<u>How our audit addressed the matter</u>

The procedures that we have performed in response to specific aspects of the abovementioned key audit matter are summarised as follows:

A. Obtained an understanding of the internal controls over the service revenue process and assessed the effectiveness of its implementation.

B. Obtained a summary of service revenue and performed the following procedures on contracts which could not be reasonably estimated:

(a) Service contracts accepted by clients during the year:

- Sampled and checked the certificate of client acceptance confirmation.
- Verified the total contract price.
- Ascertained whether the date on the certificate of acceptance was consistent with the timing of the recognition of service revenue and the appropriate accounting entry was made.

(b) Service contracts which have not been accepted by the client during the year:

- Reconciled the amount of input costs with service revenue recognition.
- Sampled and checked the consistency between the input costs and original documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$113,787 thousand and NT$123,734 thousand, constituting 7.88% and 8.95% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT$19,950 thousand and NT$28,463 thousand, constituting 11.56% and 19.17% of the total comprehensive income for the years then ended, respectively.

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 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 supervisors, 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 judgement and professional skepticism throughout the audit. We also:

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

5. 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.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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.

CPA Lin, Yi-Fan
CPA Liao, Fu-Ming

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.

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 530,948	37	$ 546,522	39
1136	Financial assets at amortised cost - current	6(2) and 8	396,707	27	311,696	23
1140	Contract assets - current	6(16)	124,555	9	85,063	6
1150	Notes receivable, net	6(3)	237	-	26	-
1170	Accounts receivable, net	6(3)	72,048	5	114,180	8
1180	Accounts receivable - related parties, net	7	1,482	-	1,108	-
1200	Other receivables		3,722	-	2,407	-
1210	Other receivables - related parties	7	1	-	67	-
1410	Prepayments	6(4)	37,994	3	39,107	3
1470	Other current assets	8	49,906	3	50,489	4
11XX	**Total current assets**		1,217,600	84	1,150,665	83
	Non-current assets					
1550	Investments accounted for using the equity method	6(6)	167,710	12	183,294	13
1600	Property, plant and equipment	6(7)	3,998	-	4,263	-
1755	Right-of-use assets	6(8)	16,034	1	4,700	-
1780	Intangible assets		768	-	201	-
1840	Deferred income tax assets	6(22)	30,752	2	32,551	3
1920	Guarantee deposits paid	8	7,312	1	7,312	1
15XX	**Total non-current assets**		226,574	16	232,321	17
1XXX	**Total assets**		$ 1,444,174	100	$ 1,382,986	100

(Continued)

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(16)	$ 160,837	11	$ 141,687	10
2170	Accounts payable	6(9)	69,487	5	50,455	4
2180	Accounts payable - related parties	7	8,165	1	4,466	-
2200	Other payables	6(10)	146,662	10	138,282	10
2220	Other payables - related parties	7	-	-	12	-
2230	Current income tax liabilities		16,678	1	33,374	2
2250	Provisions for liabilities - current	6(12)	2,740	-	7,631	1
2280	Lease liabilities - current		14,552	1	3,009	-
21XX	**Total current liabilities**		419,121	29	378,916	27
	Non-current liabilities					
2580	Non-current lease liabilities		1,716	-	1,756	-
2640	Non-current accrued pension liabilities	6(11)	113,049	8	128,842	10
25XX	**Total non-current liabilities**		114,765	8	130,598	10
2XXX	**Total liabilities**		533,886	37	509,514	37
	Equity					
	Share capital	6(13)				
3110	Common stock		472,539	33	472,539	34
	Capital surplus	6(14)				
3200	Capital surplus		156,960	10	158,764	11
	Retained earnings	6(15)				
3310	Legal reserve		94,962	7	80,434	6
3320	Special reserve		4,146	-	7,344	1
3350	Unappropriated retained earnings		185,624	13	158,537	11
	Other equity interest					
3400	Other equity interest		(3,943)	-	(4,146)	-
3XXX	**Total equity**		910,288	63	873,472	63
	Significant contingent liabilities and unrecognised contract commitents	9				
	Subsequent events	11				
3X2X	**Total liabilities and equity**		$ 1,444,174	100	$ 1,382,986	100

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

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	$ 821,052	100	$ 775,184	100
5000	Operating cost	6(20)(21) and 7	(505,251)	(62)	(463,566)	(60)
5950	Gross profit		315,801	38	311,618	40
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(67,557)	(8)	(57,331)	(7)
6200	General and administrative expenses		(63,823)	(8)	(60,535)	(8)
6300	Research and development expenses		(86,298)	(10)	(86,598)	(11)
6450	Reversal of (provision for) expected credit losses	6(20) and 12(2)	2,278	-	(4,952)	(1)
6000	Total operating expenses		(215,400)	(26)	(209,416)	(27)
6900	Operating profit		100,401	12	102,202	13
	Non-operating income and expenses					
7100	Interest income	6(17)	17,091	2	5,732	1
7010	Other income	6(18) and 7	1,024	-	2,841	-
7020	Other gains and losses	6(19)	58,424	7	35,421	5
7050	Finance costs	6(8)	(593)	-	(231)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	19,297	3	26,394	3
7000	Total non-operating income and expenses		95,243	12	70,157	9
7900	**Profit before income tax**		195,644	24	172,359	22
7950	Income tax expense	6(22)	(22,679)	(3)	(28,942)	(4)
8200	**Profit for the year**		$ 172,965	21	$ 143,417	18
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	($ 733)	-	$ 1,973	-
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(6)	(13)	-	284	-
8349	Income (loss) tax relating to components of other comprehensive income	6(22)	146	-	(395)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(600)	-	1,862	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		253	-	3,997	1
8399	Income tax relating to components of other comprehensive loss	6(22)	(50)	-	(799)	-
8360	Other comprehensive income that will be reclassified to profit or loss		203	-	3,198	1
8300	**Other comprehensive (loss) income for the year**		($ 397)	-	$ 5,060	1
8500	**Total comprehensive income for the year**		$ 172,568	21	$ 148,477	19
	Earnings per share (in dollars)	6(23)				
9750	Basic		$	3.66	$	3.04
9850	Diluted		$	3.63	$	2.99

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

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2022									
Balance at January 1, 2022		$ 472,539	$ 142,878	$ 68,542	$ 6,342	$ 132,181	($ 5,344)	($ 2,000)	$ 815,138
Profit for the year		-	-	-	-	143,417	-	-	143,417
Other comprehensive income		-	-	-	-	1,862	3,198	-	5,060
Total comprehensive income		-	-	-	-	145,279	3,198	-	148,477
Appropriations of 2021 earnings	6(15)								
Legal reserve		-	-	11,892	-	(11,892)	-	-	-
Special reserve		-	-	-	1,002	(1,002)	-	-	-
Cash dividends		-	-	-	-	(106,029)	-	-	(106,029)
Donated by the shareholders	6(14)	-	64	-	-	-	-	-	64
Changes in equity of investment in associates and joint ventures accounted for using equity method	6(14)	-	15,822	-	-	-	-	-	15,822
Balance at December 31, 2022		$ 472,539	$ 158,764	$ 80,434	$ 7,344	$ 158,537	($ 2,146)	($ 2,000)	$ 873,472
Year ended December 31, 2023									
Balance at January 1, 2023		$ 472,539	$ 158,764	$ 80,434	$ 7,344	$ 158,537	($ 2,146)	($ 2,000)	$ 873,472
Profit for the year		-	-	-	-	172,965	-	-	172,965
Other comprehensive (loss) income		-	-	-	-	(600)	203	-	(397)
Total comprehensive income		-	-	-	-	172,365	203	-	172,568
Appropriations of 2022 earnings	6(15)								
Legal reserve		-	-	14,528	-	(14,528)	-	-	-
Special reserve		-	-	-	(3,198)	3,198	-	-	-
Cash dividends		-	-	-	-	(133,948)	-	-	(133,948)
Disposal of investment using the equity method	6(14)	-	(1,802)	-	-	-	-	-	(1,802)
Other	6(14)	-	(2)	-	-	-	-	-	(2)
Balance at December 31, 2023		$ 472,539	$ 156,960	$ 94,962	$ 4,146	$ 185,624	($ 1,943)	($ 2,000)	$ 910,288

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

ARES INTERNATIONAL CORP.
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	Year ended December 31 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 195,644	$ 172,359
Adjustments			
Adjustments to reconcile (profit) loss			
(Reversal of) provision for expected credit loss	6(20) and 12(2)	(2,278)	4,952
Depreciation on property, plant and equipment	6(7)(20)	2,011	2,600
Depreciation on right-of-use asset	6(8)(20)	15,110	15,210
Amortisation	6(20)	393	340
Interest income	6(17)	(17,091)	(5,732)
Interest expense	6(8)	593	231
Gains on disposal of investments	6(19)	(61,776)	-
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(19,297)	(26,394)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(211)	(26)
Accounts receivable		4,918	17,960
Accounts receivable - related parties		(374)	(1,108)
Other receivables		174	337
Other receivables - related parties		66	-
Prepayments		1,113	(14,634)
Other current assets		(1,144)	4,844
Changes in operating liabilities			
Contract liabilities		19,150	14,791
Notes payable		-	(264)
Accounts payable		19,032	(11,876)
Accounts payable - related parties		3,699	1,285
Other payables		8,379	8,573
Other payables - related parties		(12)	12
Provisions for liabilities - current		(4,891)	2,628
Accrued pension liabilities		(512)	(1,016)
Non-current accrued pension liabilities		(16,526)	-
Cash inflow generated from operations		146,170	185,072
Interest received		15,602	4,809
Income tax paid		(35,240)	(18,329)
Net cash flows from operating activities		126,532	171,552

(Continued)

ARES INTERNATIONAL CORP.
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
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		($ 393,500)	($ 32,718)
Decrease in financial assets at amortised cost - current		308,489	-
Increase in investments accounted for under equity method	6(6)	(3,000)	(2,960)
Disposal of investments using the equity method	6(6)	71,942	-
Dividends received	6(6)	26,153	25,821
Acquisition of property, plant and equipment	6(7)	(1,746)	(2,223)
Acquisition of intangible assets		(960)	-
Decrease in refundable deposits		-	20
Net cash flows from (used in) investing activities		7,378	(12,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	6(24)	(15,534)	(15,543)
Cash dividends paid	6(15)	(133,948)	(106,029)
Unclaimed cash dividends paid	6(14)	(2)	-
Donation by the shareholders	6(14)	-	64
Net cash flows used in financing activities		(149,484)	(121,508)
Net (decrease) increase in cash and cash equivalents		(15,574)	37,984
Cash and cash equivalents at beginning of year		546,522	508,538
Cash and cash equivalents at end of year		$ 530,948	$ 546,522

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

ARES INTERNATIONAL CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as ‘the Company’) was established on December 3, 1980. The Company is mainly engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installment and maintenance of application software. The Company’s stock was traded on the Taipei Exchange from March 1999, and was listed on the Taiwan Stock Exchange after the application of listing was approved since September 2001.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised 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 the 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

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

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

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 on the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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

These parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

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

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, 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 when the Company 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

The Company's business includes sale of computer equipment and software and system integration design services. The operating cycle lasts more than one year. Therefore all assets and liabilities associated with the sale of computer equipment and software and system integration design services are classified as current or non-current based on the length of the operating cycle. The classification criteria for all other accounts are as follows:

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 realised, 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 realised 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 settle 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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 the 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 other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, but for which the Company has made an irrevocable election at initial recognition to recognise 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.

(b) The assets' contractual cash flows represent particularly payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised 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:

The changes in fair value of equity investments that were recognised 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 recognised as revenue 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 amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent particularly payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Subsequently, interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which is not in consonance with cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

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

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

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 recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company 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 recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. 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 recognised at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. 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 recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised 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.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised 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.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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 recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(12) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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 of property, plant and equipment are as follows:

Machinery and equipment	1~10 years
Transportation equipment	5~6 years
Office equipment	3~11 years
Leasehold improvements	3~10 years
Other equipment	5~11 years

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

A. Leases are recognised 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 recognised 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 is comprised of fixed payments, less any lease incentives receivable.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. 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 recognised 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 recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) 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 recognised 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 amortised historical cost would have been if the impairment had not been recognised.

(16) Notes and accounts 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.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or repaid on due.

(18) Provisions

Provisions (including warranties, etc.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised 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).

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

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 operates 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(23) Revenue recognition

A. Sales revenue - sales of software

The Company engages in the research, development and sale of computer software and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, sales returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably, and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Service revenue - IT Consulting services

The Company provides business IT management, design, implementation and support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total estimated labor hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total estimated costs of that performance obligation. Conversely, the Company recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total estimated costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Company procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.

The Company's estimate on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to estimated revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

Revenue from a service contract in which the Company bills a fixed amount for each hour of service provided is recognised at the amount to which the Company has the right to issue.

While the Company is unable to reasonably measure the result of performance obligations but is able to estimate the recoverable costs incurred arising from satisfying performance obligations, in such case, the Company could only recognise revenue within the amount of costs incurred until the result of performance obligations can be measured reasonably.

C. Sales revenue - revenue from licencing intellectual property

The Company entered into a contract with a customer to grant a licence of computer software to the customer. Given the licence is distinct from other promised goods or services in the contract, the Company recognises the revenue from licencing when the licence is transferred to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Company's promise in granting a licence is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the computer software to which the customer has rights, the customer is affected by the Company's activities, and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a licence is a promise to provide a right to use the Company's intellectual property. Therefore, the revenue is recognised when transferring the licence to a customer at a point in time.

(24) Government grants

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

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

The preparation of these 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. The Company has no critical accounting judgements, estimates and assumption.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 223	$ 184
Checking accounts and demand deposits	368,181	328,406
Time deposits	162,544	217,932
	$ 530,948	$ 546,522

A. The Company transacts 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. Refer to Note 8 for the details of restricted cash and cash equivalents as of December 31, 2023 and 2022.

(2) Financial assets at amortised cost

Items	December 31, 2023		December 31, 2022	
Current items:				
Time deposits with maturity over three months	$	393,500	$	308,061
Pledged time deposits		3,207		3,635
	$	396,707	$	311,696
Interest rate range of time deposits	1.00%~5.45%		0.23%~4.72%	

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31			
	2023		2022	
Interest income	$	13,454	$	3,572

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were $396,707 and $311,696, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023		December 31, 2022	
Notes receivable	$	237	$	26
Less: Allowance for uncollectible accounts		-		-
	$	237	$	26
Accounts receivable	$	76,605	$	123,412
Less: Allowance for uncollectible accounts	(	4,557)	(	9,232)
	$	72,048	$	114,180

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 65,946	$ 237	$ 98,501	$ 26
Up to 90 days	6,603	-	15,096	-
91 to 180 days	936	-	277	-
181 to 270 days	-	-	2,693	-
Over 271 days	3,120	-	6,845	-
	$ 76,605	$ 237	$ 123,412	$ 26

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $149,619.

C. The Company has no notes and accounts receivable pledged to others.

D. The Company has no discounted notes receivable.

E. The Company does not hold any collateral as security.

F. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Company were $72,285 and $114,206, respectively.

G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	December 31, 2023	December 31, 2022
Prepaid project cost	$ 36,481	$ 37,839
Other prepayments	1,513	1,268
	$ 37,994	$ 39,107

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	$ 2,000	$ 2,000
Valuation adjustment	(2,000)	(2,000)
	$ -	$ -

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $0 as at December 31, 2023 and 2022.

B. For the years ended December 31, 2023 and 2022, no amount was recognized in profit or loss and other comprehensive income.

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 183,294	$ 159,658
Investments accounted for using equity method	3,000	2,960
Disposal of investments accounted for using equity method	(10,166)	-
Share of profit of investments accounted for using equity method	19,297	26,394
Earnings distribution of investments accounted for using equity method	(26,153)	(25,821)
Changes in other equity interest	240	4,281
Changes in capital surplus	(1,802)	15,822
At December 31	$ 167,710	$ 183,294

	December 31, 2023	December 31, 2022
Subsidiaries	$ 50,742	$ 54,884
Associates	116,968	128,410
	$ 167,710	$ 183,294

A. Please refer to Note 4(3) to the consolidated financial statements for the year ended December 31, 2023 for information on the Company's subsidiaries.

B. Associates:

(a) The basic information of the associates of the Company is as follows:

Company name	Principal place of business	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Nature of relationship	Method of measurement
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	Strategic investment	Equity method
ARGO INTERNATIONAL CORPORATION	Taiwan	33.88%	33.88%	"	"
M-POWER INFORMATION CO., Ltd.	"	17.47%	19.74%	"	"
MYSHINE TECHNOLOGY CO., LTD.	"	40.00%	-	"	"

(b) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $116,968 and $128,410, respectively.

	Years ended December 31	
	2023	2022
Profit for the year from continuing operations	$ 18,430	$ 27,247
Other comprehensive (loss) income, net of tax	(13)	284
Total comprehensive income	$ 18,417	$ 27,531

(c) The investments accounted for using the equity method, ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION CO., LTD., were valued based on the financial statements audited by independent auditors appointed by the respective companies.

(d) The Company's material associate M-POWER INFORMATION CO., LTD., has quoted market prices. As of December 31, 2023 and 2022, the fair value was $470,769 and $155,012, respectively.

C. The Company is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION CO., LTD. with a 33.88% and 17.47% equity interest, respectively. As the Company has no current ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION CO., LTD., the Company has no control, but only has significant influence, over the investee.

D. In June 2022, the Company subscribed to the capital increase of ARGO INTERNATIONAL CORPORATION by cash amounting to $2,960, constituting 295,970 shares. The Company adjusted capital surplus of ($147) as the Company did not subcribe to the capital increase proportionately to its equity interest.

E. In December 2022, the Company adjusted capital surplus of $15,969 as the Group did not participate in the capital increase of M-POWER INFORMATION CO., LTD.

F. For the year ended December 31, 2023, the Company disposed 500,000 shares of MPOWER INFORMATION CO., LTD. with a disposal price of $71,942. The gain from disposal of investment was recognised at $61,776, and adjusted capital surplus of ($1,802) in accordance with the ownership proportion.

G. In June 2023, the Group invested $3,000 in cash and acquired 200,000 shares of MYSHINE TECHNOLOGY CO., LTD., representing a 40% ownership stake.

(7) Property, plant and equipment

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2023						
Cost	$ 9,400	$ 12,190	$ 1,568	$ 4,679	$ 1,429	$ 29,266
Accumulated depreciation	(6,939)	(11,735)	(1,535)	(4,236)	(558)	(25,003)
	$ 2,461	$ 455	$ 33	$ 443	$ 871	$ 4,263
2023						
At January 1	$ 2,461	$ 455	$ 33	$ 443	$ 871	$ 4,263
Additions	1,746	-	-	-	-	1,746
Depreciation charges	(1,342)	(305)	(23)	(63)	(278)	(2,011)
At December 31	$ 2,865	$ 150	$ 10	$ 380	$ 593	$ 3,998
At December 31, 2023						
Cost	$ 11,146	$ 12,190	$ 1,465	$ 4,679	$ 1,429	$ 30,909
Accumulated depreciation	(8,281)	(12,040)	(1,455)	(4,299)	(836)	(26,911)
	$ 2,865	$ 150	$ 10	$ 380	$ 593	$ 3,998

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2022						
Cost	$ 8,074	$ 12,190	$ 1,707	$ 5,717	$ 918	$ 28,606
Accumulated depreciation	(6,036)	(10,406)	(1,646)	(5,358)	(520)	(23,966)
	$ 2,038	$ 1,784	$ 61	$ 359	$ 398	$ 4,640
2022						
At January 1	$ 2,038	$ 1,784	$ 61	$ 359	$ 398	$ 4,640
Additions	1,453	-	-	126	644	2,223
Depreciation charges	(1,030)	(1,329)	(28)	(42)	(171)	(2,600)
At December 31	$ 2,461	$ 455	$ 33	$ 443	$ 871	$ 4,263
At December 31, 2022						
Cost	$ 9,400	$ 12,190	$ 1,568	$ 4,679	$ 1,429	$ 29,266
Accumulated depreciation	(6,939)	(11,735)	(1,535)	(4,236)	(558)	(25,003)
	$ 2,461	$ 455	$ 33	$ 443	$ 871	$ 4,263

A. The Company has no interest capitalised.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements－lessee

A. The Company’s leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 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. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Company.

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

	Carrying amount	
	December 31, 2023	December 31, 2022
Buildings	$ 16,034	$ 4,700

	Depreciation charge	
	Years ended December 31	
	2023	2022
Buildings	$ 15,110	$ 15,210

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $26,444 and $2,920, respectively.

E. Information on profit or loss not recognised as depreciation charge but in relation to lease contracts is as follows:

	Years ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 593	$ 231
Expense on short-term lease contracts	449	440
	$ 1,042	$ 671

F. For the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases was $15,983 for both years.

(9) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 26,807	$ 15,349
Project costs payable	42,680	35,106
	$ 69,487	$ 50,455

(10) Other payables

	December 31, 2023	December 31, 2022
Wages and bonus payable	$ 100,473	$ 94,407
Labor and health insurance fees payable	5,002	4,757
Employees' compensation and directors' remuneration payable	26,679	23,503
Other accrued expenses	14,508	15,615
	$ 146,662	$ 138,282

(11) 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 179,211)	($ 176,552)
Fair value of plan assets	66,162	47,710
Net defined benefit liability	($ 113,049)	($ 128,842)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	$ 176,552	$ 47,710	$ 128,842
Current service cost	2,241	-	2,241
Interest cost	2,119	-	2,119
Interest income	-	573	(573)
	180,912	48,283	132,629
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Experience adjustments	1,136	403	733
	1,136	403	733
Pension fund contribution	-	20,313	(20,313)
Paid pension	(2,837)	(2,837)	-
Balance at December 31	$ 179,211	$ 66,162	$ 113,049

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	$ 187,789	$ 55,967	$ 131,822
Current service cost	2,375	-	2,375
Interest cost	1,314	-	1,314
Interest income	-	391	(391)
	191,478	56,358	135,120
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in financial assumptions	(5,462)	-	(5,462)
Experience adjustments	7,536	4,047	3,489
	2,074	4,047	(1,973)
Pension fund contribution	-	4,189	(4,189)
Paid pension	(17,000)	(16,884)	(116)
Balance at December 31	$ 176,552	$ 47,710	$ 128,842

(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 utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company 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 Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2023	2022
Discount rate	1.20%	1.20%
Future salary increases	4.00%	4.00%

Assumptions regarding future mortality experience for the years ended December 31, 2023 and 2022 are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table. 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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 2,357)	$ 2,424	$ 2,044	($ 2,001)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 2,610)	$ 2,690	$ 2,301	($ 2,248)

The sensitivity analysis above is 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $1,799.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 6 years.

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 no less than 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 $13,664 and $13,093, respectively.

(12) Provisions

	Warranty	
	2023	2022
Balance at January 1	$ 7,631	$ 5,003
Additional provisions	4,373	7,359
Used during the year	(2,419)	(3,168)
Unused amounts reversed	(6,845)	(1,563)
Balance at December 31	$ 2,740	$ 7,631

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 2,740	$ 7,631

The Company provides warranties on project contract. Provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of December 31, 2023, the Company's authorised capital was $1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was $472,539, consisting of 47,254 thousand shares of ordinary stock with a par value of $10 (in dollars) per share.

(14) Capital surplus

	2023				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 92,839	$ 48,738	$ 318	$ 16,869	$158,764
Disposal of investments using equity method	-	-	-	(1,802)	(1,802)
Other (Note 1)	-	-	(2)	-	(2)
At December 31	$ 92,839	$ 48,738	$ 316	$ 15,067	$156,960

	2022				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 92,839	$ 48,738	$ 254	$ 1,047	$142,878
Recognition of change in equity of associates in proportion to the Company's shareholding interest	-	-	-	15,822	15,822
Donated by the shareholders (Note 2)	-	-	64	-	64
At December 31	$ 92,839	$ 48,738	$ 318	$ 16,869	$158,764

Note 1: For the year ended December 31, 2023, the Company returned the previously collected overdue dividends of $2, which had been outstanding for more than five years to the shareholders.

Note 2: Capital surplus arising from donation pertain to unclaimed dividends over 5 years past due.

A. 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Refer to Note 6(6) for details of adjustment in capital surplus due to participation in the capital increase for the years ended December 31, 2023 and 2022.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:

(a) Pay all taxes.

(b) Offset prior years' operating losses.

(c) 10% of the remaining amount shall be set aside as legal reserve.

(d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be distributed as dividends to shareholders which shall be proposed by the Board of Directors and resolved by the shareholders. The Board of Directors may decide not to distribute earnings for operation needs.

B. As the Company is engaged in information technology, which is a rapidly advance and growing market, the dividend policy of the Company is based on the company capital expenditure requirement and optimal financial plan for long-term operations. When the Board of Directors propose the distribution of retained earnings after deducting (a)~(d) above, the Board of Directors will propose the distribution of cash dividends and share dividends based on the operating requirements. Cash dividends shall comprise not less than 10% of total dividends distributed. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.

C. 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.

D. 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.

E. Distribution of retained earnings:

(a) On June 21, 2023 and on June 23, 2022, the shareholders during their meeting resolved the distribution of 2022 and 2021 retained earnings, respectively, as follows:

	2022				2021			
	Amount		Dividends per share (in dollars)		Amount		Dividends per share (in dollars)	
Legal reserve	$	14,528			$	11,892		
(Reversal of) appropriation for special reserve	(	3,198)				1,002		
Cash dividends		133,948	$	2.83		106,029	$	2.24

(b) On March 13, 2024, the Company's Board of Directors proposed for the distribution of 2023 retained earnings as follows:

	2023			
	Amount		Dividends per share (in dollars)	
Legal reserve	$	17,237		
Reversal of special reserve	(	203)		
Cash dividends		155,331	$	3.29

As of March 13, 2024, the abovementioned distribution of 2023 retained earnings has not yet been resolved at the stockholders' meeting.

(16) Operating revenue

	Years ended December 31			
Revenue from contracts with customers	2023		2022	
Sales revenue	$	46,384	$	35,844
Service revenue		774,668		739,340
	$	821,052	$	775,184

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Year ended December 31, 2023	Asia		America		Taiwan		Others		Total	
Timing of revenue recognition										
At a point in time	$	5,491	$	-	$	40,893	$	-	$	46,384
Over time		68,834		62		705,078		694		774,668
	$	74,325	$	62	$	745,971	$	694	$	821,052

Year ended December 31, 2022	Asia	America	Taiwan	Others	Total
Timing of revenue recognition					
At a point in time	$ 1,857	$ -	$ 33,987	$ -	$ 35,844
Over time	59,279	3,208	676,853	-	739,340
	$ 61,136	$ 3,208	$ 710,840	$ -	$ 775,184

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets-customer contract	$ 126,952	$ 85,063	$ 72,536
Less: Allowance for uncollectible accounts	(2,397)	-	-
	$ 124,555	$ 85,063	$ 72,536
Contract liabilities-advance receipt from customers	$ 160,837	$ 141,687	$ 126,896

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Years ended December 31	
	2023	2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Advance receipts	$ 92,030	$ 64,788

The Company does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hours. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 3,637	$ 2,160
Interest income from financial assets measured at amortised cost	13,454	3,572
	$ 17,091	$ 5,732

(18) Other income

	Years ended December 31	
	2023	2022
Commission income	$ 181	$ 1,825
Other income	843	1,016
	$ 1,024	$ 2,841

(19) Other gains and losses

	Years ended December 31 2023	2022
Foreign exchange (losses) gains	($ 2,363)	$ 36,680
Gains on disposal of investments	61,776	-
Miscellaneous disbursements	(989)	(1,259)
	$ 58,424	$ 35,421

(20) Expenses by nature

	Years ended December 31 2023	2022
Employee benefit expense	$ 442,927	$ 414,862
Depreciation charges on property, plant and equipment	2,011	2,600
Depreciation charges on right-of-use asset	15,110	15,210
Amortisation	393	340
Operating lease payments	449	440
Outsourcing software	204,016	166,598
(Reversal of) provision for expected credit losses	(2,278)	4,952
Other expenses	22,695	39,645
Cost of sales	35,328	28,335
Operating costs and expenses	$ 720,651	$ 672,982

(21) Employee benefit expense

	Years ended December 31 2023	2022
Wages and salaries	$ 376,887	$ 354,486
Labor and health insurance fees	26,709	25,590
Pension costs	17,451	16,391
Directors' remuneration	10,354	8,699
Other personnel expenses	11,526	9,696
	$ 442,927	$ 414,862

A. As of December 31, 2023 and 2022, the Company had 293 and 273 employees, respectively. There were 6 and 5 non-employee directors, respectively.

B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $20,009 and $17,627, respectively; while directors' and supervisors' remuneration was accrued at $6,670 and $5,876, respectively. The aforementioned amounts were recognised in salary expenses.

D. The employees' compensation and directors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the year ended December 31, 2023, respectively.

E. For the years ended December 31, 2023 and 2022, the average employee benefit expenses were \$1,507 and \$1,515, and the average employees salaries were \$1,313 and \$1,323, respectively; the adjustment of average employees salaries was (0.76%).

F. For the year ended December 31, 2022, the supervisors' remuneration recognised by the Company amounted to \$543. For the year ended December 31, 2023, no remuneration was paid to supervisors as independent directors were appointed during the year.

G. The Company's salary and remuneration policies:

   (a) The Company has set the remuneration policy for directors' remuneration in accordance with the Company's Articles of Incorporation and established the remuneration committee to assess and supervise the Company's salary and remuneration measures for the Company's directors and managers. The Company shall pay rewards to the Company's directors when they perform their respective duties and responsibilities on behalf of the Company no matter whether the Company had operating deficit. The Board of Directors is authorised to determine the rewards to directors based on their participation frequency in the Company's operations and contributions to the Company's operations, taking into consideration the pay level within the same industry.

   (b) The Company has set the employees' compensation policy. The Company offers the optimum salary and benefit, including a monthly salary and various bonuses approved by the management, to employees in accordance with related regulations. The Company implements performance assessment for all employees every six months in order to understand employees' working performance. The result of performance assessment will be used as a reference for the promotion and salary distribution of employees.

H. Employees' compensation and directors' and supervisors' remuneration for 2022, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

I. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 20,886	$ 35,182
Prior year income tax (over) under estimation	(102)	11
Total current tax	20,784	35,193
Deferred tax:		
Origination and reversal of temporary differences	1,895	(6,251)
Income tax expense	$ 22,679	$ 28,942

(b) The income tax (charge)/credit relating to components of other comprehensive income and loss is as follows:

	Years ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	(146)	395
Currency translation differences	50	799
	($ 96)	$ 1,194

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	$ 39,129	$ 34,472
Tax exempt income by tax regulation	(16,348)	(5,541)
Prior year income tax (over) under estimation	(102)	11
Income tax expense	$ 22,679	$ 28,942

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

	2023			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax assets:				
Temporary differencess:				
Warranty cost	$ 1,526	($ 978)	$ -	$ 548
Allowance for bad debts in excess of allowable limit	1,427	(447)	-	980
Unrealised exchange loss	1,902	1,635	-	3,537
Unappropriated pensions	19,723	(3,305)	146	16,564
Unused annual leave	2,434	22	-	2,456
Loss on investment in foreign companies	5,539	1,178	(50)	6,667
	$ 32,551	($ 1,895)	$ 96	$ 30,752

	2022			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax assets:				
Temporary differencess:				
Warranty cost	$ 1,000	$ 526	$ -	$ 1,526
Allowance for bad debts in excess of allowable limit	403	1,024	-	1,427
Unrealised exchange loss	215	1,687	-	1,902
Unappropriated pensions	20,319	(201)	(395)	19,723
Unused annual leave	2,265	169	-	2,434
Loss on investment in foreign companies	3,292	3,046	(799)	5,539
	$ 27,494	$ 6,251	($ 1,194)	$ 32,551

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets:

	December 31, 2023	December 31, 2022
Unrealised impairment loss	$ 400	$ 400

E. As of December 31, 2023, the Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority. On January 6, 2023, the Company has paid an additional tax of $128 based on the approved assessment results on the Company's income tax return for the year ended December 31, 2020.

(23) 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)
Basic earnings per share				
Profit for the year	$	172,965	47,254	$ 3.66
Diluted earnings per share				
Profit for the year	$	172,965	47,254	
Assumed conversion of all dilutive potential ordinary shares				
Employees' compensation		-	392	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$	172,965	47,646	$ 3.63

	Year ended December 31, 2022			
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share				
Profit for the year	$	143,417	47,254	$ 3.04
Diluted earnings per share				
Profit for the year	$	143,417	47,254	
Assumed conversion of all dilutive potential ordinary shares				
Employees' compensation		-	679	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$	143,417	47,933	$ 2.99

(24) Changes in liabilities from financing activities

	2023		2022	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 4,765	$ 4,765	$ 17,157	$ 17,157
Changes in cash flow from financing activities	(15,534)	(15,534)	(15,543)	(15,543)
Changes in other non-cash items	27,037	27,037	3,151	3,151
At December 31	$ 16,268	$ 16,268	$ 4,765	$ 4,765

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-POWER INFORMATION CO., LTD.	"
MYSHINE TECHNOLOGY CO., LTD.	"
MiTAC INC.	Key management
MiTAC INFORMATION TECHNOLOGY CORP.	"
APLUSOFT (SUZHOU) CORPORATION	Subsidiary

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2023	2022
Sales of goods:		
-Subsidiaries	$ 4,059	$ 1,993
-Associates	-	3,760
-Key management	1,405	179
	$ 5,464	$ 5,932

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Years ended December 31	
	2023	2022
Purchases of goods:		
-Associates	$ 25	$ 130
Purchases of services:		
-Subsidiaries	16,222	10,588
-Associates	993	1,020
	$ 17,240	$ 11,738

(a) The Company's purchases are made for each system integration project, and only purchases from related parties, therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(b) Most of transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(c) Certain integrated system projects are subcontracted to related parties. The transaction prices are determined through negotiations between the two parties, and the payment terms are 60 days after the end of the month. The rest of the conditions are not significantly different from those with other vendors.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivables		
-APLUSOFT (SUZHOU) CORPORATION	$ 198	$ -
-M-POWER INFORMATION CO., LTD.	-	1,108
-MiTAC INFORMATION TECHNOLOGY CORP.	1,284	-
	$ 1,482	$ 1,108
Other receivables		
-APLUSOFT (SUZHOU) CORPORATION	$ 1	$ 67

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable		
-APLUSOFT (SUZHOU) CORPORATION	$ 7,851	$ 4,466
-MYSHINE TECHNOLOGY CO., LTD.	314	-
	$ 8,165	$ 4,466
Other payables		
-APLUSOFT (SUZHOU) CORPORATION	$ -	$ 12

E. In 2021, the Company entered into three-year ArgoERP maintenance contract with an associate in the amount of $748. The Company recognised $249 as operating expences for the years ended December 31, 2023 and 2022, respectively.

F. Acquisition of financial assets:

For the year ended December 31, 2023: None.

				Year ended December 31, 2022
	Accounts	No. of shares	Objects	Consideration
Associates	Investments accounted for using the equity method	295,970	Commom stock (Note)	$ 2,960

Note: Refer to Note 6(6) for details.

G. The Company entered into a commissioned service and supervisory fee agreement with the subsidiary. For the years ended December 31, 2023 and 2022, the Company recognised other income amounting to $804 and $797, respectively.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Salaries and other short-term employee benefits	$ 67,281	$ 65,571

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as financial assets at amortised cost - current)	$ 3,207	$ 3,635	Bid bond
Guarantee deposits paid (shown as other current assets)	49,906	50,489	Bid bond and performance bond
Guarantee deposits paid (shown as other non - current assets)	7,312	7,312	Guarantees provided for leasing
	$ 60,425	$ 61,436	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2023	December 31, 2022
Software products	$ 8,634	$ 10,740

B. As of December 31, 2023 and 2022, the Company received promissory notes in the amounts to $8,367 and $9,326, respectively, for the performance guarantees.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 13, 2024, the Company's Board of Directors proposed for the distribution of 2023 retained earnings. Please refer to Note 6(15) for details.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. 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 balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

In 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio as low as possible.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 530,948	$ 546,522
Current financial assets atamortised cost	396,707	311,696
Notes receivable	237	26
Accounts receivable	72,048	114,180
Accounts receivable due from related parties	1,482	1,108
Other receivables	3,722	2,407
Other receivables from related parties	1	67
Guarantee deposits paid (shown as other currents assets)	49,906	50,489
Guarantee deposits paid	7,312	7,312
	$ 1,062,363	$ 1,033,807
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 69,487	$ 50,455
Accounts payable to related parties	8,165	4,466
Other payables	146,662	138,282
Other payables to related parties	-	12
	224,314	193,215
Lease liabilities	$ 16,268	$ 4,765

B. Financial risk management policies

The Company's financial risks are primarily risks associated with its investments in financial instruments and foreign exchange risk arising from foreign currency transactions. The Company uses the most rigorous controls to manage the financial risks from investments in various financial products. Each investment is assessed comprehensively, taking into account market risk, credit risk, liquidity risk and cash flow risk, with the goal of choosing the investment with the smallest risk. According to the policy goals of risk management, the Company manages its foreign exchange risk from foreign currency transactions by optimizing the risk exposure and maintaining an appropriate level of exposure to liquidity risk, thus achieving the best possible hedging strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD. 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)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,134	30.71	$ 341,925
HKD:NTD	20,131	3.93	79,115
AUD:NTD	490	20.98	10,280
EUR:NTD	114	33.98	3,874
RMB:NTD	21,963	4.32	94,880
Non-monetary items			
USD:NTD	1,653	30.71	50,742
THB:NTD	3,528	0.90	3,181

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,576	30.71	$ 294,079
HKD:NTD	19,491	3.94	76,795
AUD:NTD	482	20.83	10,040
EUR:NTD	114	32.72	3,730
RMB:NTD	21,165	4.41	93,338
Non-monetary items			
USD:NTD	1,787	30.71	54,884
THB:NTD	5,230	0.89	4,676

iv. The total exchange (loss) gain, including realised and unrealised, 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 ($2,363) and $36,680, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 3,419	$ -
HKD:NTD	1.00%	791	-
AUD:NTD	1.00%	103	-
EUR:NTD	1.00%	39	-
RMB:NTD	1.00%	949	-
Non-monetary items			
USD:NTD	1.00%	-	507
THB:NTD	1.00%	-	32

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,941	$ -
HKD:NTD	1.00%	768	-
AUD:NTD	1.00%	100	-
EUR:NTD	1.00%	37	-
RMB:NTD	1.00%	933	-
Non-monetary items			
USD:NTD	1.00%	-	549
THB:NTD	1.00%	-	47

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company’s investments in equity securities comprise equity instruments issued by domestic companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased or decreased both by $0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss.

vi. 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 reorganisation 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.

vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2023 and 2022, the provision matrix and loss rate methodology are as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2023						
Expected loss rate	1.38%	4.18%~ 7.85%	10.42%~ 12.75%	12.75%~ 25.65%	100%	
Total book value	$ 45,332	$ 6,603	$ 936	$ -	$ 3,120	$ 55,991
Loss allowance	$ 959	$ 381	$ 97	$ -	$ 3,120	$ 4,557

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2022						
Expected loss rate	1.29%	5.06%~ 10.66%	9.34%~ 10.12%	8.62%~ 11.72%	100%	
Total book value	$ 83,623	$ 15,096	$ 277	$ 2,693	$ 6,845	$108,534
Loss allowance	$ 998	$ 1,058	$ 27	$ 304	$ 6,845	$ 9,232

	Company	Group 2	Group 3	Total
December 31, 2023				
Expected loss rate	1.89%	0%	0%	
Total book value	$ 126,952	$ 10,455	$ 10,159	$ 147,566
Loss allowance	$ 2,397	$ -	$ -	$ 2,397

	Company	Group 2	Group 3	Total
December 31, 2022				
Expected loss rate	0%	0%	0%	
Total book value	$ 85,063	$ 10,761	$ 4,117	$ 99,941
Loss allowance	$ -	$ -	$ -	$ -

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organizations

ix. As of December 31, 2023 and 2022, contract assets amounted to $124,555 and $85,063, respectively, and loss allowance was $2,397 and $0, and the expected credit loss rate are 1.89% and 0%, respectively.

x. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 9,232	$ -	$ -	$ 9,232
(Reversal of) impairment loss	(4,675)	2,397	-	(2,278)
December 31	$ 4,557	$ 2,397	$ -	$ 6,954

	2022			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 4,280	$ -	$ -	$ 4,280
Impairment loss	4,952	-	-	4,952
December 31	$ 9,232	$ -	$ -	$ 9,232

(c) Liquidity risk

i. Cash flow forecasting is performed in 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.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2023	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Total
Notes payable and accounts payable	$ 68,742	$ 745	$ -	$ 69,487
Accounts payable - related parties	5,909	1,857	399	8,165
Other payables	116,976	29,686	-	146,662
Lease liabilities	3,884	12,477	148	16,509
	$ 195,511	$ 44,765	$ 547	$ 240,823

Non-derivative financial liabilities: December 31, 2022	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Total
Notes payable and accounts payable	$ 49,935	$ 520	$ -	$ 50,455
Accounts payable - related parties	3,207	1,259	-	4,466
Other payables	113,420	24,862	-	138,282
Other payables - related parties	-	12	-	12
Lease liabilities	1,619	2,652	592	4,863
	$ 168,181	$ 29,305	$ 592	$ 198,078

(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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

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 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ -	$ -

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ -	$ -

D. The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2023 and 2022, there were no movement from Level 3.

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

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. Valuation techniques of fair value that the Company used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

13. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) <u>Significant transactions information</u>

A. Loans to others: None.

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 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None

(2) <u>Information on investees</u>

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

Not applicable.

ARES INTERNATIONAL CORP.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
ARES INTERNATIONAL CORP.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	$ -	0.01%	$ -	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9, 'Financial instruments'.
Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ARES INTERNATIONAL CORP.
Names, locations, and related information on investees (excluding information on investment in Mainland China)
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
ARES INTERNATIONAL CORP.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	$ 16,974	$ 16,974	1,863,446	33.88	$ 27,888	$ 15,819	$ 5,361	
"	M-POWER INFORMATION CO., LTD.	"	Agency and sale of database system and professional service of software	25,255	28,541	3,843,015	17.47	84,971	89,432	16,674	
"	MYSHINE TECHNOLOGY CO., LTD.	"	Front-end IoT integration and back-end management platform solution research and development application	3,000	-	200,000	40.00	928	(2,434)	(2,072)	
"	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100.00	19,520	133	133	Subsidiary
"	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49.00	3,181	(3,129)	(1,533)	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100.00	31,222	734	734	Subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	"	34,115	34,115	1,120,000	100.00	19,282	130	Note 3	Subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25.00	19,217	516	Note 3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.
Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:
(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
(2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.
Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

Table 3

ARES INTERNATIONAL CORP.
Information on investments in Mainland China
For the year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Investment flows: Remitted to Mainland China	Investment flows: Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income recognised 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
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	$ 25,228	Note 1	$ 11,732	$ -	$ 4,699	$ 7,033	$ 1,193	95.88	$ 1,144	$ 29,828	$ 18,669	Note 4

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).
Note 2: The financial statements were audited and attested by R.O.C. parent company's CPA.
Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).
Note 4: Cash dividends included in the accumulated amount of investment income remitted back to Taiwan which had been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to $4,699 (RMB 1,080,030.67/USD 148,160.48).

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
Ares International Corp.	$ 56,479	$ 77,296	$ 548,388

ARES INTERNATIONAL CORP.
Major shareholders information
December 31, 2023

Table 4

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
YU, HONG-YANG	$ 3,558,449	7.53%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Table 4 Page 1

VI. Effect of Financial Difficulties Incurred by the Company and Affiliates on the Finances of the Company in the Most Recent Year and as of the Publication Date of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Positions and Financial Performance and Risk Management

I. Financial Position

Main reasons and effect of material changes in the Company's assets, liabilities, and shareholder equity in the most recent two years

Comparative Analysis of Financial Position

NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,263,297	1,208,408	54,889	4.54
Property, plant and equipment and their right-of-use assets	20,681	11,469	9,212	80.32
Intangible assets	768	201	567	282.09
Other assets	38,545	40,340	(1,795)	(4.45)
Total assets	1,459,476	1,407,179	52,297	3.72
Current liabilities	430,731	399,041	31,690	7.94
Long-term liabilities	1,716	2,151	(435)	(20.22)
Total liabilities	545,496	530,034	15,462	2.92
Share capital	472,539	472,539	-	-
Capital reserves	156,960	158,764	(1,804)	(1.14)
Retained earnings	284,732	246,315	38,417	15.60
Total shareholder equity	913,980	877,145	36,835	4.20

Note:

1. The increase in property, plants, and equipment and their right-of-use assets was mainly due to the increase in the net book value of the right-of-use assets as a result of the expiration and renewal of the Group's leases for relevant property this year.
2. The increase in intangible assets was mainly due to the addition of software systems by the Group this year.
3. The lease liabilities arising from the relevant lease property mentioned in 1. decreased month by month due to the monthly lease cash outflow generated under the Group's leases.

II. Financial Performance

Comparative Analysis of Operating Results

(I) Operating results analysis:

Unit: NT$ thousand

Item / Year	2023	2022	Amount of increase (decrease)	Percentage of change (%)	Analysis and description of percentage of change (Note)
Net operating income	841,834	802,504	39,330	4.90	
Operating costs	498,045	466,519	31,526	6.76	
Gross operating profits	343,789	335,985	7,804	2.32	
Operating expenses	242,299	236,350	5,949	2.52	
Net operating (losses) profits	101,490	99,635	1,855	1.86	
Non-operating income and profits	94,867	73,021	21,846	29.92	Note 1
Non-operating expenses and losses	678	435	243	55.86	Note 1
(Losses) Profits before tax from continuing operations	195,679	172,221	23,458	13.62	Note 1
Income tax expense (profits) and effects of changes in accounting principles	22,665	28,898	(6,233)	(21.57)	Note 2
Net (losses) profits in the current period	173,014	143,323	29,691	20.72	Refer to the descriptions in Notes 1~2 for details

Note 1: Mainly due to the gains on disposal of investments from the Group’s sale of partial shares in investee companies under the equity method in the current year.

Note 2: There was a YoY increase in the Group’s overall profits in 2023; however, the income tax expense this year decreased as there was corresponding tax-free income generated as stated in 1 under tax laws.

(II) Analysis of changes in gross operating profits: As the change in gross operating profits in the most recent two years did not amount to more than 20%, the analysis was omitted.

(III) Reason for the change in the Group's main business activities: No material change.

(IV) Expected sales in the coming year: In response to the impact of the economic slowdown, the Group continues to improve the application of manufacturing management systems to march towards smart production and create a real-time, digital, and visual factory management platform. Looking forward to the business opportunities from the upgrading of human resource systems, the Association of Southeast Asian Nations, the demand in the information security market, the latest extension of financial laws and regulations, the successive development of compliance-related products, and the government's continuous encouragement for Taiwanese companies to invest in Taiwan, the Group will actively expand the system integration business of all business units on a continuous basis, continue magnifying the advantage in the professional introduction of ORACLE, pay attention to industry and technology trends for growth momentum, expand and implement information security policies, and continuously seek strategic alliances with suppliers and expand overseas markets to provide better integrated consulting services to customers. We thus expect sales to be stable in 2024.

(V) Potential effects of future finances and business and measures in response:

Refer to the description in Chapter 5. Overview of Operations in the annual report.

III. Cash flow

(I) Liquidity analysis for the most recent two years:

Item \ Year	2023	2022	Increase (decrease) (%)
Cash flow ratio (%)	29.90	43.12	(30.66)
Cash flow adequacy ratio (%)	139.36	151.30	(7.89)
Cash reinvestment ratio (%)	(0.48)	6.21	(107.73)

Analysis and description of the percentage of changes:

According to the 2023 economic indicators, the economic climate was in the doldrums for a long time throughout the year and only gradually stabilized in the fourth quarter. Therefore, due to the impact of the macro environment, the net cash inflow from operating activities this year decreased. In order to expand the business market, the Company has increased investment in Myshine Technology Co., Ltd. to improve investment performance, resulting in a YoY decrease in cash flow-related ratios.

(II) Cash liquidity analysis for next year:

Unit: NT$ thousand

Opening cash balance (1)	Expected net cash flow from operating activities throughout the year (2)	Expected cash outflow throughout the year (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedy for expected cash deficit	
				Investment plan	Current financial plan
553,759	824,500	816,000	562,259	-	-

1. Analysis of changes in cash flows for 2024:
   (1) Operating activities: In response to the global information security trend in which enterprises have more demand for information security management, ciMes can optimize factory manufacturing management to move towards smart production and create a real-time, digital and visual factory management platform.

   The Group seeks to invest in the vertical and horizontal integration of related products to create operating profits for growth momentum and to generate net cash inflow from sales and the rendering of services.

   (2) Investing activities: Net cash inflow from receiving dividends.

   (3) Financing activities: No significant net cash outflow and inflow are projected.
2. Improvement plan for the expected shortage of cash liquidity and the cash liquidity analysis for the coming year:
   (1) There is no shortage of cash liquidity.

   (2) The Group will continue to address the needs of enterprises and develop a diversity of products in the hope of achieving sales growth over prior years in the coming year.

IV. Effect of Material Capital Expenditure in the Most Recent Year on Finances and Business: None.

V. Investment Policies in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plan, and Investment Plan for the Next Year:

(I) Investment policies in the most recent year, main reasons for profits or losses, and improvement plan:

With investing in software-related service industries as the core, the Group’s investment policy focuses on going global by expanding business in Greater China and the markets in Southeast Asia.

The Group’s net profits of affiliates under the equity method recognized in 2023 were NT$18,560 thousand, decreasing by NT$8,631 thousand, as compared to NT$27,191 thousand recognized in 2022. This was mainly due to the decreased profits of affiliates.

(II) Investment plan for the next year:

We will keep our focus on our core business, branch out into relevant industries, and reinforce the integrity of the Group’s products and services from vertical and horizontal perspectives of the supply chain. We hope that by doing so, we can have more growth momentum. Relevant areas include AI, 5G, IoT, and Fintech.

VI. Analysis and Assessment of the Following Risk-related Matters in the Most Recent Year and as of the Publication Date of the Annual Report

(I) Effect of interest rate and exchange rate changes and inflation on the company's profits or losses, and future countermeasures: As the Company has no financial loans and export sales do not constitute a large proportion of the Company's total sales, interest rate and exchange rate changes and inflation have no material impact on the Company's profits or losses.

(II) Policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees, and derivative transactions, the main reasons for profits or losses, and future countermeasures: The Company is not engaged in high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees, or derivative transactions.

(III) Future R&D plans and expected R&D expense:

1. Future R&D plans:

   With the aim of enhancing our response to the demand for digital transformation and information security as well as regulations, the Company will continue the research and development of relevant products and services, further utilize advanced 5G, IoT and cloud commercial applications, and develop relevant solutions with existing products. Meanwhile, the development of new product versions will continue to meet volatile customer needs and comply with changing domestic/foreign laws and regulations.

2. Expected R&D expense: About NT$60,000 thousand in total.

(IV) Effect of important changes in domestic/foreign policies and laws on the finances and business of the company, and countermeasures:

In the most recent year, the Company's finances and business were not affected by important changes in domestic/foreign policies and laws. As our customers mainly comprise government agencies, financial institutions, and high-tech companies in science parks, and our export sales constituted only 9.45%, we expect that it is unlikely that there will be any significant adverse impact from important changes in domestic/foreign policies and laws on the Company.

(V) Effect of changes in technology (including cybersecurity risks) and industries on the finances and business of the company, and countermeasures:

To cope with cybersecurity risks arising from technological changes, international trade wars and the global prevalence of new AI tools in the post-pandemic era, and the current trend of the remote working model, we have not only further promoted relevant policies, developed a responsive organizational structure, and implemented relevant response measures, but also been consecutively certified to ISO 27001 (Information Security Management System). We have enhanced corporate information security management to offer customers services with world-class quality. The Company is regularly certified for ISO/IEC (International Electrotechnical Commission) 27001. The validity period of the current certificate commenced on January 13, 2024, and will end on January 12, 2027. In addition, we have changed our management strategies in response to market structure changes to progressively shift from a system integration-oriented company to a software product company focusing on product development and the commercialization of professional services. Paying attention to the development of our private-label products can also help facilitate the Company's operation and financial stability.

(VI) Effect of corporate image changes on corporate crisis management, and countermeasures:

The Company has striven to maintain a good corporate image and complied with laws and regulations for years. If by any change the corporate image will be affected or there is any violation of laws, a project team will be formed to come up with countermeasures. So far, there is no circumstance where the corporate image may be affected. To meet the government's requirements for ESG (E: Environmental; S: Social; G: Governance) schedule planning, we have made and implemented plans both externally and internally in a stepwise manner. By doing so, not only can we share our operating results with our shareholders, but we can also provide better communication channels and benefits for other stakeholders, such as customers, employees and suppliers. Relevant information will be provided in detail in corresponding chapters.

(VII) Expected benefits and potential risks of mergers/acquisitions, and countermeasures: Not applicable.

(VIII) Expected benefits and potential risks of expansion of plants, and countermeasures: Not applicable.

(IX) Risks of concentrated purchases or sales and countermeasures:

The Company has no customers accounting for 10% or more of operating income in the income statement, and thus there are no concentrated sales. For suppliers, our largest supplier accounted for about 3.91% of our total purchases. The Company is a distributor of the supplier and uses the purchase-to-order process which can reduce risks.

(X) Effects and risks from transfer or assignment of a substantial number of shares held by directors, supervisors, or shareholders with a shareholding of 10% or more to the company, and countermeasures:

As of the publication date of the annual report, there were no effects and risks from transfer or assignment of a substantial number of shares held by directors, supervisors or shareholders with a shareholding of more than 10% to the Company.

(XI) Effects and risks from changes in the management rights of the company, and countermeasures: Not applicable.

(XII) Litigious or non-litigious events: List major litigious, non-litigious or administrative disputes that involve the company and/or any director, supervisor, the president, the de facto person in charge of the company, any major shareholder with a shareholding of more than 10%, and/or any subsidiary of the company and have been adjudicated or under litigation. For those whose resolution could have significant impact on shareholders' equity and the price of securities, disclose the fact in issue, claim values, litigation start dates, main litigants, and the handling status of such events as of the publication date of the annual report.

(1) Major litigious, non-litigious or administrative disputes that involve the Company and have been adjudicated or under litigation in the most recent two years, and whose resolution could have significant impact on shareholders' equity and the price of securities: None.

(2) Major litigious, non-litigious or administrative disputes that involve any director, supervisor, the President, the de facto person in charge, any major shareholder with a shareholding of more than 10%, and/or any subsidiary of the Company and have been adjudicated or under litigation in the most recent two years and as of the publication date of the annual report, and whose resolution could have significant impact on shareholders' equity and the price of securities: None.

(XIII) Other important risks and countermeasures: None.

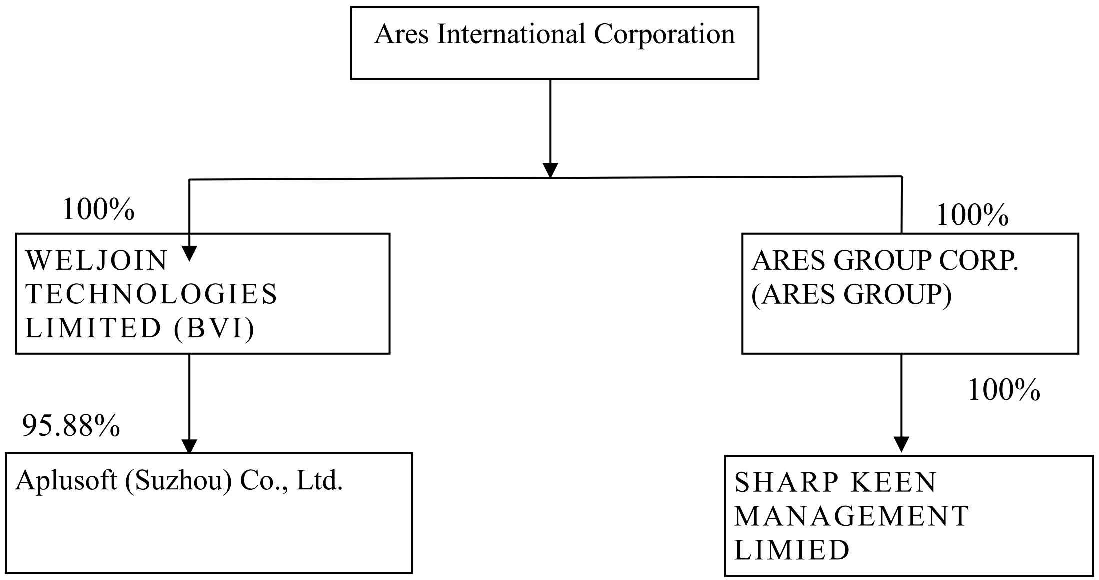
VII. Other Important Matters: None.

Chapter 8. Special Notes

I. Information on Affiliates

(I) Consolidated business report of affiliates:

1. Overview of affiliates:



2. Companies presumed to be controlled by or subordinate to the Company in accordance with Article 369-3 of the Company Act: None.
3. Subordinate companies whose HR affairs, finances, or business management is controlled directly or indirectly by the Company in accordance with Article 369-2, Paragraph 2 of the Company Act: None.

(II) Basic information of affiliates:

Unit: NT$ thousand/US$/CN¥

Company name	Date of Establishment	Address	Paid-up capital	Primary business activities or production items	Remarks
WELJOIN TECHNOLOGIES LIMITED (BVI)	2003.2	Ellen L. Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	US$ 50,000	General investment	Note
Aplusoft (Suzhou) Co., Ltd.	2003.3	5A4-A6, Third-Phase, International Science Park, No. 1355, Jinjihu Blvd., Suzhou Industrial Park	RMB$ 5,215,000	R&D, sales, and consultation for computer software	Note
ARES GROUP CORP. (ARES GROUP)	2006.6	No. 24, Lesperance Complex, Providence Industrial Estate, Mahe Seychelles	US$ 1,500,000	General investment	Note
SHARP KEEN MANAGEMENT LIMITED	2008.1	Portcullis TrustNet (BVI) Limited,Portcullis TrustNet Chambers,P.O.Box3444,Road Town,Tortola,British Virgin Islands	US$ 1,120,000	Agency business for computer software and network-related activities	Note

Note: The exchange rates on the reporting date are as follows:

	US:NT	US:RMB
2023.12.31	30.7050	7.1035
Average in 2023	31.1548	7.0820

(III) Information of shareholders concurrently investing in companies presumed to be controlled by or subordinate to the Company: None.

(IV)

1. Industries covered by the business activities of all affiliates:
   (1) Design, sale, rental, maintenance, and technical support for computer equipment, networks, relevant software, and the analysis, design, modification, installation and maintenance of application software packages.
   (2) General investment.
   (3) R&D, sales and consultation for computer software, wholesale, import/export, and relevant support services for software.
2. Describe the dealings and division of labor among affiliates whose business activities correlate:

   As most of the transactions between the Group and its related parties are ad hoc, prices are negotiated by both parties, and the payment terms are net 60 days. The other transaction terms do not differ materially from those with other customers and suppliers.

(V) Information on the directors, supervisors and presidents of affiliates

Company name	Title	Name or representative	Shareholding	
			Number of shares (shares)	Shareholding percentage
WELJOIN TECHNOLOGIES LIMITED (BVI)	Director	Ares International Corporation Representative: Seng-Yi Lin	50,000	100.00%
Aplusoft (Suzhou) Co., Ltd.	Chairperson	WELJOIN TECHNOLOGIES LIMITED (BVI) Representative: Seng-Yi Lin	5,000,000	95.88%
	Director	Hung-Yang Yu, Xiang-Rong Song, Huai-Wei Shih, Jun-Xiao Huang		
	Supervisor	Chin-Wei Yu, Qing-Long Lin, Feng-Li Hsu		
ARES GROUP CORP. (ARES GROUP)	Director	Ares International Corporation Representative: Hung-Yang Yu	1,500,000	100.00%
SHARP KEEN MANAGEMENT LIMITED	Director	ARES GROUP CORP. (ARES GROUP) Representative: Seng-Yi Lin	1,120,000	100.00%

(VI) Financial positions and operating results of affiliates:

Unit: NT$ thousand

Company name	Capital	Total asset value	Total liabilities	Net value	Operating income	Net operating profit (loss)	Net profits (losses) in the current period (after tax)	Earnings (losses) per share (after tax) (NT$)	Remarks
WELJOIN TECHNOLOGIES LIMITED (BVI)	$ 26,177 (US$ 50,000)	$ 31,222 (US$ 1,016,833)	-	31,222 (US$ 1,016,833)	-	(-$ 3) (-US$ 2,605)	($ 734) (US$ 23,611)	$ 14.68	Note
Aplusoft (Suzhou) Co., Ltd.	25,228 (US$ 750,592) (RMB$ 5,215,000)	53,043 (US$ 1,727,222) (RMB$ 12,269,319)	$ 19,517 (US$ 635,541) (RMB$ 4,514,566)	33,526 (US$ 1,091,681) (RMB$ 7,754,753)	$ 41,070 (US$ 1,318,242) (RMB$ 9,335,792)	366 (US$ 11,765) (RMB$ 83,319)	1,193 (US$ 38,283) (RMB$ 271,119)	0.23	Note
ARES GROUP CORP. (ARES GROUP)	35,029 (US$ 1,500,000)	19,520 (US$ 635,736)	-	19,520 (US$ 635,736)	-	-	133 (US$ 4,273)	0.09	Note
SHARP KEEN MANAGEMENT LIMITED	34,115 (US$ 1,120,000)	19,282 (US$ 627,989)	-	19,282 (US$ 627,989)	-	-	130 (US$ 4,172)	0.12	Note

Note: If the affiliate is a foreign company, the balance sheet items are translated based on the exchange rate on the reporting date, and the profit/loss items are translated and presented in NT$ based on the average exchange rate in the current year. The exchange rates are as follows:

	US:NT	US:RMB
2023.12.31	30.7050	7.1035
Average in 2023	31.1548	7.0820

(VII) Consolidated financial statements of affiliates: None.

(VIII) Affiliation report: None.

II. Private Placement of Securities in the Most Recent Year and as of the Publication Date of the Annual Report: None.

III. Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Publication Date of the Annual Report: None.

IV. Other Additional Information Required: None.

V. Specification of Individual Events with Material Effect on Shareholder Equity or Securities Price, as Defined under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, in the Most Recent Year and as of the Publication Date of the Annual Report: None.

Ares International Corporation

Chairperson: Hung-Yang Yu