Stock Code：4953

Websites to inquire the content related to the annual report:
Taiwan Stock Exchange Market Observation Post System:
http://emops.twse.com.tw
WITS Annual Report is available at https://www.wits.com/en/

Wistron Information Technology and Services Corporation

2023 Annual Report

Publication Date: April 30, 2024

1. **Name, Title and Contact Information for Company's Spokesperson**
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   Tel：(02)7745-8888
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3. **The Address and Contact information of Stock Transfer Agent**
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4. **The Address and Contact information of Independent Auditors in the Most Recent Year**
   Name：Ming-Hung Huang and Chia-Chien Tang, at KPMG
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5. **For more information about WITS GDRs:** None

6. **For more information about WITS:** https://www.wits.com/en/

INDEX

1. Letter to Shareholders 01
2. Wistron Information Technology and Services Corporation Introduction 04
3. Corporate Governance Report
3.1 Organization 06
3.2 Directors, Supervisors and Management Team 10
3.3 Compensation of Directors, Supervisors, General Manager, and Vice Presidents 18
3.4 Status of Corporate Governance 23
3.5 Information Regarding the Company's attesting CPAs 61
3.6 Replacement of Independent Auditors 62
3.7 Where the Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated companies of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed 63
3.8 Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders 63
3.9 Relationship among the Top Ten Shareholders 64
3.10 Ownership of Shares in Affiliated Companies 65
3.11 Corporate Sustainability and Social Responsibility Management 66
4. Company Shares and Fund Raising
4.1 Capital and Shares 68
4.2 Issuance of Corporate Bonds 75
4.3 Issuance of Preferred Shares 75
4.4 Issuance of Global Depositary Receipts 75
4.5 Employee Stock Options 75
4.6 Restricted Stock Awards to Key Employees 75
4.7 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies 75
4.8 Implementation of the Company's Fund Raising and Utilization 75
5. Operational Highlights
5.1 Business Activities 76
5.2 Market, Production and Sales 90
5.3 Employee Data during the Most Recent Two Years 95
5.4 Environmental Protection Expenditure 95
5.5 Labor Relations 96
5.6 Cyber Security Management 99
5.7 Important Contracts 102

6. Financial Information
6.1 Most Recent 5-Year Concise Financial Information 103
6.2 Most Recent 5-Year Financial Analysis 107
6.3 Audit Committee's Review Report 110
6.4 Consolidated Financial Statements of the Most Recent Year 111
6.5 Parent Company Only Financial Statements of the Most Recent Year......................... 111
6.6 Any financial difficulties experienced by the Company or its affiliated companies and impacts on the Company's financial situation, in the most recent year and up to the publication date of this annual report 111
7. Review of Financial Conditions, Financial Performance, and Risk Management
7.1 Analysis of Financial Status 112
7.2 Analysis of Financial Performance 113
7.3 Cash Flow 114
7.4 Major Capital Expenditures and Impact on Financial and Business 114
7.5 Investment Policies 115
7.6 Risk Management 116
7.7 Other Important Matters 119
8. Special Disclosure
8.1 Summary of Affiliated Companies 120
8.2 Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report.. 124
8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Publication Date of this Annual Report... 125
8.4 Other Matters that Require Additional Description 125
9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred in the most recent year and up to the publication date of this annual report 126

Appendix 1: Consolidated Financial Statements of the Most Recent Year 127
Appendix 2: Parent Company Only Financial Statements of the Most Recent Year 192

1. Letter to Shareholders

Dear Shareholders,

First of all, we would like to thank you for your long-term support and encouragement for Wistron Information Technology and Services Corporation ("WITS.")

A. Review of 2023

(A) Operating result and Business Focuses

In 2023, affected by slowing global economy, weaker-than-expected post-pandemic recovery in China, rising geopolitical risks, and development of AI, global market changed rapidly. In the face of a challenge from changing market, WITS upholds the spirit of "Delivering Excellence for Client Success" with a focus on clients, strengthen strategic response capabilities to respond to external trial, and ensure the sustainable development of the Company.

Facing the global wave of artificial intelligence in 2023, WITS continues to deepen its developments in the AI field and participate in the application of AI technology by clients in various industries, including smart driving, smart customer service, smart cloud, AI recommendation algorithms, AI auditing and lending, etc. AI-related applications will become one of the driving forces for business growth in the future. In order to stimulate innovative AI applications internally, the WITS team also successfully introduced generative AI into the employee service platform, named "Chat8855." Through all-day intelligent services, WITS can improve employee experience and capacity to realize the innovative value.

In the face of the scarcity of talent in the market, WITS has continued to build a diversified talent recruitment pipeline. As of the end of 2023, we have signed partnerships with more than 10 tertiary education institutions across Taiwan and more than five external training organizations to promote joint training programs, sharing resources and promoting talent transformation, so as to build an efficient and competitive workforce and enhance delivery capacity and service quality.

WITS' commitment to sustainability has earned it the Bronze Award for SDG8 - Decent Work and Economic Growth of the third annual TSAA Taiwan Sustainability Action Award in 2023. At the same time, WITS has been recognized for its environmental, social, and corporate governance practices. WITS has obtained ISO 14064 greenhouse gas emissions certification, moving us closer to the goal of net zero carbon emissions. WITS has built a corporate culture of diversity and inclusion, career empowerment, and talent sustainability, winning the Best IT Employer award in the first "IT Matters Awards." WITS ranked among the top 5% of TPEx listed companies in Corporate Governance Evaluation for three consecutive years, and top 5% of small mid-cap companies again in this year, demonstrating how WITS has continued to improve and implement corporate governance.

Furthermore, WITS changed its trademark from “Wistron ITS” to “WITS” in 2023 to convey the value of its services with a brand-new image, demonstrating the Company’s focus on a corporate culture of diversity, inclusivity, and friendly communication, as well as reinforcing the concept and spirit of corporate sustainability.

(B) Financial Performance and Operating Highlights

In 2023, WITS demonstrated its operational resilience and continued to create growth in the face of adversity. In 2023, consolidated revenue was NT$8.84 billion, showing an annual increase of 11%, net profit was NT$588 million, showing an annual increase of 6%, and basic earnings per share was NT$8.49. Both revenue and profits once again reached record highs, which is a remarkable achievement. Gross margin, operating margin, and net profit margin were 20%, 6.9%, and 6.7%, respectively, maintaining stable performance.

In 2023, business performance showed a steady upward trend, with double-digit revenue growth for the third consecutive year. Revenue performance in the Greater China market continued to be strong, with leading Internet clients continuing to play a major role in driving revenue growth based on a strong foundation of collaboration. Driven by the trend of green energy and the development of smart applications, key smart car clients maintained stable and rapid growth, which provided strong momentum for revenue. In addition, the continued development of Taiwan’s financial industry also drove revenue growth. Through continuous operational optimization, operating income and net profit increased quarter by quarter, resulting in a remarkable profit performance. Profits and basic earnings per share have simultaneously reached a record high.

(C) Effect of External Competition, the Legal Environment, and the Overall Business Environment.

Facing the uncertainty brought about by the overall economic downturn and market competition environment, WITS carefully evaluates market trends, as well as continues to make adjustments to respond to market changes with agility and deepen partnerships to respond to market risk. Important policy and legal changes in Taiwan and abroad in recent years have not had a significant impact on the Company’s finance and business. However, as a leading information services provider, the Company has long attached importance to information security issues, regularly updates the ISO 27001 certification, and implements information security management to enhance operational efficiency and competitiveness.

B. Outlook for 2024 and Development Strategies in the Future

As WITS looks ahead to 2024, the global economic market continues to fluctuate at its lowest point, which will create numerous challenges. Although the economic outlook for China is highly uncertain, WITS has been cultivating the Internet market in China for several years and has established long-term partnerships with a number of leading companies. WITS expects to maintain steady growth. At the same time, WITS, as an early entrant into the smart car industry, has successfully seized the first opportunity to establish a solid market foundation.

Based on the development of these two fields of business, WITS' forward-looking strategy reflects insight into market trends. In addition to deepening the development of core clients, WITS will also continue to explore the markets for new technologies. It will actively explore the areas of innovation and ESG, and improve the technological ecosystem to achieve the collaboration and resource integration in partnerships, in order to provide reliable AI applications and professional cloud services to help clients continue to take the lead in the digital wave. WITS will also realize the comprehensive deployment of digital innovations through the introduction of smart tools in the internal operating process. As the ESG trend gradually gains global attention, WITS will apply our software technology service capabilities to assist clients in realizing sustainable corporate resource management and digital transformations, in order to seize a share of the growing ESG business opportunities.

In addition, WITS is actively promoting the "WITS 3.0" for 5-year development plan, which upholds the spirit of "Delivering Excellence for Client Success." With a focus on clients, WITS continues to establish a value ecosystem with partners, talents, and employees. In addition to understanding the needs of clients and establishing long-term and trustworthy partnerships, WITS will also actively focus on the cultivation of software talents, promote the establishment of an international talent ecosystem, and expand the area of contact with outstanding talents around the world. In the future, WITS will continue to enhance the value of services, strengthen the long-term competitiveness of the Company, and join hands with top clients around the world to create an innovative vision of the future and realize a better world.

Thanks all of our shareholders for their encouragement and support, which have enabled our continued growth and success. We will continue to strive towards creating the maximum value for all of our shareholders.

Sincerely Yours,

and with warm regards,

Chairman Ching Hsiao

2. Wistron Information Technology and Services Corporation Introduction

A. Date of Establishment: June 1st, 1992.

B. Company Introduction

As an international leading information services provider, WITS consists of more than 10,000 employees across 17 locations in Taiwan, China, Japan, and the U.S.A., and we offer services to clients in over 150 cities around the globe. WITS works with clients that include Fortune 500 world-renowned companies as well as industry leaders both domestically and internationally. WITS offers cross-regional integration, global delivery and offshore R&D work, provides services includes software R&D, development, testing, system operations and maintenance, business process outsourcing, and product globalization, and goes deep into the application of advanced technologies such as AI, big data, fintech, IoT, 5G and healthcare. WITS continues to move forward hand in hand with clients and the market.

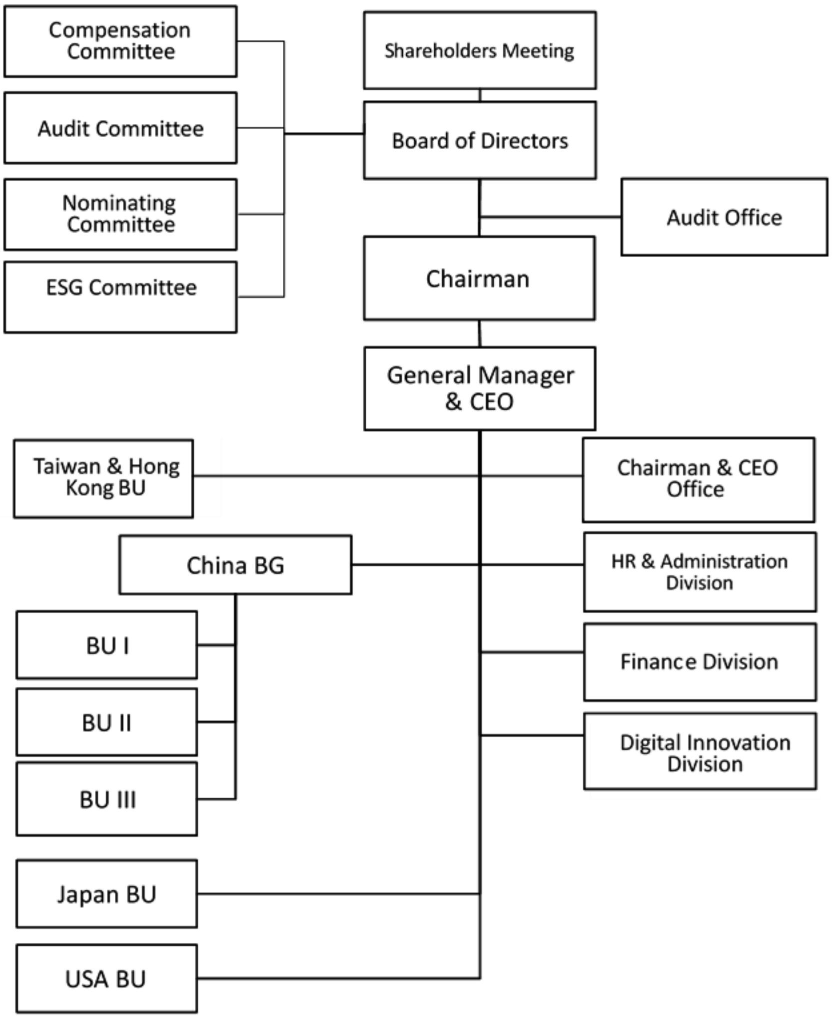
Founded on June 1st of 1992, the Company mainly focuses on providing product globalization services (i18n and L10N) and establishing partnerships with top international companies. With the investment from Wistron Corporation in 2002, the Company was renamed to Wistron ITS in 2004, and expanded its international business with information outsourcing services as the main focus. In 2006, WITS successfully expanded its business to a multinational scope while maintaining continuous profitability. In 2011, the Company expanded to Japan and improved globalization as well as localization. In 2014, WITS became a Taipei Exchange (TPEx) listed company. In 2023, WITS changed its trademark from “Wistron ITS” to “WITS” to convey the value of its services with a brand-new image.

In 2015, WITS was awarded the Mittlestand Award by the Ministry of Economic Affairs, and was ranked one of top 30 software globalization companies in Asia by the Common Sense Advisory (CSA). In 2020, WITS was ranked 16th in the 100 Fastest Growing Companies of 2020 and 8th in the software industry of Taiwan Top 2000 enterprise by CommonWealth Magazine. In the same year, WITS was selected as one of the Top 10 Leading Digital Service Providers at the ChinaSourcing Summit. In 2021, WITS was awarded the 6th Taiwan Mittlestand Award again, our outstanding IT service and global software delivery capabilities earned recognition, standing out from hundreds of candidates.

To assure project and service quality, WITS required CMMI (Capability Maturity Model Integration) Level 5, ISO9001, and ISO 27001 certifications. WITS ensures the quality of delivered projects and services, and assures that our software development, quality control, and information security management always meet the highest standards. In addition, WITS obtained the “Registration of Artificial Intelligence Service Organization” from the Industrial Development Bureau of the Ministry of Economic Affairs in 2022. WITS aims to integrate AI systems across different industries, not only to accelerate the expansion of services and operational scale, but also to enhance industry value and competitiveness, this demonstrates WITS’ capabilities in software development process, organization, technology research and development, project management, solution delivery, and other areas have reached internationally leading standards.

With a focus on sustainability, WITS continuous efforts in environmental, social, and corporate governance aspects. In 2022, WITS established ESG Committee to achieve sustainable development through purposeful, systematic, and organized approaches. WITS has earned the Bronze Award for SDG8 - Decent Work and Economic Growth of the third annual TSAA Taiwan Sustainability Action Award in 2023. In terms of corporate governance, WITS participated in the “Corporate Governance Evaluation” held by TWSE Corporate Governance Center from 2015, and ranked among the top 5% of TPEx listed companies and top 5% of the small and medium enterprises in Taiwan in the 7th evaluation. Since then, we maintained our position in the top 5% from 8th to 10th evaluations, demonstrating our continuous efforts to deepen our good corporate governance practices. In terms of environment, in addition to the newly purchased distributed solar panels in a self-occupied office building in Wuhan for self-generated electricity in 2023 for continuesly working towards the goal of net-zero carbon emissions, WITS has also obtained ISO 14064 greenhouse gas emissions certification and ISO 14001 environmental management system certification. In terms of social, WITS has built a corporate culture of diversity and inclusion, career empowerment, and talent sustainability, winning the Best IT Employer award in the first “IT Matters Awards.” In addition, we have been certified by the Responsible Business Alliance (RBA), and ISO 45001 Occupational Health and Safety Management Systems (OHSMS). We apply these global certification standards to fulfill our social and environmental responsibilities, as well as uphold business ethics, so as to implement ESG in our daily operations and achieve sustainability.

3. Corporate Governance Report
3.1 Organization
3.1.1 Organization chart



3.1.2 Department functions

Department	Main Responsibilities
General Manager CEO	1. Decide and review major decisions for the Company 2. Decide on operational strategies, business plans, business outlook and business management strategies of the Company.
Audit Office	1. Investigate and assess whether the Company's internal control system and various controls are robust, reasonable and effective. 2. Ensure that the internal control system continues to work effectively, as well as assist the management to fulfill their obligation. 3. Conduct audits and fraud investigations, resulting risk assessment and planning of violations cases, and carry out risk control measures.
Chairman & CEO Office	1. Business data analysis, review and improvement. 2. Follow up on various business departments' annual projection progress. 3. Planning and management of various projects. 4. Set up and maintain the Company's strategic information system. 5. Trademarks and patent management, contract handling and review, as well as legal documentation handling.
Taiwan & Hong Kong BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, product globalization service; set up marketing channels in Taiwan and Southeast Asia, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
China BG	1. Expansion of software R&D service, software testing service, system operation and maintenance service, business procedure outsourcing service, and product globalization service; set up marketing channels in the Greater China region, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management.

Department	Main Responsibilities
	8. Client income management, collection and control of outstanding receivables.
Japan BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, and business procedure outsourcing service; set up marketing channels in the Japanese market, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
USA BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, product globalization service; set up marketing channels in the US market, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
HR & Administration Division	1. Improve the competitiveness of our work talent, to increase overall revenue. 2. Recruit and retain talent, to strengthen the core competitiveness of the Company. 3. Plan and design human resource policies and systems, to create operational workforce. 4. HR administration - HR data maintenance, employee termination and retirement, leave and attendance...etc. 5. Plan and manage manpower development - work analysis, performance review, promotion/transfer, education & training, career development, wages/reward systems... etc. 6. Corporate benefits planning and update, establish comprehensive

Department	Main Responsibilities
	employee care, work towards harmonious employee/employer relationship. 7. Management of workforce/workplace health and safety. 8. Management of suppliers. 9. Procurement management (purchase, outsourcing, equipment, other office essentials...). 10. Establishment of various office management measures.
Finance Division	1. Fiscal planning. 2. Management of Investment/ financing matters. 3. Capital management and planning. 4. Credit management. 5. Budget management. 6. Financial analysis and operation performance evaluation. 7. Cost control. 8. Accounting/tax management. 9. Asset management. 10. Set and execute finance related management measures. 11. Board affairs and corporate governance.
Digital Innovation Division	1. Information/communication system safety maintenance. 2. Digitization introduction and management. 3. Internal IT system integration, planning and promotion. 4. IT equipment (both software and hardware) maintenance and management. 5. Network setup and maintenance (including connection management.) 6. Computer technical support, management and maintenance. 7. Develop Internet applications and e-commerce research. 8. Set and execute IT related management measures. 9. ESG Service Development.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors

March 29, 2024

Title	Nationality or registered	Name	Gender/ Age	Date of Election	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education	Selected Current Positions	Remark
							Shares	%	Shares	%	Shares	%			
Chairman & CEO	TW	Ching Hsiao	Male 66-75	2022.05.26	3	2005.06.14	3,272,280	4.89	3,538,245	4.86	148,713	0.20	Doctorate	Director of WITS (Hong Kong) Limited. Director of WITS America, Corp. Director of Wistron Information Technology and Services Inc. Chairman of Wistron ITS (Beijing) Inc. Chairman of Wistron ITS (Wuhan) Co. Representative Director of WITS Japan Inc. Director of Wistron ITS (Hong Kong) Limited Chairman of WITS Taiwan, Inc.	Note
Director	TW	Wistron Digital Technology Holding Company	-	2022.05.26	3	2016.06.24	15,718,837	23.49	16,756,254	23.01	-	-	-	-	-
	TW	Representative: Frank Lin	Male 66-75	2022.05.26	3	2016.06.24	321,062	0.48	342,251	0.47	0	0	Bachelor	Chief Staff Officer of Wistron Corp. Director of Wistron NeWeb Corp. Director of Wiwynn Corporation Chairman of WiseCap Ltd. Chairman of LE BEN Investment Ltd. Chairman of WiSuccess Asset Management Corporation Director of Wistron Medical Tech Holding Company Director of Wistron Medical Technology Corporation Director of Wistron Digital Technology Holding Company Director of Wistron Green Energy Holding Company Director of Changing Information Technology Inc. Director of Mayaminer Company Ltd. Director of Join-Link International Technology Co., Ltd. Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Supervisor of aEnrich Technology Corp. Director of B-Temia Asia Pte Ltd. Chairman of WiseCap (Hong Kong) Limited Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corporation	-
Director	TW	Marty Chiou	Male 66-75	2022.05.26	3	2013.06.25	241,000	0.36%	140,239	0.19	0	0	Master	-	-

Title	Nationality or registered	Name	Gender/ Age	Date of Election	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education	Selected Current Positions	Remark
							Shares	%	Shares	%	Shares	%			
Director	TW	Philip Peng	Male 66-75	2022.05.26	3	2010.04.26	0	0	0	0	0	0	Master	Director of Cruise10 Co., Ltd. Director of Wistron Corp. Director of Wistron NeWeb Corp. Director of Zigong Art Sharing Co., Ltd. Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Supervisor of Allxon Inc. Chairman of Smart Capital Corp.	-
Independent Director	TW	Yen Ling Fang	Female 56-65	2022.05.26	3	2021.07.23	0	0	0	0	0	0	Doctorate	Independent Director of Pharmosa Biopharm Inc. Independent Director of TaiSol Electronics Co., Ltd.	-
Independent Director	TW	Jennifer Hwang	Female 56-65	2022.05.26	3	2022.05.26	498	0.00	498	0.00	0	0	Master	Supervisor of Commerce Development Research Institute	-
Independent Director	TW	Mark Fan	Male 66-75	2022.05.26	3	2022.05.26	0	0	0	0	4,556	0.01	Doctorate	-	-
Independent Director	TW	Allen Tsai	Male 56-65	2022.05.26	3	2022.05.26	0	0	0	0	0	0	Doctorate	Executive Director of Taiwan Institute of Directors	-
Independent Director	TW	Y.K. Chu	Male 66-75	2022.05.26	3	2022.05.26	0	0	0	0	0	0	Master	Vice Chairman of Alpha Ring Asia Inc.	-

Remark:
1. **Shareholding by Nominee Arrangement**：None.
2. **Spouse or relative holding a position as Key Manager, Director or Supervisor**：None.

Note: Considering enforcement of decision making and operating efficiency, the Chairman and CEO (General Manager) of the Company are the same person, which is necessary and reasonable. To enhance the independence of Board of Directors, the Company has set up Independent Directors more than regulations (currently 5 independent directors), and over half of the Directors do not serve as employees or managers. The Company will make an adjustment to comply with operational needs and regulations for improving Board function and strengthen the supervisory ability of the Board.

Major shareholders of the juristic person shareholders

April 1, 2024

Name of Juristic Person Shareholders	Major Shareholders	%
Wistron Digital Technology Holding Company	Wistron Corporation	100

Major shareholders of the Company's major juristic person shareholders

April 1, 2024

Name of Juristic Person Shareholders	Major Shareholders	%
Wistron Corporation	Labor Pension Fund	3.16
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	3.13
	Fubon Life Insurance Co., Ltd.	1.84
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.62
	Yuanta Taiwan Dividend Plus ETF	1.50
	Lin Hsien-Ming	1.47
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.35
	Wistron NeWeb Corporation	0.99
	CAPITAL TIP Taiwan Select High Dividend ETF	0.89
	Norges Bank-fund mgr Blackrock Investment Management(Taiwan) Limited	0.88

Professional qualifications and independence analysis of Directors

Title	Professional Qualifications and Experience		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Expertise	Committee Membership		
Ching Hsiao	Ching Hsiao, Chairman of the Board, holds a Ph.D. in Computer Science from Purdue University and has extensive experience in the software industry. He was a researcher at AT&T and General Manager of Dow Jones Telerate Systems, a leading financial information system company. In 2004, he joined WITS and introduced a new management model, leading WITS in continuing growth and becoming a leading international IT information service provider.	ESG Committee Convener Nominating Committee Member	The Company have a Board of Directors consisting of more than five Directors in accordance with “Articles of Incorporation” and “Securities and Exchange Act.” Not been a person of any conditions defined in paragraph 3, Article 26-3 of the Securities and Exchange Act.	0
Wistron Digital Technology Holding Company Representative: Frank Lin	Frank Lin, with his extensive financial background, serves as a Representative of an Institutional Director of WITS. He was formerly Acer's Chief Financial Officer and later served as Chief Financial Officer of the Company after the establishment of Wistron. He is currently serving as the Chief Staff Officer at Wistron, a position he assumed in 2003. He possesses excellent financial analysis skills and management experience, and is well versed in corporate governance practices.	Nominating Committee Member		0
Marty Chiou	Marty Chiou has extensive experience in the Greater China software market and has held various senior management positions in different multinational companies throughout his career, including Software Director of IBM Greater China Group, General Manager of Lotus Greater China, and General Manager of SAS and SAP Taiwan. His solid industry practical experience is helping WITS to grow and develop continuously.	-		0
Philip Peng	Philip Peng is a former Senior Vice President and CFO of Acer. He has extensive financial experience and outstanding management achievements, and currently serves as a director on the boards of several technology companies. He provides WITS with professional advice related to operational strategies, which is based on his financial management experience.	-		2

Title	Professional Qualifications and Experience		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Expertise	Committee Membership		
Yen Ling Fang	Independent Director Yen Ling Fang served as an accountant partner at KPMG Taiwan for 30 years. She specializes in financial audit work, internal control and internal audit. Miss Fang has deep experience in cross-strait capital market compliance and corporate integration mergers and acquisitions. She offers professional analysis and advice for WITS from the perspective of an independent financial accounting expert.	Audit Committee Convener ESG Committee Member	1. The Company has more than three independent directors in accordance with the "Articles of Incorporation." 2. All Independent Directors issued independence statements when elected. 3. The Company's Independent Directors all comply with the stipulations stated in Article 2, 3, and 4 of the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies," including: (1)The Directors and their spouse and relatives within two degrees of kinship are not directors, supervisors, or employees of the company or its affiliates; (2)The Directors and their spouse and relatives within two degrees of kinship hold no shares of the Company; (3)Not directors, supervisors, or employees of a company which has a particular relationship with the Company. (4)Not providing business, legal, financial, accounting, or other related services to the Company or affiliates in the most recent 2 years.	2
Jennifer Hwang	Independent Director Jennifer Hwang previously worked at IBM, a global information services company, for 24 years. During this time, she served as General Manager of the Taiwan Business Group for five years, leading the company's business growth, strategic transformation, and fulfilling its corporate ESG responsibilities. She has also worked in various positions at IBM's Asia-Pacific commercial and industrial business group, including marketing director and deputy human resources director, and has extensive experience in information industry development strategy, business sales, marketing planning, and human resources management. In addition, she has served as the General Manager of Administration & Chief HR Officer of a local listed company, Sinyi Realty Inc., overseeing human resources and corporate strategic transformation work. She has expertise in talent selection, training, retention, and leadership team building.	Audit Committee Member Compensation Committee Convener		0
Mark Fan	Independent Director Mark Fan was originally the Head of Computer Science of Institute for Information Industry, and led the growth of International Integrated Systems, Inc. for many years. With over 30 years of industry experience and practical experience in the information and communication services industry, he can provide professional advice on the company's operational strategies and business development.	Audit Committee Member Compensation Committee Member Nominating Committee Convener		0

Title	Professional Qualifications and Experience		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Expertise	Committee Membership		
Allen Tsai	Independent Director Allen Tsai is one of the Founders and Executive Director of Taiwan Institute of Directors. He previously served as the Managing Director of the Investment Banking Department for the Taiwan region at BNP Paribas. He is proficient in corporate strategy, cross-border mergers and acquisitions, and international capital market fundraising. Mr. Tsai, has long been concerned about corporate governance and internal and external issues of the board of directors, and can provide comprehensive advice to improve the management of the Company.	Audit Committee Member Nominating Committee Member ESG Committee Member		0
Y.K. Chu	Independent Director Y.K. Chu is a former Senior Partner of WI Harper Group, with over 25 years of experience in investment and technology industries. He has long been focused on the development of cross-border venture capital investment business and has a unique international investment strategy perspective, providing the Company with unique insights.	Audit Committee Member Compensation Committee Member Nominating Committee Member		0

Note 1: Not a Director described by any conditions defined in Article 30 of the Company Act.
Note 2: For academic and career experience, please refer to pages 10-11 of the Information on Directors.

<u>Diversity and Independence of the Board of Directors:</u>

The Company reviews its diversity policy, as mandated by the Company's "Corporate Governance Principles," according to the needs of the Board's operation, working model, and development, including but not limited to the two major standards of basic conditions and values, and professional knowledge and skills. The Company also ensures that Board members generally possess the knowledge, skills, and qualities necessary to perform their duties.

Title	Name	Gender	Age		Tenure of Independent Directors			Items of Diversity								
			56-65	66-75	Below 3 years	3-6 years	6-9 years	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Corporate Governance
Chairman	Ching Hsiao	Male		✓				✓		✓	✓	✓	✓	✓	✓	
Director	Wistron Digital Technology Holding Company Representative: Frank Lin	Male		✓				✓	✓	✓	✓		✓	✓	✓	✓
Director	Marty Chiou	Male		✓				✓		✓	✓	✓	✓	✓	✓	
Director	Philip Peng	Male		✓				✓	✓	✓	✓		✓	✓	✓	
Independent Director	Yen Ling Fang	Female	✓		✓			✓	✓	✓	✓		✓	✓	✓	✓
Independent Director	Jennifer Hwang	Female	✓		✓			✓		✓	✓	✓	✓	✓	✓	
Independent Director	Mark Fan	Male		✓	✓			✓		✓	✓	✓	✓	✓	✓	
Independent Director	Allen Tsai	Male	✓		✓			✓	✓	✓	✓		✓	✓	✓	✓
Independent Director	Y.K. Chu	Male		✓	✓			✓		✓	✓		✓	✓	✓	

(1) Diversity of the Board of Directors:

All members of the Board are of Taiwanese nationality, with 3 members between the age of 56-65 and 6 between the age of 66-75. In order to promote gender equality, the Company is dedicated to increasing the number of female members of our Board of Directors, aiming to appoint at least 1 female director. The Board currently includes 2 female Independent Director, accounting for 22% of the entire Board. The Company is diversified and all Directors have extensive operational judgment and management, crisis management, leadership and decision-making skills, and a broad international perspective. Chairman Ching Hsiao has extensive experience in the industry; whereas Marty Chiou has a wealth of international and regional information industry experience. Jennifer Hwang is experienced in personnel leadership and management, with experience of Chief HR Officer. Mark Fan has over 20 years of industry experience and practical experience in the information and communication services industry. Frank Lin, Philip Peng, and Yen Ling Fang all have professional expertise in accounting and financial analytics. Y.K. Chu has long been focused on the development of cross-border venture capital investment business and has a unique international investment strategy perspective. Allen Tsai has long been concerned about corporate governance and internal and external issues of the board of directors as one of the Founders and Executive Director of Taiwan Institute of Directors.

(2) Independence of the Board of Directors:

Currently, the Board has 9 Directors, 5 of whom are Independent Directors, comprising 56% of the entire Board. All Independent Directors of the Board have both served for a period of under 3 years. All Board members have been confirmed as not being a spouse and or direct family member of other members, and comply with the regulations required by FSC. The Board is highly independent.

3.2.2Management team

March 29, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Education	Concurrent positions at other Companies	Remark
					Shares	%	Shares	%			
Chairman & CEO	TW	Ching Hsiao	Male	1999.04.27	3,538,245	4.86	148,713	0.20	Reference to the information of Board of Directors		
Senior Vice President	TW	Jamie Liu	Male	2003.04.02	680,741	0.93	0	0	Master	Director & General Manager of Wistron ITS (Beijing) Inc. Director of Wistron ITS (Wuhan) Co. Director of Wistron ITS (Dalian) Ltd. Director of Hai Kou Enovation Technology co., Ltd.	-
Senior Vice President	TW	Phoebe Chang	Female	2019.01.01	187,534	0.26	0	0	Master	Note 1	-
Vice President	TW	David Yen	Male	2023.08.08	49,923	0.07	0	0	Master	None	-
Vice President	TW	Ivan Chen	Male	2023.08.08	40,000	0.05	0	0	Master	Director of WITS Japan Inc.	-
Accounting officer	TW	YuFen Sun	Female	2024.01.01	131,118	0.18	0	0	Master	Supervisor of WITS Taiwan, Inc. Supervisor of Hai Kou Enovation Technology co., Ltd.	-

Remark:
1. Shareholding by Nominee Arrangement：None.
2. Spouse or relative holding a position as Key Manager, Director or Supervisor：None.

Note 1:

a. Treasurer of WITS America, Corp.
b. Director of WITS (Hong Kong) Limited, Director of Wistron Information Technology and Services Inc., Director of WITS America, Corp., Director of Wistron ITS (Hong Kong) Limited.
c. Supervisor of WITS Japan Inc., Supervisor of Wistron ITS (Beijing) Inc., Supervisor of Beijing Enovation Technology co., Ltd., Supervisor of Wistron ITS (Wuhan) Co., Supervisor of Wistron ITS (Hangzhou) Ltd., Wistron ITS (Dalian) Ltd.

3.3 Compensation of Directors, Supervisors, General Manager, and Vice Presidents

3.3.1 Compensation of directors and independent directors

December 31, 2023; Unit: NT$ thousands

Title	Name	Compensation								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors' Remuneration (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employees' Profit Sharing Bonus (G) (Note 1)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Shares	Cash	Shares			
Chairman	Ching Hsiao	-	-	-	-	9,250	9,250	240	240	1.61	1.61	12,979	19,035	34	34	2,730	0	2,730	0	4.29	5.32	No
Director	Wistron Digital Technology Holding Company																					
	Representative: Frank Lin																					
Director	Marty Chiou																					
Director	Philip Peng																					
Independent Director	Yen Ling Fang	7,250	7,250	-	-	-	-	300	300	1.28	1.28	-	-	-	-	-	-	-	-	1.28	1.28	
Independent Director	Jennifer Hwang																					
Independent Director	Mark Fan																					
Independent Director	Allen Tsai																					
Independent Director	Y.K. Chu																					

1. Please describe the policy, system, standards and structure of independent directors' compensation and the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment.
   In accordance with the "Articles of Incorporation" and "Payment Principle for Compensation of Directors and Functional Committees" of the Company, except for basic amounts, the extra payment will be paid to the independent directors based on his/her participation in functional Committee, and the compensation will be paid whether the Company has profited or suffered loss.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for services rendered to all companies included in the financial statements for the most recent year (such as acting as consultants to non-employees in Parent Company/ all companies included in the financial statements/ Invested Company): None.

Note 1: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

A. Directors’ compensation brackets table

Range of Compensation	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated financial statements I
Under NT$1,000,000	1 (Note 1)		1 (Note 1)	
NT$1,000,000～NT$2,000,000	8 (Note 2)		8 (Note 2)	
NT$2,000,000～NT$3,500,000	–	–	–	–
NT$3,500,000～NT$5,000,000	1 (Note 3)		–	–
NT$5,000,000～NT$10,000,000	–	–	–	–
NT$10,000,000～NT$15,000,000	–	–	–	–
NT$15,000,000～NT$30,000,000	–	–	1 (Note 3)	1 (Note 3)
NT$30,000,000～NT$50,000,000	–	–	–	–
NT$50,000,000～NT$100,000,000	–	–	–	–
Over NT$100,000,000	–	–	–	–
Total	10	10	10	10

Note 1：Representative: Frank Lin

Note 2：Wistron Digital Technology Holding Company, Philip Peng, Marty Chiou, Yen Ling Fang, Jennifer Hwang, Mark Fan, Allen Tsai, Y.K. Chu

Note 3：Ching Hsiao

3.3.2. Compensation of supervisors: Not applicable.

A. Supervisors’ compensation brackets table: Not applicable

3.3.3 Compensation of the general manager and vice presidents

December 31, 2023; Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay and Pensions(B)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the General Manager and Vice Presidents from an Invested Company Other than the Company's Subsidiary or Parent Company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Shares	Cash	Shares			
Chairman & CEO	Ching Hsiao	8,736	14,249	357	588	14,223	22,352	4,710	0	4,710	0	4.77	7.13	No
Senior Vice President	Jamie Liu													
Senior Vice President	Phoebe Chang													
Vice President	David Yen (Note 1)													
Vice President	Ivan Chen (Note 1)													

Note 1: Assigned on August 8, 2023.
Note: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

A. The general manager and vice presidents' compensation brackets table

Range of Compensation	Names of General Manager and Vice Presidents	
	The Company	All companies in the consolidated financial statements E
Under NT$1,000,000	—	—
NT$1,000,000～NT$2,000,000	2 (Note 1)	2 (Note 1)
NT$2,000,000～NT$3,500,000	—	—
NT$3,500,000～NT$5,000,000	1 (Note 2)	—
NT$5,000,000～ NT$10,000,000	1 (Note 3)	2 (Note 4)
NT$10,000,000～ NT$15,000,000	—	—
NT$15,000,000～ NT$30,000,000	1 (Note 5)	1 (Note 5)
NT$30,000,000～ NT$50,000,000	—	—
NT$50,000,000～ NT$100,000,000	—	—
Over NT$100,000,000	—	—
Total	5	5

Note 1：David Yen, Ivan Chen
Note 2: Jamie Liu
Note 3：Phoebe Chang
Note 4：Phoebe Chang, Jamie Liu
Note 5：Ching Hsiao

B. Names of managers entitled to employees' profit sharing bonus

December 31, 2023; Unit: NT$ thousands

	Title	Name	Employees' Profit Sharing Bonus - by Shares (Fair Market Value)	Employees' Profit Sharing Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Chairman & CEO	Ching Hsiao	0	4,710	4,710	0.80%
	Senior Vice President	Jamie Liu				
	Senior Vice President	Phoebe Chang				
	Vice President	David Yen (Note 1)				
	Vice President	Ivan Chen (Note 1)				

Note 1: Assigned on August 8, 2023.

Note 2: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

3.3.4 Comparison of compensation for directors, general manager and vice presidents in the most recent two years and compensation policy for directors, general manager and vice presidents

A. Directors', general manager's and vice presidents' compensation paid in the most recent two years as a percentage to net income

Title \ Year	Ratio of total compensation paid to net income (%)			
	2023		2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	5.57%	6.60%	5.27%	6.38%
General Manager and Vice Presidents	4.77%	7.13%	3.58%	6.23%

B. The compensation policies, standards, and packages, the procedure for determining compensation, and its linkage to operating performance for directors, general manager and vice presidents

The Company evaluates compensation to Directors in accordance with the "Payment Principle for Compensation of Directors and Functional Committees," and reasonableness of performance, compensation, and remuneration will be reviewed by Compensation Committee and determined by the Board of Directors' resolution. Compensation paid to Directors include base compensation, directors' remuneration, and allowances. Remuneration paid to the Company's Directors (not including Independent Directors) shall be based on participation and contribution to the Company's operation, and considering the Company's operation performance, as well as the overall standards among the industry. The remuneration amount shall be no more than 2% of the profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) in accordance with Article 21 of the "Articles of Incorporation." In addition, except for basic amounts, compensation paid to the Independent Directors shall be based on his/her participation in functional Committee, and the compensation will be paid whether the Company has profited or suffered loss.

The compensation of the Company's managers (including General Manager and Vice Presidents) consists of fixed items such as salary and benefits, and variable items such as bonuses, profit sharing bonus (In accordance with Article 21 of the "Articles of Incorporation," no less than 10% of the profit from current year as employees' profit sharing bonus. The Company may distribute profit sharing bonus in the form of shares or in cash to employees.) and stock options, and main on variable items. The fixed items are in principle determined to maintain the Company's competitiveness within the industry; the variable items consider both Company's performance and individual's appraisal – the better the performance, the higher the proportion of variable items to fixed items. The performance evaluation will be comprehensively determined by the completion rate of business targets, profit margin, growth rate, operating efficiency, implementation of ESG sustainable goal, and future development potential, etc. The targets and weightage of these performance metrics are stipulated with reference to the internal and external operating environment and future risk exposures at the beginning of the year. The Company will review the compensation principle based on operational needs and regulations. Manager's compensation shall be evaluated by their personal performance, and be reviewed individually by Compensation Committee and determined by the Board of Directors' resolution.

3.4 Status of Corporate Governance

3.4.1 Board meeting

The Board of Directors meetings held 6 times in 2023.

Title	Name	Attendance in Person	Attendance by Proxy	Rate of attendance in Person (%)	Remarks
Chairman	Ching Hsiao	6	0	100%	-
Director	Wistron Digital Technology Holding Company Representative: Frank Lin	6	0	100%	
Director	Marty Chiou	6	0	100%	
Director	Philip Peng	6	0	100%	
Independent Director	Yen Ling Fang	6	0	100%	
Independent Director	Jennifer Hwang	6	0	100%	
Independent Director	Mark Fan	6	0	100%	
Independent Director	Allen Tsai	6	0	100%	
Independent Director	Y.K. Chu	6	0	100%	

Other noteworthy items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable for setting up Audit Committee.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Meeting	Interested Directors	Subject Matter	Participation in Deliberation
2023.01.12	1st Board Meeting of 2023	Ching Hsiao	Approval of year-end bonus to CEO in 2022.	After the interested director left the room during discussion and voting, item resolved.
2023.03.06	2nd Board Meeting of 2023	Ching Hsiao	Approval of the performance bonus budget to CEO in 2023.	After the interested director left the room during discussion and voting, item resolved.
2023.06.27	4th Board Meeting of 2023	Ching Hsiao	Approval of share subscription for CEO from 2023 cash capital increase.	After the interested director left the room during discussion and voting, item resolved.
2023.08.08	5th Board Meeting of 2023	Ching Hsiao	Approval of 2022 employees' profit sharing payout amount to CEO.	After the interested director left the room during discussion and voting, item resolved.
2024.01.23	1st Board Meeting of 2024	Ching Hsiao	Approval of the performance bonus to CEO in 2023. Approval of salary adjustment to CEO in 2024.	After the interested director left the room during discussion and voting, item resolved.
2024.03.05	2nd Board Meeting of 2024	Ching Hsiao	Approval of the performance bonus budget to CEO in 2024.	After the interested director left the room during discussion and voting, item resolved.

3. The Board's self- (or peer) evaluation cycle and period, the scope, method and content of the evaluation, etc.:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	2023.01.01~ 12.31	Board of Directors	Internal self-evaluation	Board: 1. The degree of participation in the Company's operations. 2. Improvement in the quality of decision making by the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election of the Directors and their continuing education. 5. Internal controls.
Once a year	2023.01.01~ 12.31	Board members	Internal self-evaluation	Board members: 1. Grasp of the Company's goals and missions. 2. Recognition of director's duties. 3. Degree of participation in the Company's operations. 4. Management of internal relationships and communication. 5. Professionalism and continuing education. 6. Internal controls.
Once a year	2023.01.01~ 12.31	Functional Committee: 1.Audit Committee 2.Compensation Committee 3.Nominating Committee 4.ESG Committee	Internal self-evaluation	Functional Committees: 1. The degree of participation in the Company's operations. 2. Recognition of duties of the Functional Committee. 3. Improvement in the quality of decision making by the Functional Committee 4. Composition of the Functional Committee, and election and appointment of Committee members. 5. Internal controls.

(1) Board of Directors have resolved to formulate "Rules and Procedures for Board of Directors Performance Assessments" on December 26, 2016, and revised and renamed as "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments" on December 20, 2019 to stipulate the Company executes Board of Directors and Functional Committees performance evaluation once a year and report the result to Board of Directors. The aforementioned Rules were revised on January 12, 2023, to stipulate the Company shall execute external performance evaluations at least once every three years.

(2) In January 2024, the Company has executed performance evaluation for Board of Directors, Board members, and all functional committees (including Audit Committee, Compensation Committee, Nominating Committee, and ESG Committee) period from January 1, 2023 to December 31, 2023. The evaluation was executed by corporate governance affairs unit, and results are rating by the score of questionnaires. Results of the evaluation have been reported at Board of Directors meeting on January 23, 2024.

(3) The score of 2023 Board of Directors, Board members, and functional committees were as following:

Scope of evaluation	Score	Rank
Board of Director	Over 90	Outstanding
Board members	Over 90	Outstanding
Audit Committee	Over 90	Outstanding
Compensation Committee	Over 90	Outstanding
Nominating Committee	Over 90	Outstanding
ESG Committee	Over 90	Outstanding

4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation:

(1) The Audit Committee is composed of all Independent Directors, and the Compensation Committee is composed of 3 Independent Directors. The committees play a role for supervision and report to Board regularly. To ensure the soundness of the Board and strengthen the management mechanism, the Board approved to establish a Nominating Committee in December, 2020. The committee is composed of 5 Directors which includes 3 Independent Directors. Furthermore, to ensure implementation of corporate sustainability strategy, the Company established ESG Committee in 2022.The committee is composed of 3 members which includes 2 Independent Directors and Chairman.

(2) The Company arranges continuing education for Board members every year, please refer to pages 34-35 for training of Directors.

(3) The Company enacted the "Corporate Governance Principles" to enhance the functions of the Board of Directors, and formulate policy by taking diversity of Board members structure into consideration. To enhance independence of Board, the Company increased to 5 Independent Directors, which accounted for more than 1/2 of the Board.

(4) To ensure Directors and Managers when perform business, the Company arrange liability insurance for Directors and Managers every year.

(5) Enhance the transparency of information: To enhance the transparency of information and ensure shareholders' interests, the Company has set up an "Investor Relations" and "ESG" pages on the Company's website to provide Chinese and English information on time, and an investor relations liaison mechanism.

5. Please refer to pages 57-60 for Major Resolutions of Board Meetings for the present year.

3.4.2 Audit Committee

The Audit Committee is composed of all of the 5 Independent Directors. The main function of the Audit Committee is to supervise fair presentation of accounting and the financial reports, implementation of the internal control system and compliance with relevant laws and regulations, and management of risks of the Company. Please refer to pages 13-15 for professional qualifications and experience of Directors.

The Audit Committee holds meetings before the Board meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, material financial activities, and financial statements; also, to communicate with CPAs for an effective supervision on the Company's operations and risk controls, and the Committee invites managers of relevant departments to attend the meeting if necessary. The Committee submits report to Board of Directors after meeting, and executes based on instructions from Board.

The major content of Audit Committee meeting in 2023 and the most recent meeting:

1. Reviewing financial statements (quarterly, annual).
   (1) The Board of Directors has prepared the Company's 2022 Business Report, Financial Reports, and proposal for allocation of profits, that have been reviewed and determined to be correct and accurate by the Audit Committee.
   (2) The quarterly financial reports in 2023 have been approved by the Audit Committee.
2. Financial or business activities of a material nature report.
3. Major auditing matter and audit report.
4. Adoption of or amendments to internal policies, internal control systems, and relative regulations.
5. Assessment of the effectiveness of the internal control system.
   The Audit Committee evaluated the effectiveness of the Company's policies and procedures regarding the internal control system (including finance, operations, risk management, information security, compliance and other control measures), and reviewed and determined to be effective of both risk management and compliance.
6. Appointing of CPAs, their compensation, and assessment of their independence.
   The Company has appointing KPMG as the audit CPAs in 2024, and assessed the qualifications and independence of CPAs with reference to the "Certified Public Accountant Act," "Code of Professional Ethics No. 10, Integrity, Impartiality, Objectivity and Independence," and AQI index. The appointment and assessment were completed and resolved by Board of Directors on March 5, 2024 and no breach of independence has been identified.
7. Appointment of accounting officer.
8. Issuance of equity-type securities: approved to issue new common shares for cash capital increase.
9. Material endorsements and guarantees.
10. Others.

Total of 4 Audit Committee meetings were held in 2023. The Independent Directors' participation status is as follows:

	Title	Name	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person (%)	Remarks
4th	Convener	Yen Ling Fang	4	0	100%	-
	Member	Jennifer Hwang	4	0	100%	
	Member	Mark Fan	4	0	100%	
	Member	Allen Tsai	4	0	100%	
	Member	Y.K. Chu	4	0	100%	

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, suggestions or objections by Independent Directors, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to pages 57-60 for the Major Resolutions of Board Meetings.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None
2. Independent directors' avoidance of motions in conflict of interest: None
3. Communications between the independent directors, the Company's internal auditor and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.)
   (1) The internal audit officer has communicated the result of the audit reports to the members of the Audit Committee quarterly, presented the findings and the follow up execution status, and discusses with members of Audit Committee. The communication channel between the Audit Committee and the internal audit officer has been functioning well.
   (2) The Company's CPAs have presented the auditing or reviewing findings or the comments for the quarterly financial statements, material matters that they have discovered, as well as other communication of which is required by law, in the regular quarterly meetings of the Audit Committee. The communication channel between the Audit Committee and the CPAs has been functioning well.
   (3) Please refer to the Company's website for further communication information.

3.4.3 Corporate governance status and deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
1. Does Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has formulated the "Corporate Governance Principles" by reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and the last amendment was on November 7, 2023 approved by the Board of Directors. The principles are disclosed on the Company's website and MOPS.	No discrepancy
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Interna Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	 V V V V		(1) The Company has formulated the "Corporate Governance Principles," in order to ensure shareholders' interests, the Company has set up an investor relations liaison mechanism on the Company's website, under which a spokesperson and an acting spokesperson are responsible for handling issues such as shareholders' proposals, doubts or disputes. (2) The Company has access to a list of the Company's major shareholders and the beneficial owners of the major shareholders. (3) The Company establishes appropriate risk control mechanisms and firewalls in accordance with internal regulations such as "Procedures on the Management of Transactions with Specific Companies, Group Enterprises and Affiliates," "Rules on the Supervision and Management of Subsidiaries," "Procedures for Governing Endorsements and Guarantees," "Procedures for Governing Loaning of Funds," and "Procedures for Acquisition and Disposal of Assets." (4) The Company is required by law to establish "Procedures for Preventing Insider Trading" to prohibit insiders from using undisclosed information in the market to trade, and "Procedures for Handling Material Inside Information" to prohibit Directors to trade their shares 30 days prior to the publication of the annual financial report, and 15 days prior to the publication of the quarterly financial report (the closed period). The Company offers regular training and workshops for insiders, as well as reminds the Board of Directors electronically that they are not allowed to trade their shares during the closed period 3 days before the closed period.	No discrepancy
3. Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors have a diversity policy, specific management objectives, and are they	 V		(1) The Company has set out its policy on diversity of Board membership in the "Corporate Governance Principles", which is disclosed on the Company's website and MOPS.	No discrepancy

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
implemented in practice?			In accordance with the Company's diversity policy, the current Board of Directors of the Company have identified the following diversity objectives: A. The percentage of Independent Directors among the total number of Directors shall be at least 50%; B. A minimum of 1 female director shall be nominated, with continuing efforts to promote increased numbers of female directors on the Board. The members of the Board have various professional expertise in corporate governance, economic, accounting, finance, business administration and management backgrounds. Many of our Board members also have experience in practical management, information technology industry, and international investment, and contribute greatly to the management of the Company's domestic and international business development and risk management. The Company promotes gender equality and implement diversity policies, there are 2 female independent directors currently, accounting for 22% of the Board, and 56% of our Directors are Independent Directors. For detailed member information of our Board as well as their Diversity Profile, please refer to pages 13-17.	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	V		(2) In addition to the Audit Committee and the Compensation Committee established by law, the Company established Nominating Committee under Board of Directors in December, 2020. The Nominating Committee is composed by 5 directors, including 3 independent directors. To ensure implementation of corporate sustainability strategy, the Company established ESG Committee under Board of Directors in June, 2022.The committee is composed of 3 members which includes Chairman and 2 Independent Directors. Please refer to pages 37-38 for the Company's Nominating Committee responsibilities and 2023 operation. For ESG Committee operation, please refer to the Company's website.	
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and renomination?	V		(3) To implement corporate governance, enhance functionality, and improve efficiency of Board, the Company has enacted "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments," regulates that performance evaluation of Board of Directors, Board members, and functional committees shall be executed annually and reported to Board of Directors. The aforementioned Rules were revised on January 12, 2023, to stipulate the Company shall execute external performance evaluations at least once every three years. The Company has completed the Performance	

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td>
(4) Does the Company regularly evaluate its CPAs’ independence?</td><td>
V</td><td></td><td>Assessment Review for the period from Jan 1, 2023 to Dec 31, 2023. For detailed information, please refer to pages 24-25.
(4) The Company assesses the qualifications and independence of CPAs on a regular basis (once a year) through Audit Committee and is referred to the Board for approval. The Company relies on the “Statement of Independence” provided annually by CPAs, with reference to the “Certified Public Accountant Act,” “Code of Professional Ethics No. 10, Integrity, Impartiality, Objectivity and Independence,” and AQI index to develop the following CPA evaluation items. The annual assessment was completed and resolved by Board of Directors on March 5, 2024 and no breach of independence has been identified and the rotation of the CPAs has been conducted in compliance with the relevant regulations.
<table>
<tr><th>Evaluation items</th><th>Result</th></tr>
<tr><td>Do the CPAs violate Article 6 or Article 4 of “Certified Public Accountant Act”?</td><td>✓</td></tr>
<tr><td>Do the CPAs have direct or indirect financial interest with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs and the Company have inappropriate interests?</td><td>✓</td></tr>
<tr><td>Do the CPAs serve the Company within two years before the practice?</td><td>✓</td></tr>
<tr><td>Do the CPAs permit others to practice under their name?</td><td>✓</td></tr>
<tr><td>Do the CPAs and the members of audit team have shares of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have fund lending with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have relationship of collective investment or profit sharing with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs currently employed by the Company to perform routine work for which receives a fixed salary, or currently serves as a director?</td><td>✓</td></tr>
<tr><td>Do the CPAs have management functions related to decision-making of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs receive any commission about business?</td><td>✓</td></tr>
<tr><td>Do the CPAs are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have been the audit accountants of the Company over 7 years?</td><td>✓</td></tr>
<tr><td>Do senior auditors have sufficient audit experience to perform audit work?</td><td>✓</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><th>Evaluation items</th><th>Result</th></tr><tr><td>Does the firm have sufficient quality control manpower to support the audit team?</td><td>✓</td></tr><tr><td>Has the proportion of fees from non-audit services affected independence?</td><td>✓</td></tr><tr><td>Does the firm’s quality control and audit cases are in compliance with relevant laws and standards?</td><td>✓</td></tr><tr><td>Does the accounting firm commit to enhance audit quality, including the firm's innovation ability and planning?</td><td>✓</td></tr></table></td><td></td></tr>
<tr><td>4. Has the company appointed an appropriate number of suitable corporate governance personnel, and designated an officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handing matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?</td><td>V</td><td></td><td>The Company’s corporate governance unit is the Finance Division, which is responsible for corporate governance-related matters. On May 12, 2020, the Board of Directors approved the top officer of Finance Division, Phoebe Chang, as Company Secretary. Phoebe Chang has CPA certificate in Taiwan and US, and has been in a managerial position for at least three years in a public company in handling financial affairs, suits the criteria of serving as the Company Secretary.
The main responsibilities are as follows:
(1) To handle matters relating to the Board of Directors meetings and Shareholders Meeting in accordance with the Law.
(2) Company registration and change of registration.
(3) Produce minutes of Board of Directors and Shareholders Meetings, etc.
(4) To assist in the implementation and strengthening of corporate governance.
(5) To provide information necessary for the directors to carry out their business.
(6) Assist directors in their appointment, compliance with statutes and continuing education.
(7) To review qualification of independent directors and report to the Board; and handle matters related to director changes.
(8) Others regulated by laws and regulations.
For the Company’s 2023 Governance Report, please refer to the Company’s website. For details related to the training received by the Company Secretary, please see the table below.</td><td>No discrepancy</td></tr>
<tr><td>5. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?</td><td>V</td><td></td><td>The Company has a spokesperson and acting spokesperson, and has set up a section on the Company’s website to describe communication with stakeholders and provide contact information of the relevant counterparts in order to properly respond to important issues of concern to stakeholders, and to respond in the ESG report. The results of stakeholder communications are reported to the Board of Directors on an annual basis, and the latest results were reported to Board on November 7, 2023.</td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
6. Has the Company appointed a professional registrar for its Shareholders Meetings?	V		The Company has appointed the Stock Agency Department of KGI Securities as the Company's stock agency and to handle the affairs relating to the Shareholders Meetings.	No discrepancy
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company has disclosed the relevant business, financial and corporate governance practices on the Company's website. (https://www.wits.com/tw/)	No discrepancy
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences etc.)?	V		(2) The Company has set up a website to provide relevant information for shareholders' and stakeholders' reference, and has a spokesperson to maintain communication channels with the media, so that material information that may affect shareholders and stakeholders can be disclosed immediately and properly. The information provided by the Company's participation in the Investor Conferences is available on the Company's website. The Company has set up an English website as well, disclosing financial, business and corporate governance related information.	
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial statements for the first, second and third quarter and each month's operating performance ahead of the required deadline?	V		(3) The Company does not announce and report its annual financial statements within two months after the end of the fiscal year. However, the Company still announces and reports its annual financial statements (within three months), first, second and third quarterly financial statements (within 45 days) and monthly operations (before the 10th day of each month) within the period stipulated in Article 36 of the Securities and Exchange Act.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee right, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) Staff Rights and Employee Care: For the rights and benefits of the Company's employees and employee care, please refer to the "Labor Relations" in Chapter 5, Operating Overview of this annual report. (2) Investor Relations: The Company aims to protect the interests of its shareholders and treats all shareholders fairly. In accordance with the relevant regulations, the Company immediately announces important corporate information on financial, business and internal shareholding changes on MOPS. In addition, in order to ensure that shareholders have the right to be fully informed of, participate in and decide on material matters of the Company, the Company has a spokesperson and an acting spokesperson to handle shareholders' suggestions, queries and disputes. The Company also provides shareholders with adequate opportunities to ask questions or make proposals to achieve checks and balances. (3) Supplier relations: The Company conducts audits and management of its suppliers on the basis of integrity to confirm that they are able to follow relative regulations of integrity, corporate social	No discrepancy

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
			responsibilities, environmental treaties, labor safety, and health issues. The management of our suppliers can be found in our ESG report. (4) Stakeholder rights: The Company maintains a stakeholder section on the Company's website and provides relevant contact information to protect the rights of stakeholders. (5) Annual education and training for Board members: The Company actively encourages Directors to participate in the relevant courses organized by the competent authorities. Please refer to the following table for training of Directors and managers in relation to corporate governance. (6) Implementation of risk management policies and risk measurement standards: The Company has enacted "Procedures for Risk Management," as a guideline for risk management. The Company evaluates risk regularly, and develops policies in terms of risk identified. The Company's ESG Committee was responsible for supervision of risk management as well as reports annually to the Board of Directors. For corresponding details of risk management mechanism, please refer to the Company's website and ESG report. (7) Implementation of Client Policy: The Company has always kept clients' confidentiality. In the case where the clients compete with each other, different teams are formed internally to serve them. The Company also uses firewalls for data of clients, and strictly prohibits the discussion of client confidential information during work in order to achieve the goal of protecting clients. (8) Liability Insurance for Directors and Officers: The Company has purchased 2024 Directors and Officers Liability Insurance and reported the relevant information, including the amount insured, coverage, and insurance rates, to the Board of Directors on November 7, 2023.	
9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center of the TWSE in the last year and provide priority measures and measures for those who have not yet improved. (1) The Company ranked among the top 5% of the TPEx listed companies in the 10th Corporate Governance Evaluation. (2) According to the results of this evaluation, the main improvement areas are: A. The Company increased numbers of investor conferences, to promote communication with investors. B. Newly purchased distributed solar panels are used for self-generated electricity to practice energy conservation and carbon reduction and strengthen green environmental protection and sustainable development. (3) For other areas that have not yet been improved, the expected priorities for improvement are: A. The Company proposed ESG report to approved by the Board of Directors and plans to obtain third-party verification to improve the reliability of the information. B. The Company plans to formulate policies linking senior managers' salary and compensation with ESG-related performance evaluations to implement the promotion of sustainable development.				

Continuing education of Directors and Managers					
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours
Chairman	Ching Hsiao	2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Director	Frank Lin	2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit Go Towards Green Energy	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.08.17	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3
		2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Director	Marty Chiou	2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Director	Philip Peng	2023.06.12	Chinese National Association of Industry and Commerce	Generative AI Situation Room - Flash Foresight and Seize Business Opportunities	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.09.01	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3
		2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Independent Director	Yen Ling Fang	2023.08.09	Securities & Futures Institute	Corporate Governance and Securities Regulation	3
		2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
		2023.10.23	CPA Associations R.O.C (Taiwan)	Latest Anti-Money Laundering Trends and Business	3
		2023.11.16	Taiwan Institute of Directors	Estate and Gift Tax - Analyzing Family Estate Planning from the Perspective of Additional Tax Regulations and Tax Recapture	3
		2023.11.20	CPA Associations R.O.C (Taiwan)	Introduction of Greenhouse Gases Inventory and ISAE 3410	3
		2023.12.12	Taiwan Institute of Directors	2023 The General Trend of ESG CSR and Sustainable Governance	3
			Taiwan Corporate Governance Association	Corporate Governance Summit XIX- Creating New Sphere of Governance for the Elevating Value of Enterprises	6
		2023.12.21	Taiwan Institute of Directors	Optimization of Enterprise Cost and Transformation of Business Model under the Net Zero Trend	3

Continuing education of Directors and Managers

Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours
Independent Director	Jennifer Hwang	2023.11.10~ 11.11	Commerce Development Research Institute, AFAQ-AFNOR Group	ESG Sustainable Leadership II - Practical Class for Directors and Supervisors/Business Owners (ANFOR)	12
		2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Independent Director	Mark Fan	2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Independent Director	Allen Tsai	2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Independent Director	Y.K. Chu	2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
Financial & Accounting Officer & Company Secretary	Phoebe Chang	2023.07.13	Taiwan Stock Exchange and Taipei Exchange	Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies Promotion Conference	3
		2023.08.24~ 08.25	Accounting Research and Development Foundation in Taiwan	Advanced Course for Accounting Supervisor of Issuers, Securities Firms and Stock Exchange.	12
		2023.09.22	Taiwan Corporate Governance Association	Key Factors for Enhancing Board Effectiveness	3
				Winning the Future: Global Key Trends and Practical Case Studies in ESG	3
		2023.11.16	Accounting Research and Development Foundation in Taiwan	2023 ESG Summit- Sustainable Disclosure and ESG Implementation	3

3.4.4 Composition, responsibilities and operations of the Compensation Committee and Nominating Committee

A. The composition of the Compensation Committee

April 30, 2024

<table>
<tr><th>Title</th><th>Qualification / Name</th><th>Professional Qualifications and Experience</th><th>Independence Criteria</th><th>Number of Other Public Companies in Which the Individual is Concurrently a member of Compensation Committee</th></tr>
<tr><td>Independent Director (Convener)</td><td>Jennifer Hwang</td><td colspan="2" rowspan="3">Please refer to pages 13-15 for professional qualifications and experience of Directors.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Mark Fan</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Y.K. Chu</td><td>0</td></tr>
</table>

B. Responsibilities of the Compensation Committee

In accordance with Article 6 of the Company's "Compensation Committee Charter" the Compensation Committee has the following responsibilities:

(1) Prescribe and periodically review the performance and compensation policy, system, standards, and structure for directors and managerial officers.
(2) Periodically evaluate and prescribe the compensation of directors and managerial officers.

When performing the official powers of the preceding paragraph, the Compensation Committee shall follow the principles listed below:

(1) With respect to the performance assessment and compensation of Directors and managers of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
(2) It shall not produce an incentive for the Directors or managers to engage in activity to pursue compensation exceeding the risks that the Company may tolerate.
(3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its Directors and senior management and the time for payment of the variable part of compensation.

C. Operation of Compensation Committee

(1) The Compensation Committee consist 3 members.

(2) The term of service of 5th Compensation Committee was from June 9, 2022 to May 25, 2025. Total of 5 Compensation Committee meetings were held in 2023. The members' participation status is as follows:

	Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
5th	Convener	Jennifer Hwang	5	0	100%	-
	Member	Mark Fan	5	0	100%	
	Member	Y.K. Chu	5	0	100%	

Other noteworthy items:

1. If the Board of Directors declines to adopt or modify a recommendation of the Compensation Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (e.g., the compensation passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the Compensation Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. Please refer to pages 57-60 for Major Resolutions of Board Meetings for the dates, items, and resolutions of Compensation Committee for the present year.

D. The composition and operation of Nominating Committee

(1) To ensure the soundness of the Board and strengthen the management mechanism, the Company establish a Nominating Committee in December, 2020. The committee is composed of Chairman and 4 Directors (including 3 Independent Directors). Director Frank Lin and Independent Director Allen Tsai possesses excellent management experience of corporate governance practices, whereas Chairman Ching Hsiao, Independent Director Mark Fan, and Independent Director Y.K Chu has years of operational management experience, all committee members are full of talent of corporate governance, which met the qualification of this committee.

(2) Responsibilities of the Nominating Committee:

a. Laying down the standards of composition and qualification of the Board and managers, and electing and reviewing candidates for directors and managers based on such standards, as well as presenting the list of suggested candidates to the Board of Directors.
b. Establishing and developing the organizational structure of the Board and each committee, reviewing the qualification and potential interest conflict of committee members, and evaluating the independence of the independent directors.
c. Establishing and reviewing on a regular basis program for director continuing education and the succession plans of directors and managers.
d. Other matters to be performed by the Committee pursuant to the resolution of the board of directors.

(3) Qualification and Operation of Nominating Committee:

a. The Nominating Committee consist 5 members.

b. The term of service of 2nd Nominating Committee was from May 26, 2022 to May 25, 2025. Total of 2 Nominating Committee meeting were held in 2023. The members' participation status is as follows:

	Title	Name	Professional Qualifications and Experience	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
2nd	Convener	Mark Fan	Please refer to pages 13-15 for professional qualifications and experience of Directors.	2	0	100%	-
	Member	Ching Hsiao		2	0	100%	
	Member	Frank Lin		2	0	100%	
	Member	Allen Tsai		2	0	100%	
	Member	Y.K. Chu		2	0	100%	

Other noteworthy items:

Specify the date of the meeting, session, content of the motion, suggestions or objections by committee members, resolution by the Nominating Committee, and the Company's response to the Nominating Committee's opinion:

Major resolutions of Nominating Committee meetings for the present year were all resolved, please refer to pages 57-60 for Major Resolutions of Board Meetings for the meeting results of Nominating Committee.

3.4.5 Sustainable development and deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1. Does the Company establish a sustainable development governance structure, and set up a division that is (either solely or in addition to other tasks) on sustainable development; in addition, has the Board of Directors authorized executive management level to deal with, and supervised the result of such issues?	V		The Company established "ESG Committee" under the Board of Directors in 2022, as the highest-level sustainable development decision-making center within the Company. The ESG Committee composed of Directors and Chairman, and is responsible for coordinating sustainable development directions and setting medium-term and long-term plans. The Company has established "ESG Implementation Office" under the ESG Committee. Through task groups regular meetings identifying sustainable topics related to company operations and stakeholders, ESG Implementation Office formulates corresponding initiatives to ensure that the sustainable development is fully implemented in the Company's daily operations. ESG Committee report to the Board of Directors implementation and future plan of the corporate sustainability quarterly. 4 meetings were held in 2023. The Board listened to reports from ESG Committee, reviewed the progress of strategy, and implementation, and provided suggestion to the team.	No discrepancy
2. Does the Company, based on the principles of importance, conduct risk assessments for its environment, social and corporate governance issues in relation to its operation, and set up relevant risk management policies or strategies?	V		In accordance with our "Procedures for Risk Management", the Company performs risk evaluations of environmental, social, corporate governance, and technology issues related to operations, by order of importance, at least once a year, as well as formulate and implement management strategies and goals based on the evaluation results. In 2023, the Company collected data on risk events that occurred in actual operations, as well as on the sources and impacts of these events. After which, through a rolling risk assessment process model, major risks were identified. Including in 4 categories which are environmental, social, corporate governance, and technology innovation, there were 13 risk items in total. The organizational boundary of risk assessment in 2023 encompasses all offices in Taiwan and China. Based on the results of the risk assessment, the following relevant risk management policies or strategies were formulated:	No discrepancy

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			(1) Environmental: Includes risks such as non-compliance to environmental and infectious diseases. As a member of the IT service industry, there are no physical product that impact environment, and the major strategies for environmental management are increasing the efficiency of our use of various resources to reduce the stress on the environment. In addition, each year the Company continues to monitor the financial impact of climate-related physical risks (such as natural disasters). Meanwhile, the Company deployed all necessary hardware and software for remote communications to manage remote delivery in response to the emergence of new infectious diseases. (2) Social: Includes risks related to human rights, talent attraction and retention, talent development, and customer services. The Company aims to reduce social risks and impacts by implementing strategies such as establishing "Human Rights Policy", implementing human rights due diligence, providing competitive rewards and talent development programs, adding career training courses for employees, and formulating critical talent development plans. In addition, the Company established a client service hotline and communication website, proactively conducted client satisfaction surveys, and leveraged remote or international delivery systems to strengthen our partnerships with clients. (3) Corporate Governance: Includes foreign exchange rate, accounts receivable management, geoeconomics, corruption and bribery, and geopolitical risk. In response to the risk of exchange rate fluctuations caused by the market, the Company has maintained communication with external institutions to keep track of changes and trends in the international market, allowing to adjust operating capital where appropriate. On the other hand, to avoid credit risks caused by trading partners failing to fulfill contractual obligations, or operational risks caused by internal control errors, the Company has established a governance structure and implemented an internal control system, as well as further integrated operational information to build a	

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			business support platform, fully enhancing operation management system. In addition, the Company not only ensures the signing of integrity commitments by Directors, managers, employees, and suppliers, but also regularly promotes and trains relevant personnel on the concept of operating with integrity to implement the core values of the Company's integrity management. Finally, the company constantly monitors market developments and adjusts strategies in a timely manner to respond to changes in the overall economic environment. (4) Technological Innovation: Includes information security and risk related to emerging technologies. As technologies in the industry continue to evolve, information security risks have also increased. To ensure proper information security management, our Company has actively enforced ISO 27001 certification in all of our regional offices and has also intensified our efforts to educate our employees about information security. In addition, the Company continues to pay attention to industry development trends, evaluate how to integrate emerging technologies into practical application scenarios, and meet client needs through continuous innovation. The Company also announced the "Guidelines for the Use of Emerging Technology Tools" to continue to promote information security issues about using AI software. For more details, please refer to the "Risk Management" chapter in the Company's sustainability report, available on the Company's website.	
3. Environmental Issues (1) Has the Company set up suitable environmental management systems based on its industry features?	V		(1) The Company is engaged in IT services, and has no physical product that impact environment. In terms of environmental management, mainly committed to improving the usage efficiency of resources and reducing the impact of environmental burdens. In addition to formulating waste management strategies and measures, the Company also promotes water and electricity conservation, and waste separation and disposal to our employees in the workplace. Please refer to the chapter of "Environment Friendly" in the Company's ESG Report, available on the Company's website.	No discrepancy

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(2) Does the Company dedicate itself to maximize the effectiveness of various energy uses, as well as utilize recycled materials that have a lower impact on our environment?</td><td>V</td><td></td><td>(2) The Company serves in the IT service industry, and does not participate in manufacturing. However, the Company still aims to increase the efficiency of various resource utilization as well as reduces impact on the environment:
a. Replacing water-saving equipment.
b. Investing self-generated electricity equipment.
c. Implementing resource recycling.</td><td></td></tr>
<tr><td>(3) Has the Company completed the evaluation on how climate change will potentially create risks as well as opportunities for the Company, both in the present and the future, and implemented climate change related counter-measures?</td><td>V</td><td></td><td>(3) Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company takes into account different aspects such as governance, strategy, risk management indicators and goals. The Company has identified key physical risks, transformational risks, and business opportunities caused by climate change. The Company has used these evaluation results to inform operational strategies, our business model, and financial planning, allowing us to take appropriate measures to respond to these risks. Detailed information about these measures can be found on the "Risk Management" chapter of the ESG report.</td><td></td></tr>
<tr><td>(4) Has the Company gathered data on the carbon emission volume, water usage, and total volume of waste in the last two years, as well as set up policies on reducing its carbon footprints, energy conservation, reducing carbon emissions, reducing water use or other wastes?</td><td>V</td><td></td><td>(4) The Company has set up policies and goals related to reducing water usage, carbon emission volume, and waste.
1. Carbon emissions:
A. In the most recent 2 years (including parent company and all subsidiaries)
<table>
<tr><th>Year</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1 (Ton CO2e)</td><td>64.1010</td><td>60.3653</td></tr>
<tr><td>Scope 2 (Ton CO2e)</td><td>742.3618</td><td>663.8505</td></tr>
<tr><td>Per unit of revenue (kilotonCO2e/NT$ Billion)</td><td>0.1015</td><td>0.0819</td></tr>
</table>
B. Management and Implementation: To respond the global trend of carbon emissions, the Company continued to promote energy saving and carbon reduction, including using energy-efficient lighting, LED lights, environmental control system with power timing control energy-saving measures, as well as invested in the self-generated electricity equipment in 2023 to reduce greenhouse gas emissions. The Company established a</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Greenhouse gas inventory task force, counting the volume of carbon emissions, and setting up a goal for reducing 6% emissions per unit of revenue until 2023, compared with base year of 2020. In 2023, the volume of emissions per unit of revenue was 0.0819 kilotonCO2e/NT$ Billion, reducing 19.3% compared with 2022.
C. The Company obtained third-party verification (from BSI) for its carbon emission (ISO 14064-1) for 2022 and 2023, and will receive the certification in the first half of 2024.
2. Water usage:
A. In the most recent 2 years (including parent company and all subsidiaries)
<table>
<tr><th>Year</th><th>2022</th><th>2023</th></tr>
<tr><td>water intake (kiloton)</td><td>5.626</td><td>5.452</td></tr>
<tr><td>Per unit of revenue (kiloton/NT$ Billion)</td><td>0.7078</td><td>0.6167</td></tr>
</table>
B. Management and Implementation: The Company is IT services company, main water usage from domestic water. The Company continues to actively promote water conservation and reminds employees to turn off the taps, as well as uses automatic sensor water taps and sanitation facilities with a water efficiency label, in order to conserve water. The Company has set up a mid-term goal for reducing 3% of water usage per unit of revenue until 2023, compared with base year of 2020. In 2023, water usage per unit of revenue was 12.9% reduced compared with 2022. In the future, the Company will continue to promote the concept of water conservation to employees and install water-saving devices to achieve our water-saving goals.
3.Waste management:
A. In the most recent 2 years (including parent company and all subsidiaries)</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Year</th><th>2022</th><th>2023</th></tr>
<tr><td>Hazardous Waste (tons)</td><td>0.03</td><td>0</td></tr>
<tr><td>Non-Hazardous Waste (tons)</td><td>31.83</td><td>25.87</td></tr>
<tr><td>Per unit of revenue (ton/NT$ Billion)</td><td>4.0081</td><td>2.9261</td></tr>
</table>
B. Management and Implementation: The Company is IT services company, main wastes from general waste. The Company continues to actively promote reducing the waste and classification, The Company has set up a mid-term goal for reducing 3% of waste per unit of revenue until 2023, compared with base year of 2020. In 2023, waste per unit of revenue was 2.9261 ton/NT$ Billion, 26.9% reduced compared with 2022.
Details can be found in the Environment Friendly" chapter in the Company's ESG Report, available on the Company's website.</td><td></td></tr>
<tr><td>4. Social Issues
(1) Has the Company established management policies and procedures in accordance with relevant laws and regulations and international human rights treaties?</td><td>V</td><td></td><td>(1) The Company complies with the laws and regulations of each operational location, and refers to international human rights standards and advocacy such as the "Universal Declaration of Human Rights," the "UN Global Compact," and the "UN Guiding Principles on Business and Human Rights" to promulgate "Human Rights Policy." In accordance with this "Human Rights Policy," the Company conducted human rights due diligence for the first time in 2023, and the results showed that the Company did not face significant human rights risks. In addition, the Company provides a safe and healthy working environment, maintains zero injury records, strictly prohibits the use of child labor, has had no incidents of forced labor, and prohibits all kinds of discrimination, encourages the employment of indigenous people and people with disabilities, provides paternity leave and childcare leave, etc., and emphasizes equal opportunities for job security; the Company also regularly conducts a variety of staff activities (Family Day, seminar, festival events, hiking, sports competitions, film appreciation, health seminar etc.) to take care of our staff.</td><td>No discrepancy</td></tr>
</table>

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) Has the Company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits, etc.) and appropriately reflect operating performance or results in employees' compensation?	V		(2) In addition to complying with the laws and regulations, the Company will determine and implement employee welfare measures (including compensation, leave and other benefits) that are superior to or in accordance with the laws and regulations, taking into account the overall operating performance of the Company and the industry situation, and will distribute employee profit sharing bonus in accordance with "Articles of Incorporation" that appropriately reflect the operating results in employee compensation, so as to gain and prosper together with employees. Please refer to Chapter 5.5 in this annual report for more detail.	
(3) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for its employees?	V		(3) The Company is engaged in IT services, and focuses on office execution business. However, the Company has always attached great importance to environmental safety and health. In terms of working environment, the Company regularly disinfects and tidies up the working environment, and pays attention to fire prevention awareness and disaster prevention measures. In addition to two fire drills, fire safety lectures were also held, and indoor fire hydrants and dry powder fire extinguishers were installed. Meanwhile, the Company sets up a breastfeeding room, as well as safety and health management staff, nurses, and emergency care personnel; in addition, the Company has established an emergency response team and established emergency management procedures to respond to emergencies. The Company also arranges regular health check-ups and occasional health talks for supervisors and colleagues every year. There were no incidents of workplace safety and fire incidents or casualties in 2023.	
(4) Has the company established an effective career development training program for its employees?	V		(4) The Company is committed to helping employees grow together, designed the "WITS College" to provide resources such as theme courses, technology sharing, and community communication platforms to establish a complete education and training structure for employees and create an environment for continuous learning and growth. The Company believes that "people-oriented" and "keeping good employees in the company." Based on the job category	

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			and levels of colleagues, the Company has developed and implemented a training system to improve the capabilities and competitiveness of manpower.	
(5) Does the Company comply with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of its products and services, and formulate relevant policies and complaint procedures to protect consumer or customer rights?	V		(5) The Company's customers are mainly corporate customers with no direct contact with consumers; it provides IT services with a focus on protecting customer privacy, intellectual property, and trade secrets. The Company has policies and strict internal control mechanisms for the information provided by customers. In addition to controlling all software and hardware that contain technical information and information that may involve customers' intellectual property rights and trade secrets, the Company will also sign confidentiality agreements with customers and suppliers to protect the security of customers' confidential information.	
(6) Does the company have a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?	V		(6) The Company states in the contract that the supplier shall comply with the requirements of the "Code of Conduct" and the "Code of Integrity" stipulated by the Company, and is committed to improving the signing rate of the supplier's Integrity commitments, that request suppliers shall agree to comply with the goal of environmental protection, labor rights, human rights, and occupational safety issue; as well as cooperate with the government to promote environmental protection, energy conservation and carbon reduction, and enhance corporate social responsibility policies, and work together to protect labor rights and interests and increase profits for clients, in order to create a mutually beneficial relationship between the Company, customers and the suppliers.	
5. Does the Company make reference to international standards or guidelines for the preparation of reports, such as ESG reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party verification confirmation or assurance on the aforementioned report?	V		The Company's ESG Report is written in accordance with the GRI Standards developed by the Global Reporting Initiative (GRI) and meets the requirements of regular disclosure. The Company plans to obtain third-party verification in 2023.	The Company's ESG Report meets the requirements of Core Disclosure.
6. If the Company has its own corporate social responsibility code in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please explain the difference between its operation and the code: The Company has established "Sustainable Development Practice Principles." Please refer to the Company's website. Its daily operations are carried out in accordance with the principles of implementing corporate				

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
governance, developing a sustainable environment, safeguarding social welfare and enhancing disclosure of corporate social responsibility information. There's no sign of deviation from the code.				
7. Other important information to facilitate understanding of sustainable development operations: Please refer to relevant information on "ESG" on our company website. (https://www.wits.com/en/corporate-sustainability/sustainability/).				

3.4.6 Climate-related information

Items	Execution
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	1. In June 2022, WITS established the ESG Committee. The ESG Committee is the highest level of internal oversight of climate risks and opportunities within the Company. The chairman of the committee is the Chairman and CEO, while the members are directors of the company. The Committee is responsible for approving sustainable development management policies and setting objectives, as well as coordinating the implementation of risk assessment and countermeasures in various aspects of environmental, social, and corporate governance, including but not limited to the promotion of climate change-related issues, and regularly tracking the effectiveness of the Committee. The Committee will report to the Board of Directors at least once a quarter on the results of the implementation of corporate sustainability, including climate change related issues and future planning.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company. (Short-term, mid-term, long-term)	2. The Company is in the information services industry, and the most significant impact of physical disasters on operations is due to natural disasters and rising temperatures that cause power outages or equipment failures, resulting in increased repair and maintenance costs and interruptions in operations or services. In addition, policies and regulations as well as customers' requirements for carbon reduction also increases the cost of operation. The Company has set a greenhouse gas reduction target commitment to effectively control greenhouse gas emissions and take stock of the impact of the regulations and the current status of implementation, and plan in advance for the response. The risk of service interruptions caused by natural disasters and equipment failures is also incorporated into ongoing operational plans and disaster recovery drills.
3. Describe the financial impact of extreme weather events and transformational actions.	3. The financial impact of extreme climate events and transformation actions include reputation risk due to failure to meet stakeholder expectations; increased responsibility for greenhouse gas emission reduction due to stringent greenhouse gas emission controls; and higher operating costs due to the introduction of carbon and energy taxes in various countries, etc.
4. Describe how the climate risk identification, assessment, and management process is integrated into the overall risk management system.	4. The Company determines and manages significant risks through the results of risk assessments. Management practices include tracking the impact or contribution of each risk and opportunity to the finances, and conducting reviews and improvements. The Company has identified climate risks based on the recommendations of TCFD. Detailed information about these measures can be found on the "Risk Management" chapter of the ESG report.

5. If a situational analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and key financial impacts used should be described	5. N/A
6. If there is a transformation plan to manage climate-related risks, describe the contents of the plan and the indicators and targets used to identify and manage physical and transformation risks	6. N/A
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	7. N/A
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, and other information should be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits to be offset or the number of renewable energy certificates (RECs) should be stated.	8. The Company has set a short-term GHG reduction target of 6% by 2023, based on the 2020 GHG emissions intensity. In 2023, WITS' GHG emissions intensity was 0.0819 thousand metric tons of CO2e per billion NTD, a 19.3% reduction from 0.1015 in 2022.
9. Greenhouse gas inventory and confirmation of the situation (filled in 1-1 and 1-2)	9. For details please see the Greenhouse Gas Inventory and Confirmation of the Situation Table

1. Greenhouse Gas Inventory and Confirmation of the Situation in the Most Recent 2 Years

(1) Greenhouse Gas Inventory

Describe the emission volume (tons CO2e), intensity (tons CO2e/NT$ million) and data coverage of greenhouse gases in the most recent 2 years.
The Company conducts greenhouse gas inventory every year in accordance with the principles of ISO 14064-1, and the scope of the inventory is the same as the boundary of the consolidated financial report. In 2022, volume of emissions are: Scope 1: 64.1010 (Ton CO2e); Scope 2: 742.3618 (Ton CO2e); Intensity is: 0.1015 (TonCO2e/NT$ million). Scope 3: 3,736.2345 (Ton CO2e). In 2023, volume of emissions are: Scope 1: 60.3653 (Ton CO2e); Scope 2: 663.8505 (Ton CO2e); Intensity is: 0.0819 (TonCO2e/NT$ million). Scope 3: 3,488.8736 (Ton CO2e).

(2) Greenhouse Gas Confirmation

Describe the confirmation in the most recent 2 years and up to the publication date of the annual report, including the scope, organization, the standard, and the opinion of the confirmation.
In 2022, the emissions from Scope 1 and Scope 2 are 806.4628 (Ton CO2e) (accounting for 18% of the total emissions), which has been confirmed by BSI using the ISO 14064-3 standard, and the confirmation opinion is Reasonable Confirmation. Emissions from Scope 3 are 3,736.2345 (Ton CO2e) (accounting for 82% of the total emissions), which are confirmed by BSI using the ISO 14064-3 standard, and the confirmation opinion is Limited Confirmation. Confirmation information in 2023 will be disclosed in ESG report.

2. GHG Reduction Target, Strategies, and Action Plan

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, action plans and achievement of targets.
(1) Enterprise strategies for responding to climate change or greenhouse gas management. The Company continues to implement the policy of energy conservation and carbon reduction. In addition to replacing old office equipment and installing energy management-related systems, also raises employees' awareness of energy conservation through education and promotions. The Company aims to achieve carbon neutrality. (2) Greenhouse gas emission reduction targets. Taking 2020 as the base year, greenhouse gas emission intensity needs to be reduced by 6% by 2023. (3) Budget and plan for reducing corporate greenhouse gas emissions. The Company is an IT services provider. The main greenhouse gas emissions come from the use of electricity operations. The reduction plan and budget will focus on the replacement of old office equipment and computer room energy management. (4) The carbon reduction effect of corporate products or services on customers or consumers. None.

3.4.7. Ethics management performance and deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and reasons

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				No discrepancy
(1) Has the Company formulated a policy of ethical management approved by the Board of Directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy?	V		(1) Integrity is core value, as well as the basis of business operation of the Company. The Company has established a "Code of Integrity", "Code of Conduct" and "Corporate Governance Principles", which apply to the Company's Directors, managers, employees and other relevant personnel and these principles are disclosed on the Company's website and MOPS. New employees sign statements of compliance with the "Code of Integrity" and "Code of Conduct" on the day of their induction, and Directors and managers also sign a statement of compliance with the "Code of Integrity", to commit implementation of ethical policy. The signing rate is 100%.	
(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the Article 7 paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", to prevent unethical behavior?	V		(2) The Company has established a mechanism for evaluating the risk of unethical behavior based on the "Code of Integrity", analyzing the business activities in the business area with a higher risk of breach of integrity conduct and strengthens the relevant preventive measures when formulating preventive plans. Precautionary measures have been developed to cover the following behaviors: A. Offering and acceptance of bribes. B. Illegal political donations. C. Improper charitable donations or sponsorship. D. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. E. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. F. Engaging in unfair competitive practices. G. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?	V		(3) The Company clearly defined the operating procedures and behavior guidelines for violations in the unethical conduct prevention plan in the "Code of Integrity", and "Code of Conduct" specifies avenues of redress and prohibited conduct, which includes principles and standards for conflict of interest avoidance, gifts and business entertainment, political contributions and charitable giving. The HR & Administration Division is responsible for the supervision and implementation of such, and regularly review adequacy and effectiveness of the prevention plan.	
2. Ethic Management Practice (1) Does the Company assess the ethics of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) Before the Company establishes a business relationship with customers or other business dealers, it assesses the legality and integrity of its business policy, explains the Company's integrity policy and related regulations to the other party in the course of engaging in business activities, and includes compliance with the integrity policy in the contract terms, including clear and reasonable payment content, handling of cases involving unethical acts, handling of violations of contract terms prohibiting commissions, rebates or other benefits, and expressly refuses to provide, promise, demand or accept any form or shape of improper benefits, directly or indirectly, and immediately ceases to deal with and is listed as an object of refusal once the dishonest acts are discovered. Key suppliers and freelancers sign a statement of compliance to commit implementation of integrity policy. The signing rate is 100%. In addition, annual supplier trainings were held, with a total of 67 suppliers participating in 2023.	No discrepancy
(2) Has the Company established a unit affiliated with the Board of Directors to promote corporate ethical management, and regularly (at least once a year) report to the Board its ethical management policies and plans to prevent unethical conduct and monitor implementation?	V		(2) The Company has established "Procedures for Preventing Insider Trading," "Code of Conduct," and "Code of Integrity," and disclosed the policies on the Company's website. In order to manage the Company's business with integrity, the HR & Administration Division is responsible for formulating and supervising the implementation of integrity management policies and corresponding prevention plans, and for reporting its operations to the Board of Directors on a regular basis (once a year). The operations in 2023 were reported to the Board of Directors on November 7, 2023.	

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has clearly stated the conflict of interest policy and conflict situations/standards in the "Code of Integrity" and the "Code of Conduct", requiring the relevant personnel to avoid such and to take the initiative to fully report to their immediate supervisors, the officer of HR & Administration Division, or the Board of Directors when they are aware of or face similar situations.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification?	V		(4) The Company has always focused on ensuring the accuracy and integrity of its financial reporting process and its controls, and has designed relevant internal control systems to address operating procedures that carry a high potential risk of unethical conduct. Internal audit also conducts audits in accordance with the annual audit plan drawn up based on the risk assessment results, and reports the audit results to the Board of Directors and management and formulates subsequent improvement plans to implement the audit results.	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) New employees and all new supervisors are required to undergo ethics/integrity training on the day of their induction, and all colleagues are required to undergo regular educational training for compliance with the "Code of Integrity" and "Procedures for Preventing Insider Trading" and relevant regulations at least once every year. The Company conducted an educational campaign from Oct. 16, to Oct. 31, 2023. The training content included corporate governance and risk management, compliance with integrity policy, confidentiality of material information, and reasons, recognition process, and example of insider trading. The relevant regulatory information and course slides and video files were made available to employees and uploaded to the internal employee system for reference by those who were not in attendance. 6,302 employees attended the training for a total of 6,302 hours, of which, new recruit trained by e-learning and was 100% trained during this year. In addition, the Company promotes the concept of integrity management by public notice quarterly.	

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
3. Implementation of Complaint Procedures (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The Company has enacted a "Whistle-Blowing System" to prevent unethical behavior. Anyone who finds a violation of the standards of ethical conduct may report it directly to the officer of the HR & Administration Division, the officer of the Audit Office, the Chairman, or through the employee grievance channel. The Company has set up a whistle-blowing email and disclosed on the Company's website. Responsible unit will handle the complaint as soon as it received.	No discrepancy
(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established a complaint procedure, from the filing, inspection and investigation of the complaint, there are clear operating procedures, For the violating manager or employee, the punishment, including dismissal or termination of appointment, will be taken in accordance with the relevant provisions of the "Employee Reward and Punishment Procedures", depending on the severity of the case. The Company will deal strictly with any business dealings that violate the principles of integrity and honesty, and will reduce or cancel its cooperation with the Company or refer the matter to the appropriate judicial authorities depending on the severity of the circumstances. The Company keeps the filing and investigation procedures confidential and has clearly defined the internal regulations.	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) The Company treats all complaint seriously and confidentially. The Company will protect against unfair reprisals or treatment of persons who are involved in the investigation process in which they are reported or cited. Any behavior aforementioned will be deemed to serious misconduct when it has been proven, and the punishment will be taken in accordance with the relevant provisions of the Company's reward and punishment policy.	
4. Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and MOPS?	V		The Company has disclosed the contents and implementation of the "Code of Integrity" on the Company's website and MOPS.	No discrepancy

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">5. If the Company has its own integrity code in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies”, please explain the difference between its operation and the code:
The Company has established a “Code of Integrity”, which is not materially different from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies” and is available on the Company’s website.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the Company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy).
The Company reviews the “Code of Integrity” in accordance with laws and regulations and makes amendments in the light of the actual operation, and upholds the principle of honesty and integrity to its trading partners and strengthens its advocacy.</td></tr>
</table>

3.4.8 Inquiry on corporate governance principles and related regulations of this Company

Please refer to the Company’s website or Market Observation Post System.

3.4.9 Other information material to the understanding of corporate governance within the Company

None.

3.4.10. Internal control system execution status

A. Statement on Internal Control

Wistron Information Technology and Services Corporation

Statement on Internal Control

Date: March 05, 2024

Based on the findings of a self-assessment, Wistron Information Technology and Services Corporation ("WITS") states the following with regard to its internal control system during the year 2023：

1. WITS's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WITS takes immediate remedial actions in response to any identified deficiencies.
3. WITS evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WITS has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WITS believes that, as of December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of WITS's annual report for the year 2023 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors in their meeting held on March 05, 2024, with none of the 9 attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wistron Information Technology and Services Corporation

Chairman: Ching Hsiao

General Manager: Ching Hsiao

B. If CPA was retained to conduct a special audit of the internal control system, disclose the audit report: None.

3.4.11 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and up to the publication date of this annual report

None.

3.4.12 Major resolutions of Shareholders meeting and Board meetings

A. Major resolutions of Shareholders meeting

Date	Important resolution	Implementation Status
2023.05.30	1. Ratification of the Business Report and Financial Statements of 2022.	Resolved by vote.
	2. Ratification of the proposal for distribution of 2022 profits.	Resolved by vote. According to the Board resolution of 2023.03.06, the Chairman is authorized to set the ex-dividend record date on July 10, 2023, and the cash dividends were allocated of NT$5 per share, on July 19, 2023.

B. Major resolutions of Board of Directors

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
				Required by Article 14-5 of the "Securities and Exchange Act"	Resolutions	Discussion Items	Resolutions	Discussion Items	Resolutions
1st Board Meeting of 2023	2023.01.12	1. Approval of year-end bonus to managers (not including CEO) in 2022.	Resolved			✓	Resolved		
		2. Approval of year-end bonus to CEO in 2022.	Resolved			✓	Resolved		
		3. Approval of amendments to the "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments."	Resolved			✓	Resolved		
2nd Board Meeting of 2023	2023.03.06	1. Approval of the distribution of employees' profit sharing bonus and directors' remuneration of 2022.	Resolved	✓	Resolved	✓	Resolved		
		2. Approval of the performance bonus budget to managers (not including CEO) in 2023.	Resolved			✓	Resolved		
		3. Approval of the performance bonus budget to CEO in 2023.	Resolved			✓	Resolved		
		4. Approval of the business plan of 2023.	Resolved						
		5. Approval of the business report of 2022.	Resolved	✓	Resolved				
		6. Approval of the parent company only and consolidated financial statements of 2022.	Resolved	✓	Resolved				
		7. Approval of the proposal for distribution of 2022 profits.	Resolved	✓	Resolved				
		8. Approval of Statement on Internal Control of 2022.	Resolved	✓	Resolved				
		9. Approval of amendments to the "Rules for Revenue Recognition and Accounts Payable (Including Contract Assets) Management."	Resolved	✓	Resolved				
		10. Approval of the time, venue and agenda of 2023 Annual Shareholders Meeting.	Resolved						
		11. Approval of amendments to the "Non-assurance Services Pre-concurrence Policy - Using a General Policy Approach."	Resolved	✓	Resolved				
		12. Approval of appointing KPMG as audit CPAs in 2023.	Resolved	✓	Resolved				

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
				Required by Article 14-5 of the "Securities and Exchange Act"	Resolutions	Discussion Items	Resolutions	Discussion Items	Resolutions
3rd Board Meeting of 2023	2023.05.09	1. Approval of consolidated financial statements of 2023Q1.	Resolved	✓	Resolved				
		2. Approval of issuing new common shares for 2023 cash capital increase.	Resolved	✓	Resolved				
		3. Approval of the application for bank facility.	Resolved						
4th Board Meeting of 2023	2023.06.27	1. Approval of issue price and related matters of 2023 cash capital increase.	Resolved						
		2. Approval of share subscription for managers (not including CEO) from 2023 cash capital increase.	Resolved			✓	Resolved		
		3. Approval of share subscription for CEO from 2023 cash capital increase.	Resolved			✓	Resolved		
5th Board Meeting of 2023	2023.08.08	1. Approval of 2022 employees' profit sharing payout amount to managers (not including CEO).	Resolved			✓	Resolved		
		2. Approval of 2022 employees' profit sharing payout amount to CEO.	Resolved			✓	Resolved		
		3. Approval of 2022 directors' remuneration payout amount to directors.	Resolved			✓	Resolved		
		4. Approval of promotion of managers.	Resolved					✓	Resolved
		5. Approval of consolidated financial statements of 2023Q2.	Resolved	✓	Resolved				
		6. Approval of amendments to the "ESG Committee Charter."	Resolved						
		7. Approval of enacting "Tax Policy and Management Guidelines."	Resolved	✓	Resolved				
		8. Approval of amendments to the "Rules for Revenue Recognition and Accounts Payable (Including Contract Assets) Management."	Resolved	✓	Resolved				
		9. Approval of amendments to the "Procedures on the Management of Transactions with Specific Companies, Group Enterprises and Affiliates."	Resolved	✓	Resolved				

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
				Required by Article 14-5 of the "Securities and Exchange Act"	Resolutions	Discussion Items	Resolutions	Discussion Items	Resolutions
		10. Approval of increase or decrease amount of endorsements and guarantees.	Resolved	✓	Resolved				
6th Board Meeting of 2023	2023.11.07	1. Approval of consolidated financial statements of 2023Q3.	Resolved	✓	Resolved				
		2. Approval of 2024 Annual Audit Plans.	Resolved	✓	Resolved				
		3. Approval of amendments to the Internal Control System.	Resolved	✓	Resolved				
		4. Approval of managers' participation in employee stock ownership trust	Resolved			✓	Resolved		
		5. Approval of change of Accounting Officer.	Resolved	✓	Resolved			✓	Resolved
		6. Approval of amendments to the "Corporate Governance Principles."	Resolved						
		7. Approval of amendments to the "Rules for Management of Financial and Non-financial Information."	Resolved	✓	Resolved				
		8. Approval of increase or decrease amount of endorsements and guarantees.	Resolved	✓	Resolved				
		9. Approval of the application for bank facility.	Resolved						
1st Board Meeting of 2024	2024.01.23	1. Approval of the performance bonus to managers (not including CEO) in 2023.	Resolved			✓	Resolved		
		2. Approval of the performance bonus to CEO in 2023.	Resolved			✓	Resolved		
		3. Approval of salary adjustment to managers (not including CEO) in 2024.	Resolved			✓	Resolved		
		4. Approval of salary adjustment to CEO in 2024.	Resolved			✓	Resolved		
		5. Approval of amendments to the "Rules for Management of the Receipt and Use of Negotiable Instruments."	Resolved	✓	Resolved				
		6. Approval of increase or decrease amount of endorsements and guarantees.	Resolved	✓	Resolved				
		1. Approval of the distribution of employees' profit sharing bonus and directors' remuneration of 2023.	Resolved	✓	Resolved	✓	Resolved		

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
				Required by Article 14-5 of the "Securities and Exchange Act"	Resolutions	Discussion Items	Resolutions	Discussion Items	Resolutions
2nd Board Meeting of 2024	2024.03.05	2. Approval of the performance bonus budget to managers (not including CEO) in 2024.	Resolved			✓	Resolved		
		3. Approval of the performance bonus budget to CEO in 2024.	Resolved			✓	Resolved		
		4. Approval of the business plan of 2024.	Resolved						
		5. Approval of the business report of 2023.	Resolved	✓	Resolved				
		6. Approval of the parent company only and consolidated financial statements of 2023.	Resolved	✓	Resolved				
		7. Approval of the proposal for distribution of 2023 profits.	Resolved	✓	Resolved				
		8. Approval of Statement on Internal Control of 2023.	Resolved	✓	Resolved				
		9. Approval of amendments to the "Articles of Incorporation."	Resolved						
		10. Approval of the time, venue and agenda of 2024 Annual Shareholders Meeting.	Resolved						
		11. Approval of appointing KPMG as audit CPAs in 2024.	Resolved	✓	Resolved				
		12. Approval of the application for bank facility.	Resolved						
		13. Approval of increase or decrease amount of endorsements and guarantees.	Resolved	✓	Resolved				

3.4.13 Major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the Board of Directors

None.

3.4.14 Resignation or dismissal of the Company's key individuals, including the Chairman, CEO, and heads of Accounting, Finance, Internal Audit, Corporate Governance, and R&D

April 30, 2024

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Accounting Officer	Phoebe Chang	2019.01.01	2024.01.01	Position adjustment

3.5 Information Regarding the Company's attesting CPAs

The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services, and given any of the following conditions, shall disclose information as follows:

A. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

B. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

C. Audit Fees:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Ming-Hung Huang	2023.01-2023.12	4,275	539	4,814	Note
	Chia-Chien Tang					

Note: "Others" including: Company registration, tax certification, employees' profit sharing bonus reinvested as capital, cash capital increase, and Employee salaries check table.

3.6 Replacement of Independent Auditors:

A. Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by BOD on March 5, 2024</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">In compliance with relevant regulatory requirements on rotation, the current engagement partner Ming-Hung Huang and Chia-Chien Tang at KPMG will be replaced by Chia-Chien Tang and Yun Chu, Yang at KPMG starting from 2024.</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>-</td><td>-</td></tr>
<tr><td>The Opinions other than Unqualified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions.</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation: None.</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

B. Successor CPAs

Accounting Firm	KPMG Taiwan
CPA	Chia-Chien Tang, Yun Chu, Yang
Date of Engagement	Approved by BOD on March 5, 2024
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

C. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:

None.

3.7 Where the Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated companies of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

3.8 Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders

Unit: Shares

Title	Name	2023		As of March 29, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CEO	Ching Hsiao	265,965	0	0	0
Director & 10% shareholder	Wistron Digital Technology Holding Company	1,037,417	0	0	0
	Representative: Frank Lin	21,189	0	0	0
Director	Philip Peng	0	0	0	0
Director	Marty Chiou	(100,761)	0	0	0
Independent Director	Yen Ling Fang	0	0	0	0
Independent Director	Jennifer Hwang	0	0	0	0
Independent Director	Mark Fan	0	0	0	0
Independent Director	Allen Tsai	0	0	0	0
Independent Director	Y.K. Chu	0	0	0	0
Senior Vice President	Jamie Liu	70,288	0	0	0
Senior Vice President	Phoebe Chang	35,062	0	0	0
Vice President	David Yen (Note 1)	5,000	0	0	0
Vice President	Ivan Chen (Note 1)	5,000	0	0	0
Accounting officer	YuFen Sun (Note 2)	-	-	0	0

Note 1: New appointed on Aug. 8, 2023.
Note 2: New appointed on Jan. 1, 2024.

3.8.1 Shares trading with related parties: None.

3.8.2 Shares pledge with related parties: None.

3.9 Relationship among the Top Ten Shareholders

March 29, 2024

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wistron Digital Technology Holding Company	16,756,254	23.01	-	-	-	-	Wise Cap Ltd.	Same Parent Company	
Representative: Robert Huang	230,990	0.32	0	0	0	0	None	None	
Ching Hsiao	3,538,245	4.86	148,713	0.20	0	0	None	None	
Wise Cap Ltd.	1,307,493	1.80	-	-	-	-	Wistron Digital Technology Holding Company	Same Parent Company	
Representative: Frank Lin	342,251	0.47	0	0	0	0	Wistron Digital Technology Holding Company	Director of the Company	
COMMERCE ONE HOLDINGS	1,045,353	1.44	-	-	-	-	None	None	
Representative: Takaaki Okamoto	-	-	-	-	-	-	None	None	
Simon Lin	1,000,567	1.37	0	0	0	0	None	None	
Liu Po-Wen	980,000	1.35	-	-	-	-	None	None	
CTBC in custody for Wistron Information Technology and Services Corporation (Segregated collective investment account for Mainland Area nationality employees)	901,068	1.24	-	-	-	-	None	None	
HSBC in custody for Grandeur Peak Emerging Markets Opportunities Fund	718,248	0.99	-	-	-	-	None	None	
Chang Cheng-Kai	708,000	0.97	0	0	0	0	None	None	
Jamie Liu	680,741	0.93	0	0	0	0	None	None	

3.10 Ownership of Shares in Affiliated Companies

December 31, 2023

Affiliated Companies (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers/companies controlled either directly or indirectly by the company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Wistron Information Technology and Services Inc.	180,000,000	100%	0	0%	180,000,000	100%
Wistron Information Technology and Services (Japan) Inc.	1,960	100%	0	0%	1,960	100%
WITS (Hong Kong) Limited	10,000	100%	0	0%	10,000	100%
WITS AMERICA, CORP.	250,000	100%	0	0%	250,000	100%
WITS Taiwan, Inc.	500,000	100%	0	0%	500,000	100%

Note: Investments accounted for using the equity method of the Company.

3.11 Corporate Sustainability and Social Responsibility Management

To fulfill our corporate social responsibility, the WITS Board of Directors passed the "Sustainable Development Practice Principles" in June 2022, which clearly defines four main principles: (1) implementing corporate governance, (2) developing a sustainable environment, (3) upholding social causes, and (4) reinforcing the disclosure of information regarding corporate sustainability. These principles will act as the fundamental guidelines for WITS' promotion of corporate sustainability. The Company established ESG Committee under the Board of Directors in 2022. The ESG Committee composed of Directors and Chairman, and established "ESG Implementation Office" under the Committee. 6 task groups were established, including environmental, corporate governance, stakeholder communication, social engagement, employee care, and risk management. Heads of departments act as group conveners and are responsible for planning and implementation of ESG strategies to ensure that the sustainable development is fully implemented in the Company's daily operations. ESG Committee was convened quarterly, and the Board of Directors reviewed the progress of strategy, and implementation, and provided suggestion to the team.

A. Corporate Sustainability and Social Responsibility Management

In accordance with the "Sustainable Development Practice Principles", WITS has created a corporate sustainability and social responsibility management system. Thus, as we continue to provide high-quality service, we are also able to continue conduct the management of environmental, social and corporate governance (ESG), as well as corporate social responsibility (CSR) and other issues of importance to the stakeholders.

B. Quality Management System (ISO 9001)

WITS pays great attention to the quality of services we provide to clients. All of our development processes comply with international quality standards, and we strive to deliver flawless, competitive services to our clients on time and on schedule.

C. Information Management System (ISO 27001)

WITS has continuously achieved ISO 27001 certification, the international standard for information security management systems. As part of our information security measures, we routinely conduct internal audits to ensure the confidentiality, integrity, and availability of our information. We use the "Plan-Do-Check-Act" Cycle to improve deficiencies identified during audits. We will continue to monitor and review management performance by adopting institutionalized, documented, and systematic systems.

D. Environmental Management System (ISO 14064)

WITS understands that all of our activities and services may have an impact on the environment. We have been proactive in adopting the ISO 14064 standard for checking greenhouse gas emissions, to effectively monitor our energy usage and reduce our impact on the environment by leveraging a green cycle. At the same time, we routinely conduct internal checks regarding the efficiency of energy usage, and implement a wide range of measures to reduce waste and water usage. We choose our suppliers carefully, requiring them to adopt environmentally friendly policies and measures to reduce pollution.

E. Occupational Health and Safety Management System (ISO 45001)

WITS values employee safety and provides a safe workplace by strictly adhering to the labor conditions required by local laws, as well as planning and implementing health and safety measures using a system guided by international regulations. We also provide health check-ups to monitor employees' health, as well as host health and wellness classes to help employees relieve stress and identify sources of danger and risk in the workplace. These measures ensure that our employees are able to work in a healthy and safe environment.

F. Responsible Business Alliance (RBA) Code of Conduct

WITS strictly adheres to local laws in every region we operate in. In accordance with internationally recognized human rights standards such as the UN's "Universal Declaration of Human Rights," the International Labor Organization Convention's "Declaration of Fundamental Principles and Rights at Work," and the ten principles of "The United Nations Global Compact," along with the Responsible Business Alliance Code of Conduct, we treat all employees and prospective employees with dignity and respect, while protecting workers' rights and benefits. We continue to enhance employee benefits and welfare, thereby establishing a trustworthy, healthy, and safe working environment to fulfill our social responsibilities.

4. Company Shares and Fund Raising

4.1 Capital and Shares

4.1.1 Changes in share capital

A. Type of Shares

March 29, 2024

Shares Category	Authorized capital (Shares)			Notes
	Issued shares (Note)	Non-issued	Total	
Common shares	72,827,739	47,172,261	120,000,000	TPEx listed

Note: Including Treasury shares 484,000 shares.

B. Issued Shares

Month/ Year	Issued Price (Par Value) (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Thousand Shares	Amount (NT$ thousands)	Thousand Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1992.06	10	200	2,000	200	2,000	Issuance of Shares	None	
1992.09	10	1,074	10,743	1,074	10,743	New issuance of Shares by cash	None	
1993.12	10	3,000	30,000	3,000	30,000	New issuance of Shares by cash	None	
1996.11	10	4,500	45,000	4,500	45,000	New issuance of Shares by cash	None	
1997.11	10	5,000	50,000	5,000	50,000	New issuance of Shares by cash	None	
1998.12	10	5,576	55,762	5,576	55,762	New issuance of Shares from profit	None	
1999.05	10	7,168	71,687	7,168	71,687	New issuance of Shares by cash	None	
2000.07	10	8,298	82,989	8,298	82,989	New issuance of Shares from profit	None	
2002.10	10	17,298	172,989	17,298	172,989	New issuance of Shares by cash	None	
2004.04	10	19,965	199,656	19,965	199,656	Shares increase from merger	None	
2008.06	10	50,000	500,000	25,300	253,000	New issuance of Shares by cash	None	
2008.08	10	50,000	500,000	27,330	273,305	New issuance of Shares from profit	None	
2009.09	10	50,000	500,000	28,877	288,771	New issuance of Shares from profit	None	
2010.05	10/ 10.16	50,000	500,000	31,546	315,460	New issuance of Shares from profit and employee bonus & Issuance of employee stock option	None	
2011.01	10	50,000	500,000	31,579	315,790	Issuance of employee stock option	None	
2011.05	10/ 17.72	50,000	500,000	32,304	323,040	Issuance of employee stock option	None	
2011.09	10	50,000	500,000	32,354	323,540	Issuance of employee stock option	None	
2011.10	10	50,000	500,000	33,845	338,446	New issuance of Shares from profit and employee bonus	None	
2012.04	10/ 16.9	50,000	500,000	33,890	338,896	Issuance of employee stock option	None	

Month/ Year	Issued Price (Par Value) (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Thousand Shares	Amount (NT$ thousands)	Thousand Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2012.10	10	50,000	500,000	35,245	352,452	New issuance of Shares from profit	None	
2013.01	10	50,000	500,000	35,345	353,452	Issuance of employee stock option	None	
2013.05	10/ 16.3	50,000	500,000	35,696	356,962	Issuance of employee stock option	None	
2013.10	10	50,000	500,000	37,124	371,240	New issuance of Shares from profit	None	
2014.01	32	50,000	500,000	41,765	417,650	New issuance of Shares by cash	None	
2014.09	10	50,000	500,000	42,600	426,003	New issuance of Shares from profit	None	
2015.09	10	50,000	500,000	43,878	438,783	New issuance of Shares from profit	None	
2018.08	10	50,000	500,000	48,213	482,137	New issuance of Shares from profit	None	
2019.01	46	80,000	800,000	60,213	602,137	New issuance of Shares by cash.	None	
2019.07	10	120,000	1,200,000	60,379	603,797	New issuance of Shares from employee bonus	None	
2019.08	10	120,000	1,200,000	66,401	664,011	New issuance of Shares from profit	None	
2020.06	10	120,000	1,200,000	66,708	667,083	New issuance of Shares from employee bonus	None	
2021.06	10	120,000	1,200,000	66,921	669,211	New issuance of Shares from employee bonus	None	
2022.08	10	120,000	1,200,000	67,152	671,523	New issuance of Shares from employee bonus	None	
2023.08	10	120,000	1,200,000	72,652	726,523	New issuance of Shares by cash.	None	
2023.08	10	120,000	1,200,000	72,828	728,277	New issuance of Shares from employee bonus	None	

C. Information regarding securities to be issued or already issued by shelf registration:
None.

4.1.2 Shareholding structure

March 29, 2024

Category/ Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Treasury Shares	Total
No. of Shareholders	0	1	263	30,578	72	1	30,915
No. of Shareholding	0	330,000	20,607,906	47,207,411	4,198,422	484,000	72,827,739
Percentage	0	0.45%	28.30%	64.82%	5.77%	0.66%	100.00%

4.1.3 The distribution of shareholdings

March 29, 2024 (Par Value: NT$10)

Category by shareholdings (shares)	No. of Shareholders	No. of Shares	Percentage
1 ~ 999	19,608	829,672	1.14%
1,000 ~ 5,000	9,978	16,618,081	22.82%
5,001 ~ 10,000	746	5,709,872	7.84%
10,001 ~ 15,000	197	2,462,444	3.38%
15,001 ~ 20,000	123	2,284,761	3.14%
20,001 ~ 30,000	93	2,347,632	3.22%
30,001 ~ 40,000	38	1,322,009	1.82%
40,001 ~ 50,000	35	1,620,410	2.22%
50,001 ~ 100,000	43	3,105,647	4.26%
100,001 ~ 200,000	29	3,902,089	5.36%
200,001 ~ 400,000	11	2,962,154	4.07%
400,001 ~ 600,000	4	2,026,999	2.78%
600,001 ~ 800,000	3	2,106,989	2.89%
800,001 ~ 1,000,000	2	1,881,068	2.58%
1,000,001 and above	5	23,647,912	32.48%
Total	30,915	72,827,739	100.00%

4.1.4 The list of major shareholders

March 29, 2024

Shares / Name	Number of shares held	Percentage
Wistron Digital Technology Holding Company	16,756,254	23.01%
Ching Hsiao	3,538,245	4.86%
Wise Cap Ltd.	1,307,493	1.80%
Commerce One Holdings	1,045,353	1.44%
Simon Lin	1,000,567	1.37%
Liu Po-Wen	980,000	1.35%
CTBC in custody for Wistron Information Technology and Services Corporation (Segregated collective investment account for Mainland Area nationality employees)	901,068	1.24%
HSBC in custody for Grandeur Peak Emerging Markets Opportunities Fund	718,248	0.99%
Chang Cheng-Kai	708,000	0.97%
Jamie Liu	680,741	0.93%

4.1.5 Market price per share, net value, earnings & dividends for most recent two years

Unit: NT$

Item \ Period			2022	2023	2024(As of March 31)
Market Price Per Share	Highest		101.00	175.00	159.00
	Lowest		71.00	82.40	128.50
	Average		86.71	128.23	145.06
Net Value Per Share	Before Distribution		41.97	48.72	-
	After Distribution		36.97	(Note)	-
Earnings Per Share	Weighted Average Share Numbers		66,539	69,223	
	Earnings Per Share		8.33	8.49	-
Dividend Per Share	Cash Dividend		5.0	5.0 (Note)	-
	Stock Dividend	Retained Earning	0	0 (Note)	-
		Capital Surplus	0	0	-
	Accumulated unpaid dividends		0	0	-
Return on Investment Analysis	P/E Ratio		10.41	15.10	-
	P/D Ratio		17.34	25.65	-
	Cash Dividend Yield (%)		5.77%	3.90%	-

Note: Distribution of 2023 profits has not been ratified by Shareholders meeting.

4.1.6 Dividend policy and implementation status

A. Dividend Policy

If the Company has surplus profit, shall first pay all taxes and dues and cover accumulated losses, and then set aside ten percent of such profits as a legal reserve (not applied if the legal reserve amounts to the paid-in capital). Afterwards, set aside or reverse special reserve in accordance with laws and regulations enacted by authorities. The remaining balance will combine with unappropriated retained earnings at beginning and serve as distributable earnings. No less than 5% of the distributable earnings shall be appropriated as shareholders’ dividends and bonuses. Proposal for distribution of earnings shall be proposed by Board of Directors and submit to shareholders meeting for ratification.

In consideration that the development of the Company is in its stable growing phase, the Company adopts residual dividend policy to meet its long-term investment plan for sustainable business and continuous growth. Dividend distributed by cash shall be no less than 10% of the sum of cash dividends and stock dividends.

The Company distributes dividend based on profits at present year, company’s business development, and capital plan. The Company has distributed 50% of the distributable earnings to shareholders and will remain consistent dividend policy in the future 3 years. Dividend distributed by cash or stock will depend on the Company’s operations at present year.

B. Proposed Distribution of Dividend

The Board of Directors approved proposal for 2023 profit distribution on March 5, 2024. The proposed profit distribution is subject to ratification of Annual Shareholders Meeting on May 27, 2024, and the Chairman is authorized to carry out the matter regarding the ex-dividend record date.

Profit Appropriation Statement for 2023

Unit：NT$

Item	Amount
Net Income After Tax of 2023	**587,973,278**
Plus (Less):	
Remeasurements of the defined benefit obligation	2,462,000
Legal Reserve	(59,043,528)
Special Reserve	(65,147,618)
Unappropriated retained earnings of 2023	**466,244,132**
Plus (Less):	
Unappropriated retained earnings in prior years	761,008,842
Retained Earnings Available for Distribution	**1,227,252,974**
Distribution Items:	
Cash Dividends to Common Shareholders (Note)	(361,718,695)
Unappropriated retained earnings at the end of the year	**865,534,279**

Note: 1. Cash dividend: NT$5 per share, and the cash dividend is rounded down to the nearest NT dollars; the amount rounded off will be credited to other income of Wistron Information Technology and Services Corporation.

2. Dividend is calculated by the number of outstanding shares of 72,343,739, which is not including 484,000 treasury shares.

C. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders meeting:

Not applicable.

4.1.8 Compensation to Employees and to Directors

A. In accordance with Article 21 of the "Articles of Incorporation":

If the Company has profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) as a result of the yearly accounting closing, the profit shall be distributed in accordance with the following provisions provided. However, the Company's accumulated losses shall have been covered.

(1) No less than 10% of the profit from current year as employees' profit sharing bonus. The Company may distribute profit sharing bonus in the form of shares or in cash to employees, including the employees of subsidiaries of the Company meeting certain specific requirements which determined by the Board of Directors.

(2) No more than 2% of the profit from current year as directors' remuneration in cash.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

The employees' profit sharing bonus and directors' remuneration were expensed based on a certain percentage of profit in accordance with Article of Incorporation, and shares distributed from profit sharing bonus were calculated based on the closing price prior to the date of Board Meeting in which resolved the distribution. If there would be any differences between the estimate and actual distribution amounts, the differences would be treated as changes in accounting estimates and recognized as profit or loss in following year.

C. The linkage between directors' performance and compensation:

The Company evaluates compensation to Directors in accordance with the "Payment Principle for Compensation of Directors and Functional Committees". Remuneration paid to the Company's Directors (not including Independent Directors) shall consider functions of individual directors, participation and contribution to the Company's operation, as well as the overall standards among the industry. The remuneration amount shall be paid based on the Company's operation performance in accordance with the Articles of Incorporation. In addition, base compensation paid to the Independent Directors includes except basic amounts and amount based on his/her participation in functional Committee in accordance with the payment principle aforementioned, and the compensation will be paid whether the Company has profited or suffered loss. Reasonableness of performance and compensation will be reviewed by Compensation Committee and determined by the Board of Directors' resolution.

D. Information on approval by the Board of Directors of distribution of compensation:

(1) Resolved by the Company's 2nd Compensation Committee Meeting of 2024 and 2nd Board Meeting of 2024, the employees' profit sharing bonus and Directors' remuneration of 2023 distributed in accordance with Articles of Incorporation were as follows:

a. The employees' profit sharing bonus was NT$89,080,000 and the appropriation rate was 12%, of which NT$69,080,000 distributed in cash and NT$20,000,000 distributed by shares. The new shares counted on 3.40% of parent-company net profit of 2023 and 22.5% of total profit sharing bonus, and will be issued 137,457 shares, which were calculated based on the closing price NT$145.5 prior to the date of 2nd Board Meeting of 2024. Par value per share is NT$10, and employees' profit sharing bonus of NT$7, which is less than one share, shall be distributed in cash.

b. The Directors' remuneration was NT$9,250,000 (distribution rate of 1.25%) distributed in cash.

(2)There is no discrepancy with expenses recognized in 2023 consolidated financial report.

E. The profit sharing bonus to employees and remuneration to directors in 2022

	2022	
	Board Resolution Amount (NT$)	Actual Distribution Amount (NT$)
Employees' Profit Sharing Bonus in Cash	63,250,000	63,250,068
Employees' Profit Sharing Bonus by Shares	20,000,000	19,999,932
Directors' Remuneration	9,250,000	9,250,000

There is no discrepancy between actual distribution and accounting recognition.

<u>4.1.9 Treasury Shares</u>:

A. Repurchases already completed:

April 30, 2024

Treasury shares batch order	2020-1st
Purpose of the repurchase	To transfer to employees
Period for the repurchase	2020.3.30~2020.5.29
Price range	NT$45 to NT$80 per share
Types and number of shares repurchased	Common share, 958,000 shares
Total amount of shares repurchased	NT$73,499,652
Ratio of the number of shares repurchased to the planned number of shares repurchased	63.9%
Number of shares that have been canceled and transferred	474,000 shares
Cumulative number of its own shares that the Company holds	484,000 shares
Ratio of the cumulative number of its own shares that the Company holds to the total number of the Company's issued shares.	0.66%

B. Repurchases still in progress: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Employee Stock Options: None.

4.6 Restricted Stock Awards to Key Employees: None.

4.7 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

4.8 Implementation of the Company's Fund Raising and Utilization:

2023 cash capital increase of new share issuance fund utilization plan has been completed.

5. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

A. Main Areas of Business Operations

(1) I301010 Software Design Services
(2) I301030 Digital Information Supply Services
(3) I301020 Data Processing Services
(4) E605010 Computing Equipment Installation Construction
(5) F118010 Wholesale of Computer Software
(6) F218010 Retail Sale of Computer Software
(7) I199990 Other Consultancy
(8) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Revenue Distribution

Unit：NT$ thousands

Year / Major Product	2023		2022	
	Amount	%	Amount	%
IT Services Revenue	8,841,258	100	7,948,886	100
Total	8,841,258	100	7,948,886	100

C. Current Main Products and Services

The Company has long been focused on offering professional data processing and information technology services to our clients in various industries for 30 years. The main services we offer are as follows:

(1) Software Development & IT

The Company specializes in Software and Technology Consulting Services, delivering key technologies and applications such as Artificial Intelligence, Big Data, Block chain, Cloud Services, IoT, and Information Security. The Company provide services includes Software R&D, Software Development, Software Testing, System Operations and Maintenance, and has dedicated teams building professional service teams and management mechanisms tailored to client requirements. This includes specific services or full-process services throughout the software lifecycle, covering product research, system planning, requirement analysis, design and development, testing, deployment, and ongoing maintenance.

(2) Digital Transformation

The Company integrates technology, industry expertise, and solutions, and provide digital transformation consultation, diagnosis, and sharing of digital transformation experiences to assist client analyze existing organizational processes and technology and redefine client experience, business models, and operational processes. The Company provides digital transformation solutions with technologies such as big data analytics, business process reengineering, digital tools and platforms, artificial intelligence, and cloud computing, to assist companies in achieving more flexible and efficient operations. Meanwhile, the Company provides knowledge transfer and educational training to ensure successful digital transformation implementation. Furthermore, the Company assists in developing low-carbon digital transformation solutions, including integrating solutions such as digital carbon footprint, green energy procurement, and carbon management.

(3) Business Process Outsourcing

The Company offers multilingual localization and varied business procedure outsourcing services through automation technology, optimized procedure, smart tools, and in-depth understanding of the industries provided by our professional staff. Using standardized project management, methodological tools, structures and indicators, and verified industrial standards, the Company is able to guarantee the delivered quality, allowing us to help clients improve operational efficiency, and gain high-quality services while maintaining flexibility in overall cost structures.

(4) Product Globalization

The Company leverages global resources and product engineering service capabilities to provide services to some of the top 500 international companies. The Company provide globalization services in over 100 languages in various industries including IT, automation, marketing, healthcare, entertainment, and Internet, etc. Services include engineering, localization, DTP, TVT/FVT, and multi-media content.

D. New Products Planned for Development

With the development trend of the industry and the evolution of client needs, the Company will continue or increase the application of Artificial Intelligence (AI), Business Intelligence (BI), and cloud technology and services.

(1) Generative AI Development Services

As a leading software and information technology service provider, WITS has years of experience in the exploration and accumulation of expertise in the field of AI. WITS focuses on scenario-based AI empowerment, utilizing the comprehension and generation capabilities of Large Language Models (LLMs), and constructing specialized knowledge bases through fine-tuning (SFT). We apply the experience to fields such as smart customer service, smart recruitment, and smart assistants (agents), to satisfy the needs of different domains, and to support businesses in rapidly developing smart solutions to improve their core competitiveness. In addition to generative AI, WITS continues to expand AI applications in various industries based on the needs of different clients.

(2) Native Cloud Services

WITS works closely with international cloud platform providers to provides clients with a comprehensive cloud-native techniques and development environment to accelerate the digital transformation of businesses. WITS customizes cloud hosting platforms for clients, providing a secure and reliable cloud environment that allows users to access SaaS solutions on the platform. Meanwhile, we help clients establish centralized data management and analysis tools that enable business users to monitor, manage, and analyze operational data more effectively, in terms of increased productivity, reduced operating costs, and the achievement of sustainable development goals.

(3) Data Science Consulting Service

With the rapid development of AI and the demand for big data processing, WITS continues to expand our data science consulting services, especially for applications related to real-world data (RWD) analysis, real-world data evidence (RWE), and digital transformation for digital health. Our service team, comprised of data scientists, data engineers, and data visualization engineers, is dedicated to assisting our clients in processing and analyzing data from the perspective of their business needs, and providing comprehensive support in interpreting the results and business proposals. Through our data science consulting services, we expect to create higher value-added for our clients.

(4) Ecosystem with Sustainable Value

WITS has been working with international technology companies to develop technological partnerships to cultivate artificial intelligence, big data and cloud-related talents to fulfill increasing market demand. Meanwhile, we work with new companies in vertical fields to provide the digital transformation and green transformation services through innovative technologies and applications. In the midst of a global talent shortage, we work with our clients to develop industry-academia co-training mechanisms suitable for cross-field talents, accelerate talent cultivation, fill in the gaps in rare talent, and promote a sustainable talent ecosystem.

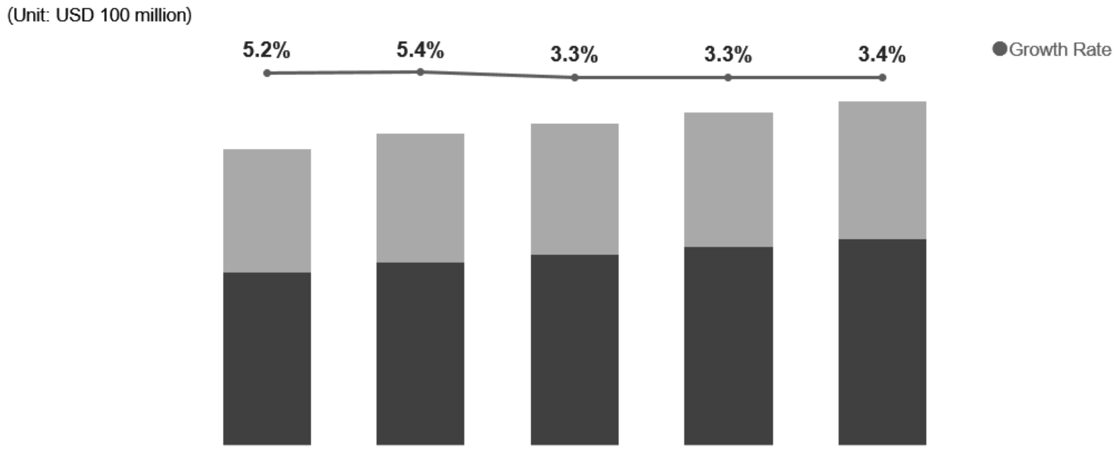
5.1.2 Industry Overview Current Industry Status

A. Progress and Development of the Industry

(1) Current Status:

The steady growth of the global information services market has been driven by government and corporate demand for business and the promotion of digital transformations. Application and services for AI, big data, cloud computing, and IoT are at the center of the market. According to the Market Intelligence & Consulting Institute (MIC), the current development of information industry technology is focused on 5G infrastructure, edge computing for IoT, and AI technology refinement and practical application promotion. This new wave of innovation is gradually spreading to various industries, such as manufacturing (smart manufacturing), finance (smart finance), retail (smart retail), and healthcare (smart healthcare), which is driving the development of these sectors and creating demand for consulting services. Future growth will continue to be driven by issues such as cloud services, artificial intelligence, fintech, and information security. Moreover, growth will be strengthened as technology solutions become more prevalent and mature.

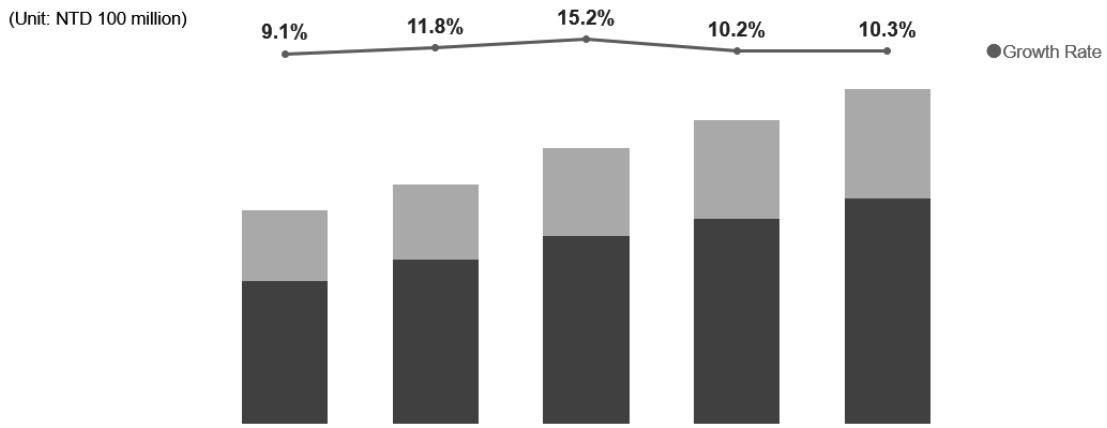
According to ITIS research report of MIC, Ministry of Economy, predicts that the global information service market will grow to US$1,259.8 billion in 2025, showing a compound annual growth rate of 5.0%.



	2021	2022	2023(e)	2024(f)	2025(f)	CAGR
IT Software	7,494	7,826	8,007	8,192	8,382	3.3%
IT Services	**10,542**	**11,180**	**11,634**	**12,107**	**12,598**	**5.0%**
Total	18,036	19,006	19,641	20,299	20,980	4.3%

Image1 Global Information Service & Software Market
Source: ITIS Research Team of the MIC, Ministry of Economy, September 2023. (Graph made by WITS)

Taiwan's information service market is estimated to grow from NT$314.5 billion in 2023 to NT$377.3 billion in 2025 at a compound annual growth rate of 9.5%. With the increasing demand for diversified computer hardware and software devices, network security solutions, storage and server systems, and the introduction of AI, the entire industry has gained strong growth momentum.



	2021	2022	2023(e)	2024(f)	2025(f)	CAGR
IT Software	1,190	1,267	1,478	1,650	1,847	9.2%
IT Services	**2,400**	**2,746**	**3,145**	**3,443**	**3,773**	**9.5%**
Total	3,590	4,013	4,623	5,093	5,620	9.4%

Image2 Value of Taiwan's Information Software and Services Industry
Source: ITIS Research Team of the MIC, Ministry of Economy, September 2023. (Graph by WITS)

According to Statista's forecast, the scale of the China market will grow from US$25.56 billion in 2023 to US$32.06 billion in 2025, with a compound annual growth rate of 13.14%. This growth trend stems from the increasing demand for high-value services by China IT outsourcing clients, including cloud computing, big data analytics, artificial intelligence, etc. Enterprises expect to improve operational efficiency, reduce costs, and enhance customer experience by outsourcing IT services. At the same time, as the application of emerging technologies such as mobile internet, the IoT, blockchain, etc., continues to be promoted in the digital transformation of enterprises, various industries such as smart manufacturing, aviation logistics, and others have also begun to undergo digital transformation, thereby driving the continuous expansion of the software technology service outsourcing market size.

Additionally, the “Regional Comprehensive Economic Partnership” (RCEP) has brought opportunities for the development of China’s information service outsourcing. In 2022, China undertook offshore service outsourcing execution from RCEP member countries amounting to RMB 208.9 billion, a year-on-year increase of 4.2%, accounting for 23.3% of the total offshore service outsourcing execution. It is expected that the offshore service outsourcing of RCEP member countries will continue to grow in the future, continuously driving more business opportunities for our company in China.

In terms of industry, China's new energy smart cars are currently the largest market in the world and are expected to continue driving software demand under the push of policies and sustainable development. Furthermore, high-tech, internet, and gaming industries will also continue to grow as key areas, accompanied by breakthroughs in technologies such as artificial intelligence, AR/VR, and others.

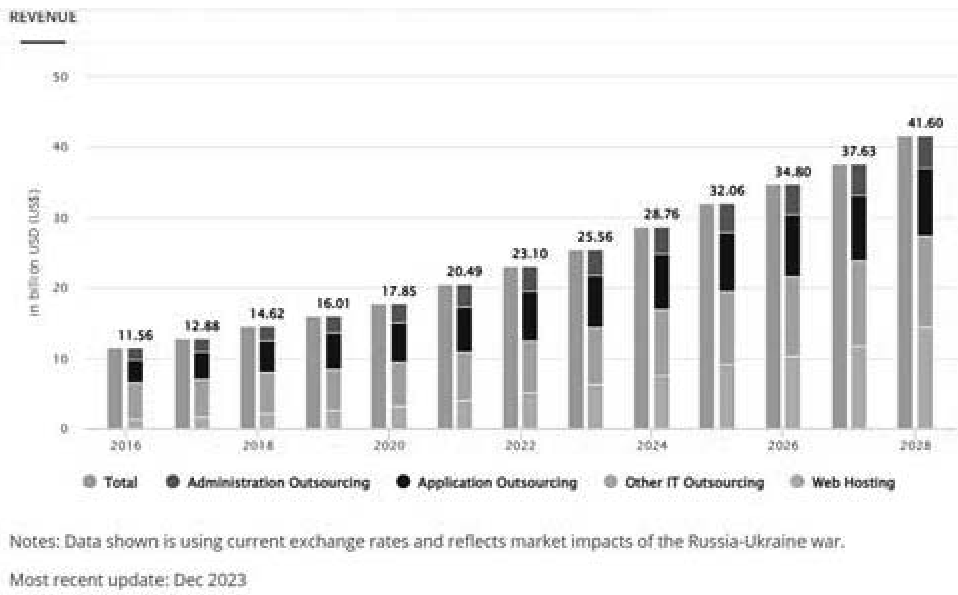


Image3 Market size of China's Information Software and Services Industry
Source: Statista

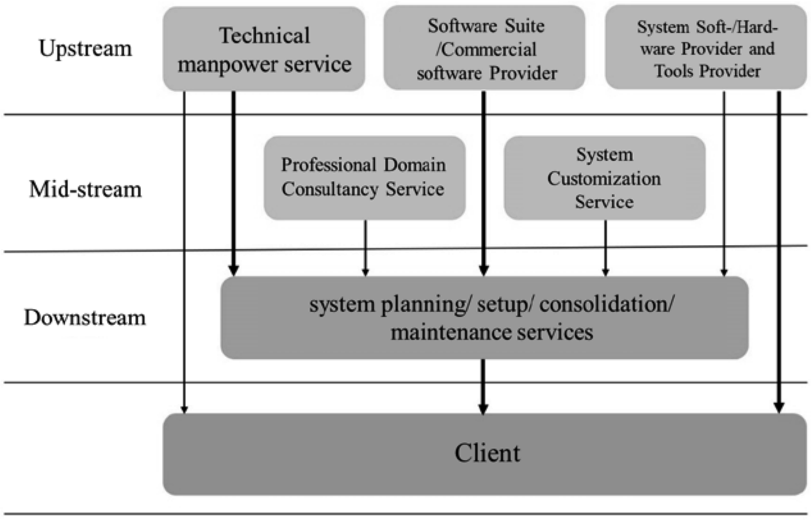
(2) Future Development:

Digital transformation is booming, especially in terms of companies investing more in innovative software and cloud services. Technologies including AI, big data, 5G, edge computing, quantum computing, VR/AR blockchain are integrated into various industry operations to promote transformation. Generative AI has become the focus, bringing about an increase in digitalization, but information security issues also emerge. Businesses are facing more risks of information security attacks, and driving the demand for technical services related to information security. In addition, companies are actively pursuing global net-zero sustainability goals, paying particular attention to carbon neutrality and renewable energy management, accelerating the urgency of green transformation.

Software is eating the world, and the demand will continue to grow in new areas, applications, and services. With WITS 3.0 as the development blueprint, the Company continues to provide diversified IT professional, develop technology innovation and ESG, delivering excellence to make clients success, allowing companies to focus on their core business, and growing with our clients.

B. Correlation of the Industry Supply Chain

The relationships between the upstream, midstream, and downstream of the information service industry are summarized in the figure below:



Source: Compiled by WITS according to the current industry status.

The upstream, midstream, and downstream services of the information service industry are broken down as follows:

(1) Upstream of the Industry:

a. General Technical Manpower Service

Such services offer general technical manpower outsourcing services to satisfy short-term development demands, such as programmers or testing projects. This service will be offered to downstream system builders or integrators, or directly to end customers. The supplier is usually responsible for the supply of technical manpower and personnel management, while the customer is responsible for the overall project planning and management.

b. Suite/Enterprise Business Software Providers

Software suite/corporate software providers focus on specific fields and application demands. The software suites developed can be customized by the original supplier or other suppliers, and deployed at the clients' site, fulfilling the client's ultimate demand, or offered to clients or consumers for deployment or direct download and installation.

c. System Soft/Hardware Provider and Tools Provider

These providers offer relevant software and hardware basic products or (suite) tools, that form the basic environment for establishing a corporate business information platform. This service usually is coupled with training, education, and warranty services.

(2) Midstream of the Industry:

a. Professional Field Consultancy Service

This type of provider focuses on the accumulation of professional knowledge, offers system setup planning or business development consultancy services, and is usually not involved in the development of the actual system.

b. System Customization Service

This type of provider will lock-in on specific software suits/corporate business software, or the distributor or collaborating partner of said software suit/corporate business software, and will be in charge of the customization of the software when introducing the suit to the client.

(3) Downstream of the Industry:

Downstream service providers mainly focus on system integration, with services covering system planning, construction, integration, education, training, and maintenance. These suppliers will integrate the products and services of upstream and midstream vendors for clients and provide after-sales system maintenance services. Clients do not need to face the interface problems between different suppliers and systems on their own.

WITS has long positioned ourselves as a provider of professional information technology services to its clients, differentiating ourselves from other software vendors who mainly focus on their brands (software suites or corporate business software), reducing conflicts of interest with service providers at all levels of the upstream, midstream and downstream, and creating room for cooperation with service providers at all levels of the supply chain ecosystem.

C. Service Trends and Competition

(1) Various Developing Trends of Services

In the ever-changing business environment, as we head into 2024, the global economy is still facing uncertainty. Despite this, many companies are actively seeking to outsource IT to leverage the rich network of talent available locally or globally, thereby achieving lower costs and higher quality products and services, digital transformation and automation, and filling the workforce gap. As IT outsourcing services mature, it has become popular among businesses. Even if their plans may be delayed, it has attracted more participants and boosted the development of the whole industry. Within WITS' external core service and internal operating models, the following technology areas are experiencing strong developments and are in growing demand across a variety of industries:

a. AI applications

With the emergence of generative AI, the scope of AI applications in business continues to expand, which includes content generation, automated processes, predictive analytics, speech recognition, and more. By integrating AI technology, WITS will provide clients with smarter and more automated solutions to improve business efficiency.

b. Data analytics and big data

Data is the key to digital transformation and the development of AI in businesses, and as a result, the demand for data analytics and big data-related services has grown significantly. WITS is committed to developing advanced data analytics tools to help clients derive value from big data.

c. Cloud-Based Service Expansion

With the loosening of cloud regulations, businesses are increasingly focusing on cloud solutions to increase flexibility in data storage, processing, and application. WITS has partnered with international cloud platform technology giants to help our clients realize performance improvements, cost reductions, and global deployments through the provision of cloud services.

d. Information Security

Due to the expanding digitization, businesses face more complex information security threats. Therefore, at WITS, we continue to strengthen our internal information security control mechanism and actively participate in promoting privacy protection technology.

(2) Competition of Services

With globalization, multiple trends have emerged in IT outsourcing, requiring both internationalization and localization to achieve optimal balance in the global market will be an important competitive strategy for business.

a. International Competition:

For international technology outsourcing, apart from technical capability, the selection of vendors also includes factors such as language barriers, cost and pricing, the degree of internationalization of vendors, time zones, cultural differences, and so on. In the global context, Latin America, Eastern Europe, South Asia, and China have long been major outsourcing bases in the world due to their population and cost advantages. As a result of supply chain disruptions, global economic turmoil, and geopolitical tensions, apart from considering a return to regional delivery, companies are also turning to Nearshore, i.e., areas within the three time zones. In this wave of competition, China has encountered many impacts and challenges and has endeavored to develop the “Made in China” reputation after experiencing the constraints and exodus of foreign businesses. Interestingly, due to cost and geopolitical considerations, businesses have turned their attention to Southeast Asia, of which Vietnam is quickly arising, becoming the new favorite of international outsourcing. WITS will continue to monitor the international situation and industry dynamics and pro-actively evaluate and improve its global deployment.

b. Regional Competition:

A successful regional growth strategy is the cornerstone and key to success, especially in terms of having a deep understanding of the local market, culture, needs, and regulations, as well as realizing a direct local impact. By utilizing the localization strategy, businesses can make flexible and extensive use of local resources to enhance their adaptability to the market and provide solutions that are close to clients. WITS has been working on four regional strategies (including Taiwan, China, Japan, and the U.S.) for many years to cultivate local talents with internationalization ability and create international talents to cultivate and develop in the local market. WITS has continued refining our localization strategy and delivery management process, enabling us to meet various challenges in regional competition.

c. Global Competition

There are several exceptional players in the global IT services space, such as Accenture, Infosys, and Cognizant. These companies have tremendous economic strength and a massive client base in the international market, with a wide range of operations and delivery centers worldwide, accumulated knowledge, and experience in providing diversified services. These players have leading competitive advantages globally, and utilizing strategic mergers and acquisitions to accelerate the acquisition of clients, innovative technologies, and talent to raise the entry barriers. WITS has been participating in the global market for many years. We are committed to developing a value partnership ecosystem amid fierce competition and market changes, to develop more business opportunities for cooperation and create a multi-win situation.

5.1.3 Research and Development

A. Technical Level of Current Business and R&D

At WITS, we continue to push the boundaries of technology, focusing on three cutting-edge technologies: IoT, AI, and Cloud Computing. We connect various information nodes through the Internet, and further utilize cloud computing technology to enhance the flexibility and performance of data analysis, which lead us process large quantities of data more efficiently, while ensuring the security and accuracy of the data.

(1) Artificial Intelligence (AI)

As a leading provider of software and information technology services, WITS is actively involved in the digital transformation of businesses. It has achieved outstanding results, especially in the field of artificial intelligence. We integrate our team’s technical capabilities to participate in the application and development of AI technology for clients in various industries, connect various information nodes, and use machine learning models and algorithms to conduct predictive and normative data analysis, including smart driving and smart service. , smart cloud, smart medical care, AI recommendation algorithms, and AI review and lending, to help companies quickly build smart solutions to enhance long-term competitiveness.

(2) Data Science

WITS continues to enhance the practice of medicine by drilling into big data and advanced data analytics to improve patient compliance with treatment plans. In close collaboration with our clients, we have achieved impactful collaborations at the intersection of evidence-based medicine and data science. In the field of digital therapies, especially diabetes management, WITS is leading the way in developing advanced applications and algorithms that contribute to evidence-based practices and patient-centered solutions. In addition to digital therapies, our collaborative programs in data science include working closely with healthcare clients to deploy machine learning models to reveal early predictors of some diseases.

(3) Native Cloud Platform Applications

WITS serves many clients in the cloud and has accumulated practical experience in cloud-native architecture. We have constructed a cloud-native digital innovation platform to accelerate the digital transformation of companies. Faced with the growing demand for data management and analysis, WITS and our clients and international technology giants have launched a cloud hosting platform designed specifically for the industrial sector. This platform not only provides a secure and reliable cloud environment with centralized data management analysis and monitoring tools, but also allows business users to dynamically configure and deploy resources, access comprehensive industrial SaaS solutions anytime, anywhere, and effectively enhance the flexibility and security of cloud software applications.

(4) Robotic Process Automation

WITS utilizes Robotic Process Automation (RPA) and automated testing to help clients in the financial sector and industrial automation. Automating repetitive tasks with RPA can reduce manual intervention and increase production efficiency. Through automated testing, company can ensure the stability and quality of work flows and to reduce human errors and defects. Using RPA and automated testing to work in tandem to save labor costs and shorten production cycles allows talent to invest their time in more valuable work, making the operation more flexible in responding to changes in the marketplace and increasing their competitiveness.

(5) Enterprise Resource Planning (ERP)

An Enterprise Resource Planning (ERP) system is a system that integrates the management of an enterprise's core business, including financial accounting management, budget management, sales management, procurement management, customer management, sales support management, warehouse and inventory management, project management, human resource management, marketing management, e-commerce, business intelligence (BI) and other functions. Our Japan subsidiary supports the implementation of SAP's fourth-generation ERP product (SAP S/4HANA), that allows analysis and reporting to be done on the same basis, enabling quick access to decision material critical to operational decisions. We continues to proactively propose the implementation and migration of the ERP system to support business efficiency and information centralization.

B. Annual R&D Investment in Recent Years:

Unit：NT$ thousands

Year / Item	2023	2022
R&D Expenses	45,749	40,234

C. Successfully Developed Technology/Areas in Recent Years:

(1) High-Tech/Internet

WITS utilizes cloud computing, edge computing, artificial intelligence, business intelligence, blockchain, and augmented reality/virtual reality technologies to assist high-tech and Internet customers in system development, solution re-engineering, data processing and data analysis, as well as digital innovation and digital transformation. It has successfully helped our clients realize business transformation and upgrading. We are constantly striving for growth and improvement to meet our clients' changing needs, enhance the value of our services, and continue to build long-term relationships with our clients.

(2) Fintech

We focus on the development of digital and big data warehousing domains, assisting financial clients in digital behavior analysis, digital process optimization, and digital channel expansion to provide more diversified options on the financial service platform and to realize data-driven decision-making. WITS cooperates with the development of open banking and digital finance, and utilize advanced technologies to help our financial industry clients complete financial compliance-related tasks that were previously handled manually. By co-developing systems with our clients, we are deepening our development in core areas such as big data applications, Open API, enterprise middleware architecture, and microservice architecture.

(3) Manufacturing/Semiconductors

WITS' semiconductor services include IC design test collaboration, development of peripheral test software tools, resource planning, production automation system development, and operation for wafer fabrication. Due to the complexity and precision of the manufacturing process, wafer fabrication must be upgraded to fully automated production or smart manufacturing for process transformation and yield enhancement, which requires the support of talents with solid practical experience. In recent years, specific service achievements include manufacturing execution system upgrade and optimization, machine automation system upgrade and optimization, IC automated inspection and testing system support, automated storage and transportation system optimization, yield data analysis system support, human-machine interface development support, and production line on-site operation services.

(4) New Energy and Smart Cars

Based on our IT technology, WITS joins hands with automobile businesses to focus on the fields of smart driving, smart cabins, positioning technology, smart vehicle networks, energy transformation, etc. WITS is committed to providing a more accurate, intelligent, and safe driving experience, and we provide services related to artificial intelligence and big data analysis, software development and testing services, digitization/green transformation services, automated driving data marking, and multi-language engineering services for products. WITS assists clients in integrating hardware and software management systems, energy storage and power distribution systems, external vehicle networks, and infrastructure. WITS help clients propel the smart car industry forward and committed to a sustainable future in terms of carbon emissions and energy efficiency.

(5) Healthcare/Medical

WITS has accumulated years of experience in the medical field, working closely with our clients to expand the application of AI technology to the medical imaging field. We help our clients to build deep learning approach models and algorithms to detect and dissect images of organs (e.g., liver, pancreas, lung lesions, Alzheimer's, Parkinson's disease, and brain lesions of rare diseases in newborns) to improve the efficiency and accuracy of organ lesion interpretation significantly. At the same time, we utilize AI to accelerate data collection, enhance patient privacy, and improve data quality and precision. WITS also assists clients in developing cloud-based trial medical imaging platform, which comply with regulatory requirements and data privacy and use technology to improve service quality to utilize technology to take healthcare services to the next level.

5.1.4 Long-term and Short-term Business Development Plans

In 2023, the world entered a period of turbulence not seen in decades, and the political and economic landscape is undergoing profound evolution and restructuring. Nonetheless, WITS has sailed through the headwinds and delivered three consecutive years of double-digit growth. WITS will focus on the current situation and develop more detailed processes to provide clients with higher-value services, thus moving forward steadily.

A. Short-Term Development Plan

(1) Work with Existing Clients to Expand Collaboration and Enhance Service Value

In our short-term business development plan, we have adopted the WITS Account Strategy (WAS) as the blueprint, focusing on deepening relations with existing clients. We are committed to expanding the scope of cooperation with existing clients and actively exploring cooperation with international technology manufacturers to provide more comprehensive technical solutions to meet our clients’ diversified needs, and high quality and value-added services. Building on our existing client base, we will continue to expand our business areas, realize deeper cooperation, and establish closer partnerships while maintaining the leading position of WITS in the industry.

(2) Strengthened Human Resource Deployment to Support Rapid Business Growth

In the information services industry, efficient and precise human resources deployment is the key to maintaining core competitive advantages. Because of this, we are actively expanding our talent pool. We are committed to nurturing key personnel through cooperation with training organizations, training courses for new recruits, industry-academia collaboration, and campus recruitment to create a sustainable ecosystem of international talent to enhance the industry know-how of our staff and the service professionalism of our teams. At the same time, we are actively organizing technical support teams and flexibly deploying staff around clients to ensure the successful delivery of projects to support the rapid expansion of our business objectives.

(3) Implementing Talent Development & Delivering Excellence

We believe that people are the most important asset of a company. In order to keep up with the pivots and development of the global market and mainstream technology, we conduct an annual employee skills survey to assess the competitiveness of our internal talents. At the same time, we promote the 'Delivering Excellence Program' to create added value for our talents. The program includes promoting WITS College integrated learning resources, organizing technical exchange activities, and establishing the WITS Labs developer community. We are committed not only to building a rich technical learning ecosystem but also to helping employees create self-worth and gain more opportunities for career development by linking the learning paths of our employees with the success goals of our clients. At the same time, these efforts have led to the improvement of the overall delivery quality of the team and united the employees in pursuing the core value of “Delivering Excellence Client Success.”

(4) Stabilize Operational Resilience in the Asia Pacific Market & Accelerate Expansion in the U.S. Market

Headquartered in Taiwan, WITS has a global delivery strategy with operating locations and delivery centers in China, Japan, and the United States. In Taiwan, we are committed to securing our “First in Taiwan” position as a leader in IT services and keeping pace with the times to prepare for our clients' expansion into the Southeast Asian market. In China, we emphasize the selection of high-quality clients, focusing on our large client strategy and financial metrics. The rapid growth in China has become a key to WITS’ success. In Japan, we are actively fostering international talent, building a talent pipeline, and working with our business partners to improve the talent supply chain and continue growing steadily. In the U.S., we continue to invest in accelerating the expansion of the U.S. market by continuing our Gateway to Asia strategy and U.S.-based delivery capabilities. We will closely monitor industry trends, capitalize on our regional strengths, and develop a multi-market balance.

B. Long-Term Development Plan

The long-term plan of WITS is centered on the development themes of WITS 3.0, which includes continuous optimization of internal operating processes, promotion of 'Delivering Excellence for Client Success,' evolution of 'Capability to Competency (C2C),' implementation of 'Technology Innovation and ESG Hand in Hand,' and development of a 'Sustainable Ecosystem for International Talents.' WITS 3.0 is a five-year strategy. Below is a description of the current status and long-term plans for each of the three main themes of WITS 3.0:

(1) Talent & Talent Plus

WITS 3.0 pays special attention to talent attraction, retention, and value-added through innovative programs in talent cultivation, diversified talent channels, international talent ecosystem, and employee care. At the same time, the Company is expanding the magnetic effect of the brand as an employer to attract more outstanding talents. We advocate for “people-oriented” approaches and hope to “keep the good seedlings in WITS,” etc. Through the implementation of diversified talent training programs, WITS 3.0 will practice the cultivation of the talent succession ladder in the next five years and work with clients to provide a good working environment together. In the future, we will continue to optimize our talent development program and build a strong talent supply and delivery system.

(2) Mastering Mainstream Technologies & C2C Strategies

WITS 3.0 focuses on mastering the mainstream technology and promoting the 'Capability to Competency' (C2C) strategy to increase the value and depth of services. By regularly reviewing technological capabilities and analyzing industry dynamics and operational data, the Company has steadfastly focused on 5+2 areas, including the five main industries of high tech/internet, fintech, manufacturing/semiconductors, healthcare, and new energy smart cars, as well as the two areas of innovation technology and ESG.

(3) IT Construction & Deepening Client Relationships

IT construction is a key focus of WITS 3.0, especially for innovative technologies such as artificial intelligence, big data, and cloud technology. With a focus on developing operational platforms that support multiplied growth of the operation and provide value-added services to clients. The Company will follow the WAS principle, continue to deepen client relationships and provide valuable and substantive services based on the added value of talents and skills.

With more than 30 years of experience in the industry, WITS is committed to providing professional technical services and focuses on improving the overall employment environment, quality, and resources for our talents. With nearly 10,000 employees under management, WITS flexibly utilizes our talents and resources in various locations worldwide to improve service flexibility through a global delivery model. The Company continues to enhance employee experience and information system re-engineering through corporate culture building and employer branding. We hope that through our corporate spirit of sustainability and innovation, we can renovate the impression of our brand.

5.2 Market, Production and Sales

5.2.1 Market Analysis

A. Sales (Service) Region

Unit：NT$ thousands

Year / Regions	2023		2022	
	Amount	%	Amount	%
China	6,105,017	69.05%	5,321,838	66.95%
Taiwan	1,484,960	16.80%	1,355,580	17.05%
Japan	743,990	8.41%	701,408	8.83%
US & Others	507,291	5.74%	570,060	7.17%
Total	8,841,258	100.00%	7,948,886	100.00%

B. Market Share

In terms of information service industry, currently there is no single provider with a large market share. Therefore, the Company has a lot of room to grow in the information technology services industry.

C. Projected Supply & Demand of the Market and Potential Growth

Overall economic growth during 2023 has not been as strong as the previous year due to international inflation, pressure from interest rate hikes, and war, however, the demand for digital transformation, AI, cloud, new energy smart car, and information security applications increased continuously.

(1) Taiwan

Taiwan's information software and services industry is undergoing a period of dynamism and innovation. This growth is driven by expanding systems integration and data processing businesses in response to the growing demand for diversified computer hardware and software, network security solutions, storage server systems, and artificial intelligence, and increased demand for cloud-based data processing and backup systems further reinforced the solid growth of overall information services.

(2) China

According to IDC's forecast, big data IT spending in China is expected to be US$35.95 billion by 2026, growing at a CAGR of 21.4%. The Company is not only deeply engaged in software-defined vehicles (SDV) in the field of new energy vehicles but will also continue to see growth in the Internet field. In the future, the development of AI will become another important growth engine for the Company.

(3) Japan

According to the Mizuho Research Institute in Japan, the IT demand gap in the Japanese market will continue to increase in the future. The Company is committed to enhancing our IT delivery capabilities to capitalize on the market's supply/demand imbalance and continues to increase our investment in AI, Big Data, and Cloud.

D. Competitive Advantages

(1) Global Presence & Global Delivery:

WITS' global presence is based on internationalization and a strong localization strategy, to be closer to our clients in key markets and provides a solid foundation for development and expansion in neighboring markets. We are able to meet the demands of the local market and have many successful instances of cooperation with multinational businesses, so that our clients can communicate with us remotely online with zero-time difference and keep track of the delivery progress at any time. For example, projects in Japan and the U.S. can be delivered locally and from Taiwan and China.

(2) Experience with Major Global Companies and Solid Foundation with Clients:

WITS' client base includes Fortune 500 companies and high-quality domestic and international companies. With our high level of service that meets international standards and a wealth of experience, we are able to meet the high specification requirements of international manufacturers for a wide range of services. The Company attaches great importance to the brand and reputation, and we are constantly learning and improving to optimize the related software development and project processes. WITS strives to become the most reliable support for our clients.

(3) International & Diverse Organizations and Cultures:

The Company operates in Taiwan, China, Japan, and the United States, providing services to over 150 cities worldwide. Collaboration and communication across different business units and regions is based on understanding and tolerance of various cultures. The Company is committed to building a culturally compatible working environment. We frequently organize cross-unit and cross-regional experience exchanges and collaborations to enhance the cohesion of multinational teams. In addition, our team members come from several different countries, which expanded the team's global vision and integrated international technical expertise from all over the world to enhance our team's technological advantage and ability to receive orders in the global market.

(4) Corporate Sustainability & Digital Transformation:

With the rise of ESG ideas and their promotion, companies' motivation for digital innovation has gradually increased. This also further raises the requirements and thresholds for suppliers from international clients. As a leader in information outsourcing services in Taiwan, WITS has been committed to developing IT infrastructures over the years to meet the needs of business growth in the next decade. At the same time, WITS has established a Corporate Sustainability Committee to provide investors with competitive feedback while at the same time, meeting the needs of the Company's sustainable development.

(5) Brand Image & Reputation

In 2022, WITS's China subsidiaries received many awards and honors with excellent global delivery capabilities, including "Top 100 Digital Service and Leading Service Providers" and "Top 10 Leading Enterprises in Service Outsourcing and Employment Expansion." In addition, in 2020 we received awards of "Top 10 Leading Digital Service Provider," "Key Services Trade Providers," "Digital Trade Development Forum Partner," and "Outstanding People" from IDC and other organizations, as well as the "ESG Practice Model Award" and "Outstanding Digital

Service Provider 2022," and "Favorite Talent Employer Award" from BOSS Zhipin.

In 2022, WITS also received the new ISO22301 Business Continuity Management System certification and RBA re-certification and registered 2 software invention patents, 18 software copyrights, and AAA corporate credit certificate. In addition, the Company passed the 'Artificial Intelligence Technology Energy Registration' by the Industrial Development Bureau of the Ministry of Economic Affairs in 2022 to continue to expand our scale, accelerate the introduction of artificial intelligence applications, and enhance industrial value. Meanwhile, WITS subsidiary, WITS Taiwan, obtained ISO 27001 certification upon establishment in early 2022.

E. Advantages & Disadvantages for Long-term Development, and Corresponding Solutions:

(1) Advantages:

a. Growing Demand for IT Services

The demand for IT from businesses will continue to rise, creating potential profit opportunities for WITS.

b. Industry Focus

Our Company focuses on five major areas, including high-tech/Internet, fintech, manufacturing/semiconductor, healthcare, and new energy smart cars. In these five areas, we have accumulated a wealth of professional knowledge and technology, owned a barriers to entry, while establishing a good reputation in various industries and enhancing our corporate brand value.

c. Multi-market Balance

The Company has 17 business locations in Taiwan, China, Japan, and the U.S. In the future, the Company will continue expanding into emerging regions, such as Southeast Asia, to enhance our global delivery capabilities.

(2) Disadvantages:

a. Rise of New and Emerging Markets

Facing numerous IT start-ups and the rise of emerging markets, competition in the information services industry will intensify, reducing the share of companies in the market.

b. Not as Well-known as International Name Brand Companies in Japan and US

WITS's clients include many internationally renowned companies. We have yet to develop economic scale in Japan and the United States, and our experience, credibility, and reputation still require improvement. We will continue to increase our support in the Japanese and US markets, utilizing our advantage in the Asia-Pacific region to offer our clients information services for cross-regional operations, thus accumulating success stories to facilitate market expansions.

c. Evolution of Information Outsourcing Motivation & Multi-Partner Sourcing Competition

With the growing global demand for software, all industries need the support of information and technical personnel. The shortage of talent is a common problem faced by companies, and it is also a challenge for WITS. With our industry-leading information services experience, we can provide the best and most suitable technical team and high value-added industry best practices to meet the needs of our clients in different fields around the world.

5.2.2 Core Applications of Major Products and Manufacturing Processes

A. Important Purpose of Main Product/Service:

The Company's main services include software and technology service, digital transformation service, business procedure outsourcing service and product globalization service. Their respective purpose is listed as follows:

PRODUCT	PURPOSE
Software and Technology Services	Based on the foundation and connotation of the mainstream software development cycle (SDLC) and management process, we offer various software R&D services based on individual client needs. This includes the individual or complete process professional services of product research, development by demand, design, development, testing, delivery, and deployment of software, and repeated computation of products. Our goal is to provide high-quality, customized solutions at every stage to meet our clients' specific demands and needs and ensure the successful deployment and operation of our products.
Digital Transformation Services	Digital transformation services are designed to assist enterprises in implementing digital transformation from traditional business models to a more digital approach. Services include: providing digital technologies and solutions.
Business Procedure Outsourcing Services	Through automated technology, optimized procedure, smart tools, and an in-depth understanding of the industries provided by our professional staff, we are dedicated to offering various business procedure outsourcing services.
Product Globalization Services	We provide various global engineering services for our clients in over 100 major languages, such as translation, typesetting, testing, and multimedia services.

B. Production Process of Product:

The Company provides various IT services and does not produce products. Therefore, this category is not applicable.

5.2.3 Future Market Supply and Demand and Future Growth

The Company is in the IT service industry, and has no physical product to trade, therefore this category is not applicable.

5.2.4 Major Suppliers and Clients List

A. List of suppliers accounting for 10% or more of the Company's total procurement amount in either of the most recent two years:

Unit：NT$ thousands; %

Item	2022				2023				As of Mar. 31, 2024 (Note 1)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Company A	68,741	13.88	-	Company A	59,148	12.07	-	-	-	-	-
2	Company B	51,036	10.31	-	Company B	18,132	3.70	-	-	-	-	-
	Others	375,346	75.81	-	Others	412,855	84.23	-	-	-	-	-
	Total	495,123	100.00	-	Total	490,135	100.00	-	-	-	-	-

Note 1: As of the publication date of the annual report, the financial information as of March 31, 2024 has not yet reviewed by independent auditors.
Note 2: Increase and decrease of the amount was due to business demand.

B. List of clients accounting for 10% or more of the Company's total sales amount in either of the most recent two years:

Unit：NT$ thousands; %

Item	2022				2023				As of Mar. 31, 2024 (Note 1)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Company C	481,898	6.06	-	Company C	1,052,217	11.90	-	-	-	-	-
	Others	7,466,988	93.94	-	Others	7,789,041	88.10	-	-	-	-	-
	Total	7,948,886	100.00	-	Total	8,841,258	100.00	-	-	-	-	-

Note 1: As of the publication date of the annual report, the financial information as of March 31, 2024 has not yet reviewed by independent auditors.
Note 2: Increase and decrease of the amount was due to business demand.

C. Production volume of the most recent two years:

The Company in the IT service industry, and is not involved in actual production, therefore this category is not applicable.

D. Sales amount of the most recent two years:

Unit：NT$ thousands

Year / Major Product	2022				2023			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
IT Services Revenue	(Note)	1,355,580	(Note)	6,593,306	(Note)	1,484,960	(Note)	7,356,298
Total		1,355,580		6,593,306		1,484,960		7,356,298

Note: The Company is in the IT service industry, and has no physical sales quantity.

5.3 Employee Data during the Most Recent Two Years

Unit: Head

Year		2022	2023	As of Mar. 31, 2024
Employee Number	Sales	23	24	32
	Technical Staff	1,057	1,128	1,126
	Administration	128	116	107
	Total	1,208	1,268	1,265
Average Age		35.3	35.46	35.54
Average Seniority		2.75	2.97	3.11
Distribution of Education	Master / Doctor	23.76%	23.82%	23.00%
	Bachelor / Diploma	73.72%	74.45%	75.50%
	Bachelor Noncompletion/ High School and Below	2.52%	1.73%	1.50%
	Total	100%	100%	100%

5.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company mainly offers IT software development, testing, and system maintenance and operation services. As we are not a manufacturing business, our business model does not generate pollutants and causes no damage to the environment and the ecosystem. Although we belong to an industry with low greenhouse gas emissions and low energy intensity, the Company is still dedicated to reducing emissions as well as energy usage. In practice, this means focusing more on procuring certified green products, as well as promoting energy saving measures and reducing our footprint. In December 2023, a new distributed solar panel was purchased in a self-occupied office building in Wuhan for self-generated electricity, with an investment amount of approximately RMB 326,000. The Company takes “corporate sustainability” as its core value and vision, and is committed to the economy, environment, and society improvement and balance.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

A. Employee Benefits and Implementation

(1) Annual leave days in accordance to laws and regulations, pension fund in accordance with labor rights.

(2) Paid leaves (personal leaves) that exceeds the basic labor law requirements, and flexible work hours.

(3) Offers labor insurance, national health insurance coverages, as well as group insurance for the employee and their immediate family members. In the case of a business trip, travel insurance is also provided.

(4) A welfare committee that regularly plans various events, such as festival parties, department team building, travel subsidies, employee saloon, family days, as well as yearend parties.

(5) Regular employee health checks as well as discounted health checks for immediate family members of employees.

(6) The company nurse provides bi-weekly health consultation services for our employees and also offers health lectures and activities to help improve our colleagues' work-life balance.

(7) Employee club support.

(8) Bonuses and/or gifts for major holidays

(9) Well-wishing money for weddings, funerals, festivities, emergencies, and hospitalization.

(10) Facilities such as employee break room, nursing room, massage chair area, and legal consultation room.

(11) Mobile phone bill subsidies.

(12) Comprehensive employee break room provides sports and recreational facilities to make our staff relax in spare time, and the more friendly working space could improve higher productivity.

B. Workplace Diversity and Equality

We adopt a remuneration policy of equal pay for equal work and provide fair appointment and promotion opportunities to enhance inclusivity and sustainable growth. In 2023, females accounted for 39% of employees and 54% of supervisors.

C. Continuing Education and Training:

To enhance professional technological capabilities of our staff, and improve performance as well as the value on services quality, we hold educational trainings in accordance with the yearly education and training schedule. This includes both internal and external trainings, in order to enhance professional skills of different staff members. In addition, the Company, acknowledging the need of increasing talent demand, started to introduce the TTQS training quality management system in 2013, which was assessed and approved by the Ministry of Labor (formerly Committee of Labor, Executive Yuan). Through TTQS, the Company's training offerings will suit our operational needs even better, and will combine the training and cultivation of talent with our business development, creating a win-win situation. Examples of the Company's Trainings:

(1) New Employee Orientation:

Offers content on fields of business, work regulations, employee benefit, ethics/integrity training, rewards and disciplinary rules, amongst others. Allowing new employees, a comprehensive basic understanding of the Company.

(2) Pre-job Training:

In accordance with Article 16 of the Occupational Safety and Health Education and Training Rules by the Ministry of Labor, offering necessary safety and health education and trainings specified for their post.

(3) On-the-Job Training:

Assist in cultivating professional knowledge, skill, and practical application ability. For example, the Company offers software engineering training courses such as the "Software Mini-Weekend" for employees to learn skills and knowledge related to the latest software development technologies, and the "Developer Group," which providing a platform for sharing and communicating trends and technologies.

(4) Management Training:

Improve the quality of our entry-, mid- and high-level management for managers at all levels, and encourage management thinking in various situations.

(5) Professional Skill Training:

Assigning employees to train at various work-relevant institutions for training, allowing for professional accreditations and certifications.

D. Retirement and Implementation:

(1) In accordance with the "Labor Standards Act", the Company has set up employee retirement regulations. In accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds," the Company allocates 2% of the total salaries and wages of all employees retained under the old system in the monthly retirement reserve fund, which is deposited at the Bank of Taiwan.

(2) From July 1, 2015, in conjunction with the implementation of the Labor Pension Act, the Company allocated 6% of the salary of employees on a monthly bases, which is deposited in the personal pension fund of our employees.

E. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company has good communication channels, and based on relevant laws and regulations, offers regular management meetings between each department head and their subordinates, as well as face to face discussions, emails, feedbacks from training sessions, maintaining good interaction between employees and the Company. There are currently no outstanding conciliatory negotiations.

F. Specific measures to improve employee benefits and rights:

(1) Provide a flexible team-building budget and allow departments to arrange activities on their own to enhance teamwork and employee relations.

(2) Continue to explore internal high-potential talents and establish talent development plans to cultivate the Company's future talent.

(3) After the epidemic, Family Day activities were resumed to allow family members of colleagues to interact and communicate in a pleasant atmosphere.

(4) To encourage club activities, an additional subsidy of NTD 10,000 per club per year.

5.5.2 List any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken

None.

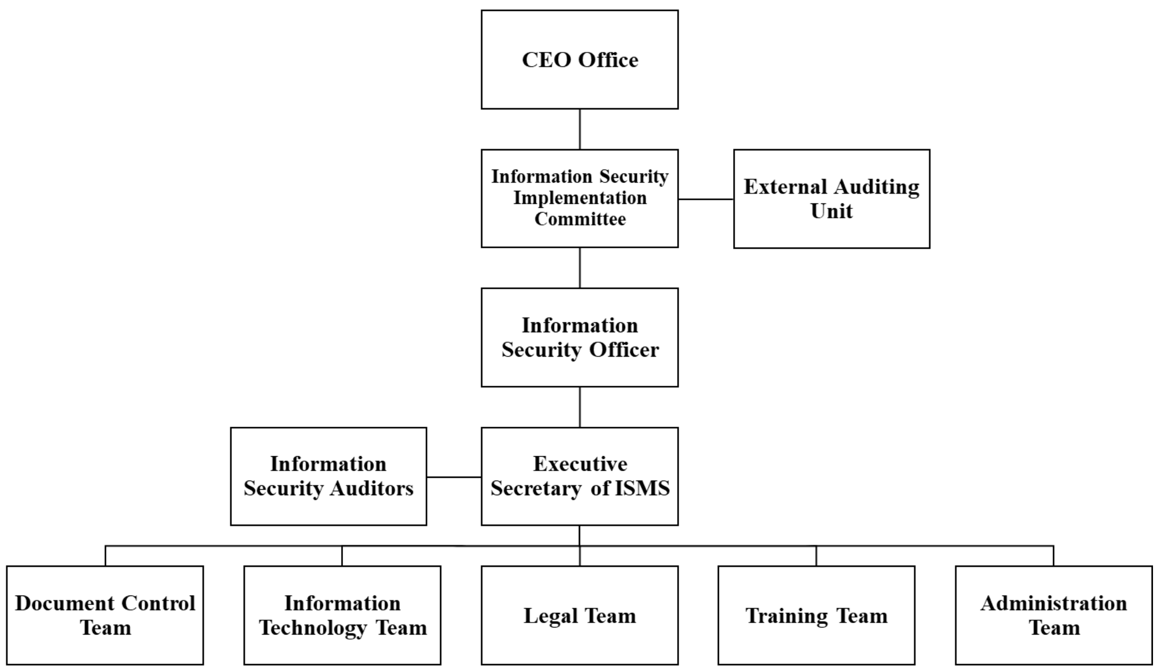
5.6 Cyber Security Management

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

A. Information Security Policy

In order to fulfill the requirements of the ISO Information Security Management Systems, the Company focuses on our processes and systems, legal compliance, personnel training, and use of technology to strengthen security protection capabilities for data, information systems, equipment, and network communications. This effectively decreases the risk of information assets being stolen, used inappropriately, leaked, altered or damaged due to human error, malicious intent or natural disasters, ensuring that we keep our promises to shareholders and clients, as well as achieving the Company's sustainability goals.

B. Information Security Organization



The Information Security Implementation Committee will hold a management and review meeting at least once every six months and after an internal audit of information security systems is completed. To ensure that the Company's information security and quality management systems are operating effectively, the Company's executives will review the information security systems routinely, as well as track, revise, and finalize improvement measures, so as to help all departments successfully achieve the information security goals.

C. Information Security Management System

The Company's information security management system (ISMS) is based on the P.D.C.A. management cycle developed by the International Organization for Standardization, which enables institutionalizing, documenting, and systematizing of our information security operations. By continuing to monitor and review management performance, we are able to achieve our goals for information security management and continued business operations, ensuring the confidentiality, integrity, and availability of the Company's information assets, as well as complying with applicable laws and regulations. These measures prevent the assets from being compromised by malicious or accidental threats, either internally or externally, as well as protect the rights of our employees or clients, so as to achieve the following:

(1) Implementing information security policy.

(2) Complying with legal requirements.

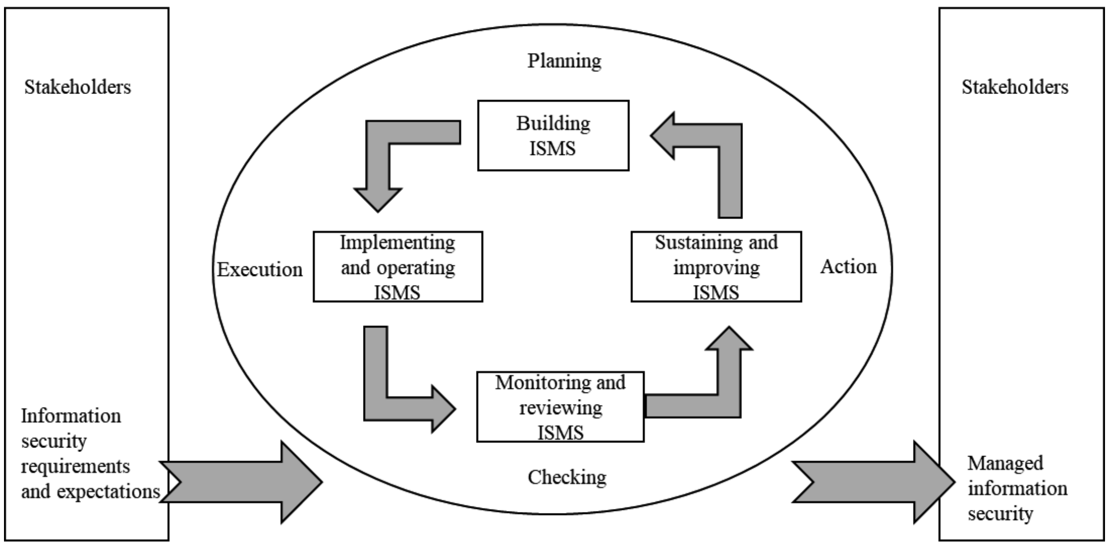
(3) Enhancing information security incident response capabilities.

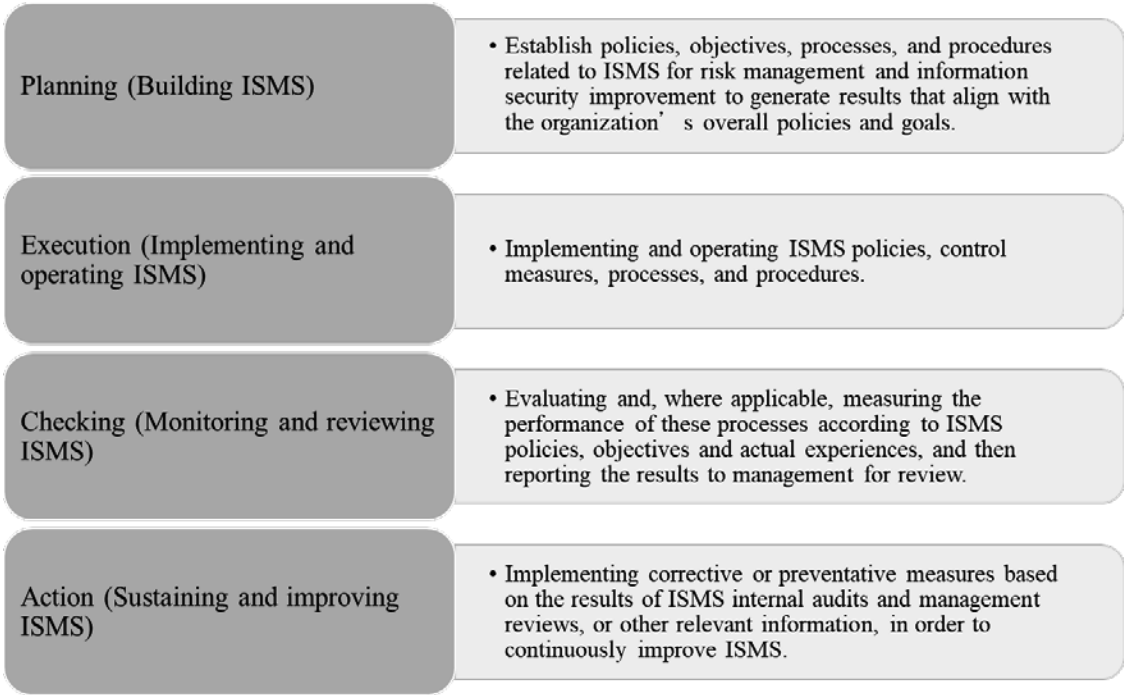
(4) Training IT personnel to enhance their professional skills in information security.

(5) Achieving effectiveness measurement targets for information security management.

WITS obtained ISO 27001 certification on December 18, 2008, and has continued to renew our certification every three years. WITS passed the certified renew on November 24, 2023, and the current certification is valid until December 17, 2026, maintaining an effective ISO 27001 certification.

Image 1 PDCA model for ISMS processes





D. Information security management for effective operations and continuous improvement

With ISO27001 certification for information security management, we continuously improve our operation model to ensure the effectiveness of management. The management system consists of:

(1) Formulating complete standards and clear operating procedures for the systematic operation of information security management.

(2) Using various tools and technologies to identify, protect, detect, respond and recover in a timely and effective manner.

(3) Establishing an operational process for responding to and recovering from information security incidents in order to quickly isolate and eliminate threats and reduce the scope and extent of impact.

(4) Performing disaster recovery drills for critical application systems on a regular basis to ensure their effectiveness.

(5) Offering employee safety education and training to raise employees’ awareness of information safety in a comprehensive manner.

(6) Performing regular internal and external audits every year to review the entire management system to ensure normal operation and continuous improvement.

E. Information security and cyber risk assessment

The Information Asset Inventory is reviewed each year, and risk assessments are routinely conducted based on internal and external information security issues, information security events, and audit results. Appropriate resources are invested to improve or increase control measures to reduce or eliminate risks related to high-risk items.

F. Information security education, training, and promotion

To increase employees' information security awareness, the Company has created an information security e-learning course and distributes monthly information security newsletters to share case studies, in order to enhance employees' knowledge and skills regarding information security. For new recruits, there is a mandatory information security practical training course included in the orientation process. We also offer training sessions related to information security for all employees every year, as well as conduct social engineering drills each quarter to strengthen our organization's defense against Internet fraud.

G. Resources invested in information security management

To enhance our information security capabilities, WITS has not only installed anti-virus software for endpoint security, but also constructed firewalls to defend against potential cyber security threats. To detect hacker attacks, we have also deployed advanced threat protection to monitor systems and detect malicious cyber behavior. Furthermore, we use two-factor authentication to decrease the risk of accounts and passwords in our system being used fraudulently or stolen, increasing overall system security. Finally, we have adopted a managed detection system to swiftly understand current information security threats, as well as remain up to date on the latest information security information, both domestically and internationally.

H. Impact of significant information security events that have occurred and measures taken in response

No significant information security incidents occurred in 2023. In order to respond to external changes and ever-changing attack techniques, we are constantly monitoring new information and technologies to keep our defensive or management practices up to date, so as to effectively block new forms of information security threats and reduce operational risks.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

None.

5.7 Important Contracts

The Company is not currently party to any material contract, other than contracts entered into in the ordinary course of its business. The Company's "Significant commitments and contingencies" are disclosed in Appendix 1 "Consolidated Financial Statements of the Most Recent Year."

6. Financial Information

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Most recent 5-year concise consolidated balance sheet and consolidated statement of comprehensive income

Concise Consolidated Balance Sheet

Unit：NT$ thousands

Item \ Period		Most recent 5-Year Financial Information					2024 (As of March 31)
		2019	2020	2021	2022	2023	
Current assets		2,339,315	2,708,495	3,073,122	3,656,674	4,324,492	-
Property, plant and equipment		853,356	810,501	813,853	782,090	736,498	-
Intangible assets		32,036	32,870	38,915	32,774	25,780	-
Other assets		136,987	92,311	91,577	90,220	150,660	-
Total assets		3,361,694	3,644,177	4,017,467	4,561,758	5,237,430	-
Current Liabilities	Before Distribution	1,037,404	1,100,382	1,371,905	1,610,187	1,544,852	-
	After Distribution	1,249,888	1,429,134	1,676,678	1,943,529	(Note)	-
Non-Current liabilities		215,293	208,577	187,840	153,191	167,843	-
Total Liabilities	Before Distribution	1,252,697	1,308,959	1,559,745	1,763,378	1,712,695	-
	After Distribution	1,465,181	1,637,711	1,864,518	2,096,720	(Note)	-
Equity attributable to owners of the Company		2,108,997	2,335,218	2,457,722	2,798,380	3,524,735	-
Share Capital	Before Distribution	664,011	667,083	669,211	671,523	728,277	-
	After Distribution	664,011	667,083	669,211	671,523	(Note)	-
Capital surplus		736,051	753,005	770,877	791,658	1,269,314	-
Retained Earnings	Before Distribution	834,032	1,069,842	1,198,187	1,449,437	1,706,530	-
	After Distribution	621,548	741,090	893,414	1,116,095	(Note)	-
Other equity interest		-125,097	-81,212	-107,053	-77,104	-142,252	-
Treasury shares		-	-73,500	-73,500	-37,134	-37,134	-
Non-controlling interests		-	-	-	-	-	-
Total Equity	Before Distribution	2,108,997	2,335,218	2,457,722	2,798,380	3,524,735	-
	After Distribution	1,896,513	2,006,466	2,152,949	2,465,038	(Note)	-

Resource: The yearly financial information was audited by independent auditors. As of the publication date of the annual report, the consolidated financial statements for 2024Q1 have not been reviewed by independent auditors.

Note: Profit distribution of 2023 is subject to ratification of Shareholders Meeting.

Concise Consolidated Statement of Comprehensive Income

Unit：NT$ thousands

Item \ Period	Most recent 5-Year Financial Information					2024 (As of March 31)
	2019	2020	2021	2022	2023	
Net revenue	5,323,464	5,100,895	6,177,820	7,948,886	8,841,258	-
Gross profit	1,302,559	1,313,714	1,440,063	1,673,914	1,764,275	-
Net Operating income	438,599	484,575	459,817	562,817	606,629	-
Non-operating income and expenses	19,545	64,719	55,315	70,316	53,897	-
Profit before tax	458,144	549,294	515,132	633,133	660,526	-
Net Profit from continuing operations	413,123	465,889	455,634	554,202	587,973	-
Net Profit from discontinued operations, net of tax	-	-	-	-	-	-
Net profit	413,123	465,889	455,634	554,202	587,973	-
Other comprehensive income for the year, net of tax	-48,965	26,290	-24,378	31,770	-62,686	-
Total comprehensive income for the year	364,158	492,179	431,256	585,972	525,287	-
Net Profit attributable to owners of the Company	413,123	465,889	455,634	554,202	587,973	-
Net Profit attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of the Company	364,158	492,179	431,256	585,972	525,287	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
EPS (NT$)	6.23	7.06	6.91	8.33	8.49	-

Resource: The yearly financial information was audited by independent auditors. As of the publication date of the annual report, the consolidated financial statements for 2024Q1 have not been reviewed by independent auditors.

6.1.2 Most recent 5-year concise parent company only balance sheet and statement of comprehensive income

Concise Parent Company Only Balance Sheet

Unit：NT$ thousands

Item \ Period		Most recent 5-Year Financial Information					2024 (As of March 31)
		2019	2020	2021	2022	2023	
Current assets		558,512	431,754	432,531	491,665	727,435	-
Property, plant and equipment		519,985	502,975	508,687	500,179	487,335	-
Intangible assets		7,210	8,254	11,289	8,362	4,013	-
Other assets		1,365,790	1,770,112	2,058,499	2,493,864	2,869,423	-
Total assets		2,451,497	2,713,095	3,011,006	3,494,070	4,088,206	-
Current Liabilities	Before Distribution	266,266	299,562	474,905	618,582	485,191	-
	After Distribution	478,750	628,314	779,678	951,924	(Note)	-
Non-Current liabilities		76,234	78,315	78,379	77,108	78,280	-
Total Liabilities	Before Distribution	342,500	377,877	553,284	695,690	563,471	-
	After Distribution	554,984	706,629	858,057	1,029,032	(Note)	-
Share Capital	Before Distribution	664,011	667,083	669,211	671,523	728,277	-
	After Distribution	664,011	667,083	669,211	671,523	(Note)	-
Capital surplus		736,051	753,005	770,877	791,658	1,269,314	-
Retained Earnings	Before Distribution	834,032	1,069,842	1,198,187	1,449,437	1,706,530	-
	After Distribution	621,548	741,090	893,414	1,116,095	(Note)	-
Other equity interest		-125,097	-81,212	-107,053	-77,104	-142,252	-
Treasury shares		-	-73,500	-73,500	-37,134	-37,134	-
Total Equity	Before Distribution	2,108,997	2,335,218	2,457,722	2,798,380	3,524,735	-
	After Distribution	1,896,513	2,006,466	2,152,949	2,465,038	(Note)	-

Resource: The yearly financial information was audited by independent auditors. The Company does not issue the parent only financial statements for 2024Q1.

Note: Profit distribution of 2023 is subject to ratification of Shareholders Meeting.

Concise Parent Company Only Statement of Comprehensive Income

Unit：NT$ thousands

Item \ Period	Most recent 5-Year Financial Information					2024 (As of March 31)
	2019	2020	2021	2022	2023	
Net revenue	912,368	1,006,451	1,213,705	1,439,375	1,546,767	-
Gross profit	344,263	340,292	460,228	540,250	551,116	-
Net Operating income	61,116	75,767	170,340	178,518	190,152	-
Non-operating income and expenses	375,163	418,968	332,628	422,705	453,817	-
Profit before tax	436,279	494,735	502,968	601,223	643,969	-
Net Profit from continuing operations	413,123	465,889	455,634	554,202	587,973	-
Net Profit from discontinued operations, net of tax	-	-	-	-	-	-
Net profit	413,123	465,889	455,634	554,202	587,973	-
Other comprehensive income for the year, net of tax	-48,965	26,290	-24,378	31,770	-62,686	-
Total comprehensive income for the year	364,158	492,179	431,256	585,972	525,287	-
EPS (NT$)	6.23	7.06	6.91	8.33	8.49	-

Resource: The yearly financial information was audited by independent auditors. The Company does not issue the parent only financial statements for 2024Q1.

6.1.3 Independent auditors and their opinions for the most recent 5 years

Year	Name of CPA	Auditor’s Opinion
2019	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2020	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2021	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2022	Ming-Hung Huang, Chia-Chien Tang	Unqualified opinion
2023	Ming-Hung Huang, Chia-Chien Tang	Unqualified opinion

KPMG Taiwan
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(02)8101-6666

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Financial analysis-For consolidated financial statements

Item	Period	Most recent 5-Year Financial Analysis					2024 (As of March 31)
		2019	2020	2021	2022	2023	
Capital Structure Analysis (%)	Debts Ratio	37.26	35.92	38.82	38.66	32.70	-
	Long-term Capital to Property, Plant and Equipment	272.37	313.85	325.07	377.40	501.37	-
Liquidity Analysis (%)	Current Ratio	225.50	246.14	224.00	227.10	279.93	-
	Quick Ratio	224.10	244.71	222.75	225.86	278.84	-
	Times Interest Earned	6,006.20	9,331.83	10,634.40	9,425.87	16,421.37	-
Operating Performance Analysis	A/R Turnover (Times)	4.21	3.56	3.43	3.45	3.30	-
	A/R Turnover Days	87	102	108	106	111	-
	Inventory Turnover (Times)	-	-	-	-	-	-
	A/P Turnover (Times)	24.42	26.97	46.49	72.73	95.50	-
	Inventory Turnover Days	-	-	-	-	-	-
	Property, Plant and Equipment Turnover (Times)	11.68	6.13	7.61	9.96	11.64	-
	Total Assets Turnover (Times)	1.68	1.46	1.61	1.85	1.80	-
Profitability Analysis	Return on Assets (%)	13.26	13.44	12.00	13.05	12.07	-
	Return on Equity (%)	20.99	20.97	19.01	21.09	18.60	-
	Profit Before Tax to Paid-in Capital Ratio (%)	69.00	82.34	76.98	94.28	90.70	-
	Net Profit Rate (%)	7.76	9.13	7.38	6.97	6.65	-
	EPS（NTD）	6.23	7.06	6.91	8.33	8.49	-
Cash Flow (%)	Cash Flow Ratio	31.98	59.38	3.84	35.14	19.23	-
	Cash Flow Adequacy Ratio	51.07	85.17	64.46	82.35	97.04	-
	Cash Reinvestment Ratio	9.48	16.53	(Note 1)	8.26	(Note 1)	-
Leverage	Operating Leverage	1.28	1.24	1.24	1.21	1.18	-
	Financial Leverage	1.02	1.01	1.01	1.01	1.01	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

1. Increase in Long-term Capital to Property, Plant and Equipment was mainly due to increase in shareholders equity because of cash capital increase.
2. Increase in Current Ratio was mainly due to increase in current assets.
3. Increase in Quick Ratio was mainly due to increase in current assets.
4. Increase in Times Interest Earned was mainly due to decrease in interest expense.
5. Increase in A/P Turnover was mainly due to increase in cost of sales.
5. Decrease in Cash Flow Ratio was mainly due to decrease in cash flow from operating activities.

6.2.2 Financial analysis-For parent company only financial statements

Item	Period	Most recent 5-Year Financial Information					2024 (As of March 31)
		2019	2020	2021	2022	2023	
Capital Structure Analysis (%)	Debts Ratio	13.97	13.93	18.38	19.91	13.78	-
	Long-term Capital to Property, Plant and Equipment	420.25	479.85	498.56	574.89	739.33	-
Liquidity Analysis (%)	Current Ratio	209.76	144.13	91.08	79.48	149.93	-
	Quick Ratio	209.23	143.70	90.75	79.08	149.36	-
	Times Interest Earned	142,674.84	227,042.66	161,307.69	44,113.40	32,154.21	-
Operating Performance Analysis	A/R Turnover (Times)	3.66	4.15	4.43	4.41	4.38	-
	A/R Turnover Days	100	88	82	83	83	-
	Inventory Turnover (Times)	-	-	-	-	-	-
	A/P Turnover (Times)	32.80	110.83	271.87	318.61	355.21	-
	Inventory Turnover Days	-	-	-	-	-	-
	Property, Plant and Equipment Turnover (Times)	3.40	1.97	2.40	2.85	3.13	-
	Total Assets Turnover (Times)	0.40	0.39	0.42	0.44	0.41	-
Profitability Analysis	Return on Assets (%)	18.06	18.05	15.93	17.07	15.55	-
	Return on Equity (%)	20.99	20.97	19.01	21.09	18.60	-
	Profit Before Tax to Paid-in Capital Ratio (%)	65.70	74.16	75.16	89.53	88.42	-
	Net Profit Rate (%)	45.28	46.29	37.54	38.50	38.01	-
	EPS（NTD）	6.23	7.06	6.91	8.33	8.49	-
Cash Flow (%)	Cash Flow Ratio	48.43	48.77	44.75	41.14	43.96	-
	Cash Flow Adequacy Ratio	29.09	41.38	43.87	49.28	53.07	-
	Cash Reinvestment Ratio	1.20	(Note 1)	(Note 1)	(Note 1)	(Note 1)	-
Leverage	Operating Leverage	1.48	1.30	1.15	1.16	1.13	-
	Financial Leverage	1.01	1.00	1.00	1.01	1.01	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

1. Decrease in Debts Ratio was mainly due to cash capital increase and repayment of loan.
2. Increase in Long-term Capital to Property, Plant and Equipment was mainly due to increase in shareholders equity because of cash capital increase.
3. Increase in Current Ratio was mainly due to increase in current assets.
4. Increase in Quick Ratio was mainly due to increase in current assets.
5. Decrease in Times Interest Earned was mainly due to increase in interest expense.

Resource:
1. The yearly financial information was audited by independent auditors.
2. As of the publication date of the annual report, the consolidated financial statements for 2024Q1 have not been reviewed by independent auditors.
3. The Company does not issue the parent only financial statements for 2024Q1.
Note 1: The negative ratio is meaningless.
Note 2: Formulate is as follows:

1. Capital Structure Analysis
   (1) Debts Ratio＝Total liabilities／Total assets
   (2) Long-term Fund to Property, Plant and Equipment＝(Net equity＋Non-current liabilities)／Net property, plant and equipment
2. Liquidity Analysis
   (1) Current Ratio＝Current Assets／Current liabilities
   (2) Quick Ratio＝(Current assets－Inventory－Prepaid expenses)／Current liabilities
   (3) Times Interest Earned＝Profit before income tax and interest expense／Interest expense
3. Operating Performance Analysis
   (1) Accounts Receivable (including accounts receivable and notes receivable from operation) Turnover＝Net sales／the Average of accounts receivable (including accounts receivable and notes receivable from operation) balance
   (2) A/R Turnover Day＝365／accounts receivable turnover
   (3) Inventory Turnover＝Cost of Goods Sold／the average of inventory
   (4) Accounts Payable (including accounts payable and notes payable from operation)Turnover＝ Cost of goods sold／the average of accounts payable (including accounts payable and notes payable from operation) balance
   (5) Inventory Turnover Day＝365／Inventory turnover
   (6) Property, Plant And Equipment Turnover＝Net sales／the average of Property, Plant and Equipment
   (7) Total Assets Turnover＝Net sales／the average of total assets
4. Profitability Analysis
   (1) Return on Assets＝〔Net profit＋Interest expense × (1－effective tax rate)〕／the average of total assets
   (2) Return on Equity＝Net profit／the average of net equity
   (3) Net Profit Rate＝Net profit／Net sates
   (4) EPS ＝(Net profit－ Dividend from preferred shares)／weighted average outstanding shares
5. Cash Flow
   (1) Cash flow ratio＝Cash flow from operating activities／Current liabilities
   (2) Cash flow adequacy ratio＝Most recent 5-year Cash flow from operating activities／Most recent 5-year (Capital expenditure＋the increase of inventory＋cash dividend)
   (3) Cash reinvestment ratio＝(Cash flow from operating activities－cash dividend) ／(Gross property, plant and equipment＋long-term investment＋other non-current assets＋working capital)
6. Leverage
   (1) Operating leverage＝(Net revenue－variable cost of goods sold and operating expense)／ operating income
   (2) Financial leverage＝Net operating income／(Net operating income－interest expenses)

6.3 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron Information Technology and Services Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Information Technology and Services Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Information Technology and Services Corporation.

Convener of the Audit Committee：Yen Ling Fang

March 5, 2024

6.4 Consolidated Financial Statements of the Most Recent Year:

Please refer to Appendix 1.

6.5 Parent Company Only Financial Statements of the Most Recent Year

Please refer to Appendix 2.

6.6 Any financial difficulties experienced by the Company or its affiliated companies and impacts on the Company's financial situation, in the most recent year and up to the publication date of this annual report

None.

7. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

7.1.1 Financial status of the most recent two years

Unit: NT$ thousands

Year / Item	2023.12.31	2022.12.31	Difference	
			Amount	%
Current assets	4,324,492	3,656,674	667,818	18
Property, plant and equipment	736,498	782,090	-45,592	-6
Intangible assets	25,780	32,774	-6,994	-21
Other assets	150,660	90,220	60,440	67
Total assets	5,237,430	4,561,758	675,672	15
Current liabilities	1,544,852	1,610,187	-65,335	-4
Non-Current liabilities	167,843	153,191	14,652	10
Total liabilities	1,712,695	1,763,378	-50,683	-3
Share capital	728,277	671,523	56,754	8
Capital surplus	1,269,314	791,658	477,656	60
Retained earnings	1,706,530	1,449,437	257,093	18
Other equity interest	-142,252	-77,104	-65,148	84
Treasury Shares	-37,134	-37,134	-	-
Total equity	3,524,735	2,798,380	726,355	26

Analysis for asset, liabilities and equity balance change more than 20%:

1. Decrease in Intangible assets was mainly due to the increase in accumulated amortization being greater than the increase in purchased intangible assets.
2. Increase in Other assets was mainly due to purchase of right-of-use assets.
3. Increase in Capital surplus was mainly due to additional paid-in capital in excess of par from cash capital increase.
4. Decrease in Other equity interest was mainly due to exchange loss on translation of foreign financial statements.
5. Increase in Retained earnings was mainly due to cash capital increase.

7.2 Analysis of Financial Performance

7.2.1 Financial performance of the most recent two years

Unit: NT$ thousands

Item \ Year	2023	2022	Increasing (decreasing) amount	Change percentage (%)
Net revenue	8,841,258	7,948,886	892,372	11
Cost of sales	7,076,983	6,274,972	802,011	13
Gross profit	1,764,275	1,673,914	90,361	5
Operating expenses	1,157,646	1,111,097	46,549	4
Net operating income	606,629	562,817	43,812	8
Non-operating income and expenses	53,897	70,316	-16,419	-23
Profit before tax	660,526	633,133	27,393	4
Income tax expenses	72,553	78,931	-6,378	-8
Net profit	587,973	554,202	33,771	6
Analysis for operating results amount change more than 20%: Decrease in Non-operating income and expenses was mainly due to decrease in government subsidies.				

7.2.2 The expected sales volume and its basis, the possible impact on the Company’s future financial operations, and the plan of response

A. The expected sales volume for the coming year and its basis:

The Company expects its business volume to grow steadily in the coming year, mainly based on changes in the general economic environment, industry trends and the Company’s future development direction, and with reference to the Company’s recent operating objectives.

B. The possible impact on the Company’s future financial operations, and the plan of response:

None.

7.3 Cash Flow

7.3.1 Analysis of consolidated cash flow in 2023

Unit: NT$ thousands

Cash beginning balance	Cash flow from operating activities	Cash flow (used in) investing & financing activities	Cash ending balance	Plan for cash ending balance shortage	
				Investment plan	Financing plan
1,184,815	297,028	-105,679	1,376,164	-	-

A. Analysis of cash flow

(1) Operating activities: The net cash inflow from operating activities was mainly attributable to the continued profitability of operations during the period.

(2) Investing activities: The net cash outflow from investing activities was mainly from procurement of property, plant and equipment.

(3) Financing activities: The net cash outflow from financing activities mainly resulted from the payment of cash dividends and repayment of short-term loan during the period.

B. Liquidity improvement plan

The Company showed no signs of liquidity deficit.

7.3.2 Analysis of cash liquidity in the coming year

The Company holds on the principle of maintaining liquidity and safety, manages cash flow from operating activities and investing activities to remain normal operations. The Company remains focused on its business and prudently evaluates all business developments in order to maintain normal operations, with no cash shortfall expected in the coming year.

7.4 Major Capital Expenditures and Impact on Financial and Business

Major Capital Expenditure and Expected Future Benefits: None.

7.5 Investment Policies

7.5.1 Investment policy for the most recent year and the profits/losses generated

A. The Company's investment policy is to invest in main business of IT services. The Company's investments are based on the extension of the Company's core competitiveness, and each investment project is carefully evaluated.

B. The Company's recognized net profit from long-term investments accounted for equity method is NT$423,991 thousands for 2023.

C. The long-term investments accounted for equity method for 2023 were as follows:

Unit: NT$ thousands

Invested Company	Shareholding	Investment costs	Account Balance	2023 Investment Gain/Loss
Wistron Information Technology and Services Inc.	100%	294,184	2,605,771	408,516
Wistron Information Technology and Services (Japan) Inc.	100%	29,564	151,072	13,921
WITS (Hong Kong) Limited	100%	44	66,640	1,638
WITS AMERICA, CORP.	100%	7,586	34,186	2,638
WITS Taiwan, Inc.	100%	5,000	2,409	(2,722)

7.5.2 Investment plans for the coming year

The Company will keep its focus on operating in the main business.

7.6 Risk Management

7.6.1 The effect upon the Company's profits (losses) of interest rate, exchange rate, or inflation, and response measures to be taken in the future

Unit: NT$ thousands

	2023	2022
Net Revenue	8,841,258	7,948,886
Interest Expenses	4,047	6,789
Interest Expenses/ Net Revenue	0.05%	0.09%
Net Exchange Gains (losses)	5,331	8,022
Net Exchange Gain s (losses)/ Operating Revenue	0.06%	0.10%

A. Effect of interest rate changes upon the Company's profits or losses and response measures to be taken in the future:

The Company's cash management policy is mainly based on the principle of safe, secure and stable, therefore idle funds are mainly placed in deposits with banks. The cash positions required for operating activities were borrowed at market-beating interest rates and adjusted appropriately for the cash positions. In the future, the Company will continue to pay attention to interest rate trends and prudently decide on the way to raise funds in order to obtain more favorable interest rates and avoid possible interest rate risks arising from operations, subject to the improvement of financial structure and reduction of interest rate risk movements.

B. Effect of exchange rate changes upon the Company's profits or losses and response measures to be taken in the future:

The Company's exchange gains amounted to NT$5,331 thousands for 2023, representing a ratio of 0.06% to net revenue for the period. In order to avoid the impact of exchange rate fluctuations on the Company's profit or loss, the Company's finance division maintain close contact with financial institutions to keep abreast of international exchange rate movements and changes, make timely adjustments to foreign currency holdings, and prudently evaluate the engagement of foreign exchange transactions.

C. Inflation:

The Company had no inflationary events that had a material impact on profits.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits (losses) generated thereby; and response measures to be taken in the future

The Company did not engage in high-risk, highly leveraged investments, loans to others, or derivative transactions during the most recent year, and the Company's endorsements/guarantees during the most recent year were limited to 100% owned subsidiaries of the Company, and no losses were incurred. The Company has established "Procedures for Governing Loaning of Funds", "Procedures for Governing Endorsements and Guarantees", "Rules and Procedures for Derivatives Transactions", and "Procedures for Acquisition and Disposal of Assets." The Company will continue to strictly adhere to the procedural norms and all transactions will be conducted in accordance with the relevant regulations.

7.6.3 Future R&D development plan and further expenditures

The Company provides information outsourcing services, technical consulting services, business process outsourcing services, product globalization services, etc. The Company provides software development services according to customers' needs and develop professional software testing services in response to customers' needs to improve product quality, providing customers with one-stop solutions for testing services. The Company continues to develop and nurture technical expertise and enrich the depth of our technical team. No significant risk is expected as the amount of research and development expenses is not significant as a proportion of overall costs and expenses.

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

The Company keeps abreast of important policy and legal changes at home and abroad and assesses their impact on the Company, and there was no material adverse effect on the Company's financial operations as a result of the policy and legal changes both domestic and internationally in the most recent year and up to the publication date of this annual report.

7.6.5 Effect on the Company's financial operations of developments in technology (including cyber security risks) and industrial change, and measures to be taken in response

The Company is in the IT service industry, providing software development services according to customers' needs and developing professional software testing services in response to customers' needs to improve product quality. The Company have continued to cultivate elite technical teams, dedicating to cultivate employee's professional skill to face various challenges in information and technology development. The Company also pays attention to implementation of cyber security management, please refer to Chapter 5.6 in this annual report for more detail.

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

The Company has always adhered to the business philosophy of respecting clients, integrity and innovation, in order to create a win-win situation for clients, employees and shareholders, the Company attaches importance to corporate image and risk control. Currently there are no adverse reports on the Company's image.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and measures to be taken in response

Currently there are no active mergers or acquisitions ongoing.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response

The Company has no current expansions.

7.6.9 Risks associated with sales or supply concentration, and measures to be taken in response

The Company's labor costs from external purchases accounted for only 7% of cost of sales, and the most procurement amount for single supplier accounted for 1% of cost of sales, thus there is no risk of concentration of supply.

The Company adopts a diversified clients portfolio strategy for sales and has established a risk management mechanism to deal with the risks that may arise from sales concentration. Currently, only a single client accounts for more than 10% of revenue, and this year it accounted for 11.9%. This is due to the rapid growth of business.

7.6.10 Effect on and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or major shareholder has been transferred or has otherwise changed hands, and measures to be taken in response

There have been no significant shareholding transfers by directors or major shareholders holding more than 10% of the Company's shares in the most recent year and up to the publication date of this annual report.

7.6.11 Effect on and risk to the Company associated with any change in governance personnel or top management, and measures to be taken in response

There was no change in the Company's governance personnel or top management in the most recent year and up to the publication date of this annual report.

7.6.12 List major litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, general manager, any person with actual responsibility for the firm, major shareholder, and/or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. The Company shall disclose the information about the dispute where such a dispute could materially affect shareholders' equity or the prices of the Company's securities

The Company and directors, supervisors, general managers, and any person with actual responsibility for the Company, major shareholder, and subsidiaries has no no such situation mentioned above in the most recent year and up to the publication date of this annual report.

7.6.13 Other important risks

None

7.7 Other Important Matters

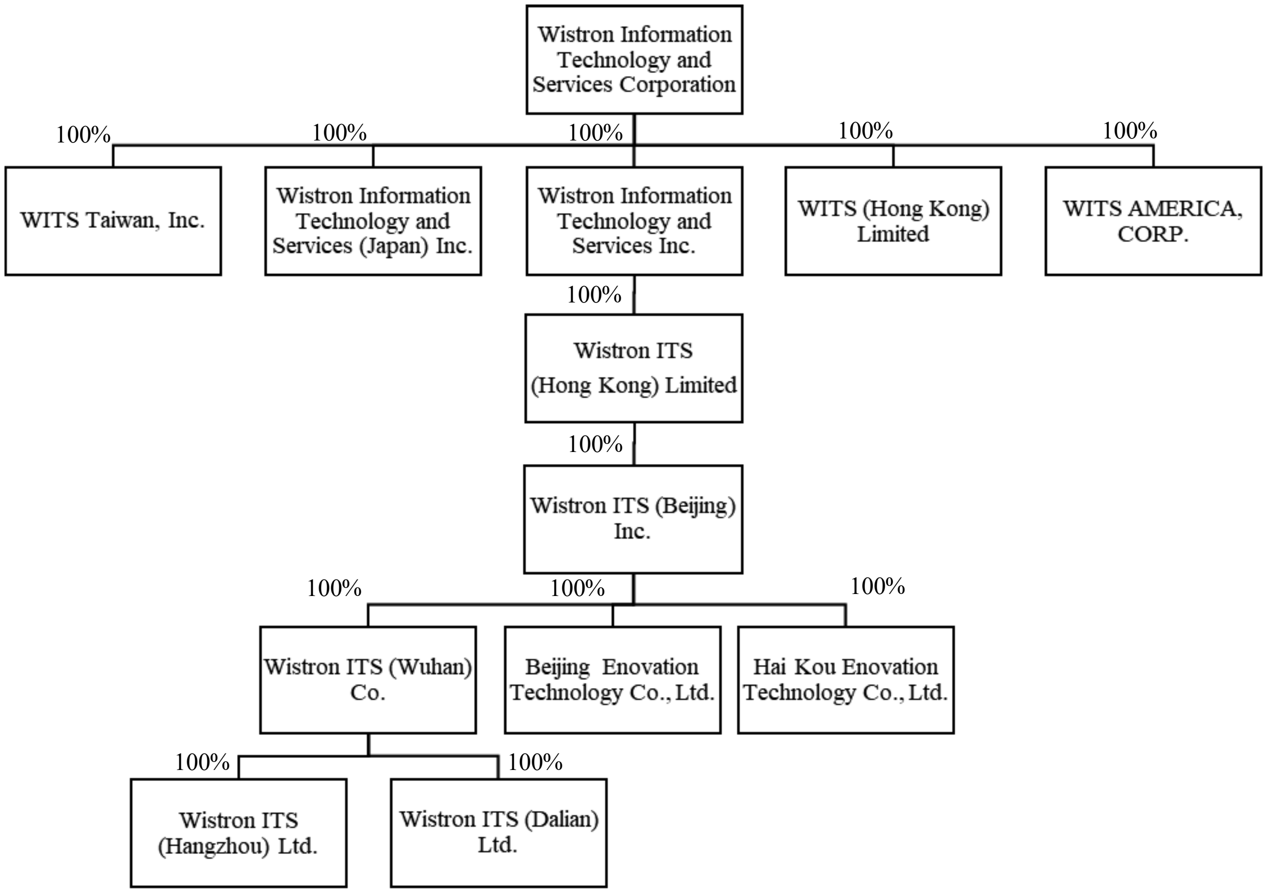
None.

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business report

A. Organizational chart (Y2023):



Note: “Wistron Information Technology and Services (Japan) Inc.” was renamed as “WITS Japan Inc.” in 2024Q1.

B. Information of affiliated companies:

December 31, 2023

Brief Name	Name of Company	Date of incorporation	Location	Currency	Paid in Capital	Main Business or Products
WISS	WITS Taiwan, Inc.	2021.12.10	Taiwan	NTD	5,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIJP	Wistron Information Technology and Services (Japan) Inc. (Note 2)	2003.02.05	Japan	JPY	98,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIBI	Wistron Information Technology and Services Inc.	2002.11.01	B.V.I.	USD	9,000,000	Professional investor
WIHK	WITS (Hong Kong) Limited	2004.03.03	Hong Kong	HKD	10,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIUS	WITS AMERICA, CORP.	2014.01.09	U.S.A.	USD	250,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIHH	Wistron ITS (Hong Kong) Limited	2020.02.21	Hong Kong	USD	62,773,559	Professional investor
WIBJ	Wistron ITS (Beijing) Inc.	2003.01.27	China	USD	56,630,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIWZ	Wistron ITS (Wuhan) Co.	2010.12.29	China	RMB	210,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIYC	Beijing Enovation Technology Co., Ltd.	2010.05.31	China	RMB	5,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIYN	Hai Kou Enovation Technology Co., Ltd.	2023.12.04	China	RMB	(Note 1)	Research and development, design, trade, and consultancy service business of computer information technology software.

Brief Name	Name of Company	Date of incorporation	Location	Currency	Paid in Capital	Main Business or Products
WIHZ	Wistron ITS (Hangzhou) Ltd.	2021.09.07	China	RMB	600,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIDL	Wistron ITS (Dalian) Ltd.	2023.01.30	China	RMB	5,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.

Note 1: Capital injection for Hai Kou Enovation Technology Co., Ltd has not been completed in 2023.12.31.
Note 2: "Wistron Information Technology and Services (Japan) Inc." was renamed as "WITS Japan Inc." in 2024Q1.

C. Shareholders in common of the Company and its subsidiaries with deemed control and subordination: None.

D. Business scope of the Company and its affiliated companies:

(1) The Company and its affiliates offer professional services such as software R&D, software testing, system operation, business process outsourcing, and product globalization services.

(2) The businesses of the Company and its affiliates are relevant to each other, in which the Company and its affiliates often share the workload to offer cross-regional integration, global delivery and offshore R&D work, offering support for each other in order to maximize the competitive power of the Group, and creating the most effective performance.

E. Information of directors, supervisors and general managers of affiliated companies:

December 31, 2023

Brief Name	Name of Company	Title / Represented Institution	Name	No. of Shares / Paid in Capital	Ratio (%)
WISS	WITS Taiwan, Inc.	Chairman	Ching Hsiao	-	-
		Supervisor	YuFen Sun	-	-
WIJP	Wistron Information Technology and Services (Japan) Inc. (Note)	Representative Director	Ching Hsiao	-	-
		Director	Andy Kuo、Ivan Chen	-	-
		Supervisor	Phoebe Chang	-	-
WIBI	Wistron Information Technology and Services Inc.	Director	Ching Hsiao、Phoebe Chang	-	-
WIHK	WITS (Hong Kong) Limited	Director	Ching Hsiao、Phoebe Chang	-	-
WIUS	WITS AMERICA, CORP.	Director	Ching Hsiao、Phoebe Chang	-	-
WIHH	Wistron ITS (Hong Kong) Limited	Director	Ching Hsiao、Phoebe Chang	-	-
WIBJ	Wistron ITS (Beijing) Inc.	Chairman	Ching Hsiao	-	-
		Director	YuXiang Yang	-	-
		Director & General Manager	Jamie Liu		
		Supervisor	Phoebe Chang	-	-

Brief Name	Name of Company	Title / Represented Institution	Name	No. of Shares / Paid in Capital	Ratio (%)
WIWZ	Wistron ITS (Wuhan) Co.	Chairman	Ching Hsiao	-	-
		Director	Jamie Liu	-	-
		Director & General Manager	YuXiang Yang	-	-
		Supervisor	Phoebe Chang	-	-
WIYC	Beijing Enovation Technology Co., Ltd.	Executive Director	Monica Sai	-	-
		Supervisor	Phoebe Chang	-	-
WIYN	Hai Kou Enovation Technology co., Ltd.	Chairman	YuXiang Yang	-	-
		Director	Jamie Liu	-	-
		Director & General Manager	ChunHui Xu	-	-
		Supervisor	YuFen Sun	-	-
WIHZ	Wistron ITS (Hangzhou) Ltd.	Executive Director	Monica Sai	-	-
		Supervisor	Phoebe Chang	-	-
WIDL	Wistron ITS (Dalian) Ltd.	Chairman	YuXiang Yang	-	-
		Director	Jamie Liu	-	-
		Director & General Manager	Monica Sai	-	-
		Supervisor	Phoebe Chang	-	-

Note: “Wistron Information Technology and Services (Japan) Inc.” was renamed as “WITS Japan Inc.” in 2024Q1.

F. Operation highlights of the Company's affiliated companies:

December 31, 2023; Unit: NT$ thousands

Brief Name	Name of Company	Paid-in Capital	Total assets	Total liabilities	Net Worth	Net Revenue	Operating income (loss)	Net Profit (loss) (after-tax)	Earnings Per Share (in dollar)
WISS	WITS Taiwan, Inc.	5,000	6,626	4,217	2,409	11,298	-2,655	-2,722	-5.44
WIJP	Wistron Information Technology and Services (Japan) Inc. (Note 3)	29,564	260,957	109,885	151,072	739,320	20,297	13,921	7,102.55
WIBI	Wistron Information Technology and Services Inc.	294,184	2,605,771	-	2,605,771	-	-84	408,516	2.27
WIHK	WITS (Hong Kong) Limited	44	120,136	53,496	66,640	415,553	-3,904	1,638	163.80
WIUS	WITS AMERICA, CORP.	7,586	66,794	32,608	34,186	236,259	3,571	2,638	10.55
WIHH	Wistron ITS (Hong Kong) Limited	1,786,501	2,605,803	159	2,605,644	-	-194	408,600	6.51
WIBJ	Wistron ITS (Beijing) Inc.	1,723,429	2,699,031	96,112	2,602,919	615,110	-21,899	408,668	Note 1
WIWZ	Wistron ITS (Wuhan) Co.	932,328	3,022,630	1,324,721	1,697,909	6,051,395	311,960	431,373	Note 1
WIYC	Beijing Enovation Technology Co., Ltd.	24,449	30,129	11,559	18,570	16,795	352	493	Note 1
WIYN	Hai Kou Enovation Technology co., Ltd.	-	-	-	-	-	-	-	Note 1, 2
WIHZ	Wistron ITS (Hangzhou) Ltd.	218	608	269	339	2,856	101	124	Note 1
WIDL	Wistron ITS (Dalian) Ltd.	22,245	315,653	201,082	114,571	1,227,378	78,891	91,178	Note 1

Note 1: Limited Company
Note 2: Capital injection for Hai Kou Enovation Technology Co., Ltd has not been completed in 2023.12.31.
Note 3: "Wistron Information Technology and Services (Japan) Inc." was renamed as "WITS Japan Inc." in 2024Q1.

8.1.2 Consolidated financial statements covering affiliated companies:

Please refer to this English version annual report (pages 127-248)

8.1.3 Affiliation reports:

None.

8.2 Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report

None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Publication Date of this Annual Report

None.

8.4 Other Matters that Require Additional Description:

Commitment of listing on TPEx	Implementation status
Original Version To Commit to add the following paragraph in “Procedures for Acquisition and Disposal of Assets”: The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc. (referred to “WIBI”), Wistron Information Technology and Service (Japan) Inc. (referred to “WIJP”), and Wistron Information Technology and Service Limited. WIBI shall not give up capital increase in the future years on Wistron Information Technology and Services (Beijing) Inc. (referred to “WIBJ”) and Shanghai Booster Technologies Company Limited. WIJP shall not give up capital increase in the future years on Wistron Information Technology and Service (Japan) Inc. (2). WIBJ shall not give up capital increase in the future years on Beijing Enovation Technology co., Ltd. and Wistron ITS (Wuhan) Co. If in the future, each company is required on the basis of strategic alliances or consent granted from Taipei Exchange, it shall be approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to Taipei Exchange in the form of letter for recordation.	Implement under Taipei Exchange’s instructions, resolved by Board of Directors on March 26, 2014, and approved by Shareholders Meeting on June 18, 2014.
Amended Version To Commit to amend the following paragraph in “Procedures for Acquisition and Disposal of Assets”: The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc. (referred to “WIBI”), Wistron Information Technology and Service (Japan) Inc. (referred to “WIJP”), and Wistron Information Technology and Service Limited (referred to “WIHK”). The Company shall maintain directly or indirectly holding 100 percent of the issued shares to Wistron ITS (Hong Kong) Limited (referred to “WIHK (II)”). WIBI and WIHK (II) shall maintain substantial	The Company amend the commitment of listing and obtain Taipei Exchange’s agreement by TPEx letter No. 1090200153 on February 10, 2020. It is resolved by Board of Directors on March 27, 2020, and approved by Shareholders Meeting on June 22, 2020.

Commitment of listing on TPEx	Implementation status
control over Wistron Information Technology and Services (Beijing) Inc. (referred to "WIBJ"), Shanghai Booster Technologies Company Limited. (referred to "QT"), Beijing Enovation Technology co., Ltd. (referred to "WIYC"), and Wistron ITS (Wuhan) Co. (referred to "WIWZ"), and shall maintain directly or indirectly holding 90 percent or more of the issued shares to them. If in the future, on the basis of strategic alliances or other reasonable grounds, the Company is required to directly or indirectly hold issued shares to WIBI, WIJP, WIHK, and WIHK(II) lower than the percentage mentioned above; or WIBI and WIHK(II) are required to directly or indirectly hold issued shares to WIBJ, QT, WIYC, and WIWZ lower than the percentage mentioned above, it shall be granted consent from Taipei Exchange (referred as "TPEx"), and then approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to TPEx in the form of letter for recordation.	
To commit to establish full-time internal auditors in Wistron Information Technology and Services (Beijing) Inc., and maintain the establishment after listing.	Implement under Taipei Exchange's instructions, established full-time internal auditors in Wistron Information Technology and Services (Beijing) Inc. and resolved by Board of Directors on March 26, 2014.

9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred in the most recent year and up to the publication date of this annual report

None.

Appendix 1: Consolidated Financial Statements of the Most Recent Year

Representation Letter

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

Wistron Information Technology and Services Corporation
Chairman: Ching Hsiao
Date: March 5, 2024

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Independent Auditors' Report

To the Board of Directors of Wistron Information Technology and Services Corporation:

Opinion

We have audited the consolidated financial statements of Wistron Information Technology and Services Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Valuation of notes and accounts receivable

Please refer to Note 4(g) "Financial Instruments" for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of notes and accounts receivable and Note 6(b) for the disclosure of the valuation of notes and accounts receivable to the consolidated financial statements.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Description of key audit matter

The Group engages in the information technology service industry. Resulting in significant judgment being applied in the management's assessment of the recoverability of notes and accounts receivable. Consequently, the valuation of notes and accounts receivable is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for notes and accounts receivable was compliance with the Group's accounting policy; evaluating the adequacy of the disclosure of loss allowance for notes and accounts receivable prepared by management.

Other Matter

Wistron Information Technology and Services Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Ming-Hung and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 5, 2024

Notes to Readers

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

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

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,376,164	26	1,184,815	26
1140	Current contract assets (note 6(o))	9,988	-	7,450	-
1170	Notes and accounts receivable, net (notes 6(b) and (o))	2,856,586	54	2,369,028	52
1180	Accounts receivable－related parties, net (notes 6(b), (o) and 7)	36,969	1	55,725	1
1200	Other receivables	375	-	602	-
1210	Other receivables－related parties (note 7)	524	-	-	-
1220	Current tax assets	1,781	-	1,703	-
1410	Prepayments	16,751	-	19,933	1
1470	Other current assets (note 6(f))	25,354	1	17,418	-
	Total current assets	4,324,492	82	3,656,674	80
	Non-current assets:				
1600	Property, plant and equipment (notes 6(c), 7 and 8)	736,498	14	782,090	17
1755	Right-of-use assets (note 6(d))	89,848	2	37,155	1
1780	Intangible assets (notes 6(e) and 7)	25,780	1	32,774	1
1840	Deferred tax assets (note 6(k))	38,058	1	34,625	1
1900	Other non-current assets (notes 6(f) and 8)	22,754	-	18,440	-
	Total non-current assets	912,938	18	905,084	20
	Total assets	**$ 5,237,430**	**100**	**4,561,758**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(g))	$ 2,000	-	158,075	4
2130	Current contract liabilities (note 6(o))	19,572	-	15,852	-
2170	Accounts payable	70,346	2	77,865	2
2219	Other payables (notes 6(h) and (p))	1,318,062	25	1,221,262	27
2220	Other payables－related parties (note 7)	1,538	-	21	-
2230	Current tax liabilities	57,255	1	55,469	1
2399	Other current liabilities	51,267	1	48,962	1
2280	Current lease liabilities (note 6(i))	24,812	1	23,867	1
2322	Long-term borrowings, current portion (notes 6(c), (g) and 8)	-	-	8,814	-
	Total current liabilities	1,544,852	30	1,610,187	36
	Non-Current liabilities:				
2540	Long-term loans (notes 6(c), (g) and 8)	-	-	47,594	1
2570	Deferred tax liabilities (note 6(k))	88,636	2	81,325	2
2580	Non-current lease liabilities (note 6(i))	65,680	1	9,128	-
2640	Net defined benefit liability, non-current (note 6(j))	11,313	-	12,789	-
2670	Other non-current liabilities	2,214	-	2,355	-
	Total non-current liabilities	167,843	3	153,191	3
	Total liabilities	1,712,695	33	1,763,378	39
	Equity (notes (j), (l) and (m)):				
3100	Capital stock	728,277	14	671,523	15
3200	Capital surplus	1,269,314	24	791,658	17
3300	Retained earnings	1,706,530	33	1,449,437	32
3400	Other equity	(142,252)	(3)	(77,104)	(2)
3500	Treasury shares	(37,134)	(1)	(37,134)	(1)
	Total equity	3,524,735	67	2,798,380	61
	Total liabilities and equity	**$ 5,237,430**	**100**	**4,561,758**	**100**

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(o) and 7)**	$ 8,841,258	100	7,948,886	100
5000	**Cost of Sales (notes 6(c), (d), (e), (i), (j) and 12)**	(7,076,983)	(80)	(6,274,972)	(79)
	Gross profit	1,764,275	20	1,673,914	21
	Operating expenses (notes 6(b), (c), (d), (e), (i), (j), (l), (m), (o), (p), 7 and 12)				
6100	Selling expenses	(240,598)	(3)	(210,293)	(3)
6200	Administrative expenses	(864,910)	(10)	(862,659)	(11)
6300	Research and development expenses	(45,749)	-	(40,234)	-
6450	Expected credit (losses) gains	(6,389)	-	2,089	-
	Total operating expenses	(1,157,646)	(13)	(1,111,097)	(14)
	Net operating income	606,629	7	562,817	7
	Non-operating income and expenses (notes 6(i) and (q)):				
7100	Interest income	8,811	-	5,235	-
7010	Other income	47,032	1	66,632	1
7020	Other gains and losses	2,101	-	5,238	-
7050	Finance costs	(4,047)	-	(6,789)	-
	Total non-operating income and expenses	53,897	1	70,316	1
	Profit before tax	660,526	8	633,133	8
7950	**Income tax expenses (note 6(k))**	(72,553)	(1)	(78,931)	(1)
	Net profit	587,973	7	554,202	7
8300	**Other comprehensive income (notes 6(j), (k) and (l)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	2,462	-	1,821	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	2,462	-	1,821	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(65,148)	(1)	29,949	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(65,148)	(1)	29,949	-
8300	**Other comprehensive (loss) income**	(62,686)	(1)	31,770	-
	Total comprehensive income	**$ 525,287**	**6**	**585,972**	**7**
	Earnings per share (in New Taiwan dollars) (note 6(n))				
9750	**Basic earnings per share**	**$ 8.49**		**8.33**	
9850	**Diluted earnings per share**	**$ 8.40**		**8.19**	

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Capital stock		Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2022	$ 669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	(73,500)	2,457,722
Net profit	-	-	-	-	554,202	554,202	-	-	554,202
Other comprehensive income	-	-	-	-	1,821	1,821	29,949	-	31,770
Total comprehensive income	-	-	-	-	556,023	556,023	29,949	-	585,972
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	45,710	-	(45,710)	-	-	-	-
Special reserve	-	-	-	25,841	(25,841)	-	-	-	-
Cash dividends	-	-	-	-	(304,773)	(304,773)	-	-	(304,773)
Compensation cost of treasury shares transferred to employees	-	3,487	-	-	-	-	-	-	3,487
Treasury shares transferred to employees	-	(394)	-	-	-	-	-	36,366	35,972
New share issued through employees' profit sharing bonus	2,312	17,688	-	-	-	-	-	-	20,000
Balance at December 31, 2022	671,523	791,658	222,379	107,053	1,120,005	1,449,437	(77,104)	(37,134)	2,798,380
Net profit	-	-	-	-	587,973	587,973	-	-	587,973
Other comprehensive income	-	-	-	-	2,462	2,462	(65,148)	-	(62,686)
Total comprehensive income	-	-	-	-	590,435	590,435	(65,148)	-	525,287
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	55,602	-	(55,602)	-	-	-	-
Cash dividends	-	-	-	-	(333,342)	(333,342)	-	-	(333,342)
Reversal of special reserve	-	-	-	(29,949)	29,949	-	-	-	-
Cash Capital increase	55,000	448,410	-	-	-	-	-	-	503,410
Remuneration cost incurred from share option	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees' profit sharing bonus	1,754	18,246	-	-	-	-	-	-	20,000
Balance at December 31, 2023	**$ 728,277**	**1,269,314**	**277,981**	**77,104**	**1,351,445**	**1,706,530**	**(142,252)**	**(37,134)**	**3,524,735**

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 660,526	633,133
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	80,132	83,582
Amortization expense	8,420	12,900
Expected credit losses (gains)	6,389	(2,089)
Interest expense	4,047	6,789
Interest income	(8,811)	(5,235)
Remuneration cost arising from share-based payments	11,000	3,487
Loss on disposal of property, plant and equipment	679	878
Property, plant and equipment transferred to expenses	165	-
Gain on disposal of investments	-	(2,959)
Gain on lease modification	(79)	-
Rent concession	-	(266)
Other	-	106
Total adjustments to reconcile profit	101,942	97,193
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in contract assets	(2,724)	5,045
Increase in notes and accounts receivable, net	(550,162)	(243,693)
Decrease (increase) in accounts receivable－related parties	18,740	(17,564)
Decrease in other receivables	564	1,662
Increase in other receivables－related parties	(533)	-
Decrease (increase) in prepayments	2,824	(2,478)
Decrease in other current assets	838	26
Total changes in operating assets	(530,453)	(257,002)
Changes in operating liabilities:		
Increase in contract liabilities	3,877	1,209
Decrease in accounts payable	(4,809)	(16,621)
Increase in other payables	121,924	165,824
Increase (decrease) in other payables－related parties	1,517	(175)
Increase in other current liabilities	3,360	19,526
Increase (decrease) in net defined benefit liability	986	(563)
Total changes in operating liabilities	126,855	169,200
Net changes in operating assets and liabilities	(403,598)	(87,802)
Total adjustments	(301,656)	9,391
Cash generated from operations	358,870	642,524
Interest received	8,479	5,214
Interest paid	(4,160)	(6,736)
Income taxes paid	(66,161)	(75,189)
Net cash flows generated from operating activities	297,028	565,813
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(12,890)	(18,885)
Proceeds from disposal of property, plant and equipment	1,154	515
Increase in refundable deposits	(7,652)	(1,506)
Acquisition of intangible assets	(2,541)	(7,323)
Increase in other non-current assets	(6,527)	-
Net cash flows used in investing activities	(28,456)	(27,199)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	1,594,686	2,527,501
Repayments of short-term loans	(1,750,851)	(2,477,446)
Repayments of long-term loans	(56,709)	(8,486)
Repayments of the principal portion of lease liabilities	(24,521)	(29,292)
Cash dividends paid	(333,342)	(304,773)
Capital increase by cash, less issuance costs	503,410	-
Treasury shares transferred to employees	-	35,972
Net cash flows used in financing activities	(67,327)	(256,524)
Effect on exchange rate changes on cash and cash equivalents	(9,896)	25,480
Net increase in cash and cash equivalents	191,349	307,570
Cash and cash equivalents at beginning of year	1,184,815	877,245
Cash and cash equivalents at end of year	**$ 1,376,164**	**1,184,815**

See accompanying notes to financial statements.

(1) Company history

Mirrors International, Inc. was incorporated on June 1, 1992 as a company limited by shares under the laws of the Republic of China (R.O.C); and in July 2004, it changed its name to Wistron Information Technology and Services Corporation (the "Company"). Wistron Information Technology and Services Corporation and subsidiaries (the "Group") are primarily engaged in the development and maintenance of the IT system, IT consulting and outsourcing services.

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

These consolidated financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 5, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the net defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets, and the effect of the asset ceiling explained in note 4(o), the consolidated financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership 2023.12.31	Percentage of ownership 2022.12.31	Notes
The Company	Wistron Information Technology and Services Inc. (WIBI)	Professional investment enterprise	B.V.I	100.00 %	100.00 %	
	WITS (Hong Kong) Limited (WIHK)	Research, develop, design of software, and IT consulting, service	Hong Kong	100.00 %	100.00 %	(note 1)
	Wistron Information Technology and Services (Japan) Inc. (WIJP)	Research, develop, design of software, and IT consulting, service	Japan	100.00 %	100.00 %	(note 2)
	WITS AMERICA, CORP. (WIUS)	Research, develop, design of software, and IT consulting, service	America	100.00 %	100.00 %	
	WITS Taiwan, Inc. (WISS)	Research, develop, design of software, and IT consulting, service	Taiwan	100.00 %	100.00 %	
WIBI	Wistron ITS (Hong Kong) Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00 %	100.00 %	
WIHH	Wistron ITS (Beijing) Inc. (WIBJ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	

(Continued)

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership 2023.12.31	2022.12.31	Notes
WIBJ	Beijing Enovation Technology Co.,Ltd. (WIYC)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	
	Wistron ITS (Wuhan) Co. (WIWZ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	
	Hai Kou Enovation Technology Co.,Ltd. (WIYN)	Research, develop, design of software, and IT consulting, service	China	100.00 %	-	(note 3)
WIWZ	Wistron ITS (Hangzhou) Ltd. (WIHZ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	
	Wistron ITS (Dalian) Ltd. (WIDL)	Research, develop, design of software, and IT consulting, service	China	100.00 %	-	(note 4)

(Note 1) WIHK originally named "Wistron Information Technology and Services Limited" was renamed to "WITS (Hong Kong) Limited" in the 4th quarter of 2023.

(Note 2) The Company was renamed to WITS JAPAN INC. in February, 2024.

(Note 3) The capital had been injected in January 2024.

(Note 4) The Company was set up in the 1st quarter of 2023.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

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

(Continued)

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(Continued)

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

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

(Continued)

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

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

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(Continued)

3) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Other financial liabilities

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

3) Derecognition of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

(Continued)

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures： 5 to 50 years

2) Computers and other equipment： 1 to 6 years

3) Transportation equipment： 5 years

4) Office equipment： 5 to 6 years

5) Lease improvements： 1 to 10 years

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

(i) Leases

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

(Continued)

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

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

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

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

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment on whether it will exercise an option to purchase the underlying asset; or

4) there is a change in the assessment on lease term as to whether it will exercise an extension or terminated option; or

5) there are any lease modifications to the assets, scope, and other terms of the lease.

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

(Continued)

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(j) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

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

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

- Computer software 1~6 years

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

(k) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

(i) IT consulting and outsourcing services

The Group provides IT consulting and outsourcing services. Revenue is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Some contracts include multiple deliverables, such as system development and maintenance service. In most cases, an integration service is not included, and the transaction price will be allocated based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

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

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

(ii) Financing components

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

(n) Government grants

In accordance with IAS No. 20 "Accounting for Government Grants and Disclosure of Government Assistance", the Group recognizes government grants when there is reasonable assurance that the Group will follow the conditions and the grant will be received. The Group recognizes government grants in profit or loss according to a reasonable and systematic method to match its related costs during the period.

(Continued)

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date for employee stock option and the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe are the same. In addition, the grant date of the share-based payment award and the date when the Group inform its employees about the exercise price and the shares to which they can subscribe are the same.

(q) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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

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

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

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

Deferred tax assets and liabilities are offset if the following criteria are met:

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

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

(Continued)

1) the same taxable entity; or

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

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration and employees' profit sharing bonus.

(s) Operating segment

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

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainties, such as natural disasters, international political uncertainties, and inflation. Those events may have significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about critical judgments in applying the accounting policies that do not have significant effects on the amounts recognized in the consolidated financial statements.

(Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the valuation of accounts receivable to reflect the impact of economic uncertainties.

The Group has estimated the loss allowance of notes and accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments.

However, in the face of future economic trends, the Group may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses.

The allowance loss for notes and accounts receivable please refer to note 6(b).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 388	349
Demand and checking deposits	1,016,398	1,021,014
Time deposits	359,378	163,452
Cash and cash equivalents in the consolidated statement of cash flows	**$ 1,376,164**	**1,184,815**

Please refer to note 6(r) for the currency rate risk and sensitivity analysis of the financial assets of the Group.

(b) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	$ 71,596	54,501
Accounts receivable	2,803,186	2,340,184
Accounts receivable-related parties	36,969	55,725
Less: Loss allowance	(18,196)	(25,657)
	$ 2,893,555	**2,424,753**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due, as well as the incorporated forward-looking information.

(Continued)

The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	$ 2,186,709	0%~1.338%	1,487
Overdue within 30 days	304,007	0%~5.812%	1,578
Overdue 31~60 days	142,312	0%~12.554%	1,140
Overdue 61~120 days	213,470	0%~22.624%	2,232
Overdue 121~180 days	42,806	0%~39.054%	2,492
Overdue 181~365 days	19,740	0%~73.677%	6,560
Overdue more than 365 days	2,707	100%	2,707
	$ 2,911,751		**18,196**

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	$ 1,968,229	0%~2.619%	3,648
Overdue within 30 days	234,120	0%~7.893%	3,059
Overdue 31~60 days	88,229	0%~14.666%	1,574
Overdue 61~120 days	136,413	0%~25.648%	6,320
Overdue 121~180 days	13,036	0%~100%	1,652
Overdue 181~365 days	8,628	0%~100%	7,649
Overdue more than 365 days	1,755	100%	1,755
	$ 2,450,410		**25,657**

The movements in the allowance for notes and accounts receivable were as follow:

	2023	2022
Balance as of January 1	$ 25,657	27,142
Impairment losses recognized (reversed)	6,307	(1,938)
Amount written off	(13,332)	-
Effect on changes in foreign exchange rate	(436)	453
Balance as of December 31	**$ 18,196**	**25,657**

As of December 31, 2023 and 2022, the notes and accounts receivable were not discounted and pledged.

(Continued)

(c) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	Land	Buildings and structures	Computers and other equipment	Transportation equipment	Office equipment	Lease improvements	Equipment pending acceptance	Total
Cost：								
Balance as of January 1, 2023	$ 190,856	574,936	134,357	4,012	50,503	37,036	-	991,700
Additions	-	-	9,562	-	795	2,533	-	12,890
Reclassification (Note)	-	-	(165)	-	-	-	-	(165)
Disposals	-	-	(11,693)	-	(531)	(1,639)	-	(13,863)
Effect on changes in foreign exchange rates	-	(5,524)	(1,608)	(87)	(975)	(942)	-	(9,136)
Balance as of December 31, 2023	$ 190,856	569,412	130,453	3,925	49,792	36,988	-	981,426
Balance as of January 1, 2022	$ 190,856	570,798	120,576	3,947	49,159	39,216	779	975,331
Additions	-	-	18,220	-	665	-	-	18,885
Reclassification	-	-	-	-	795	-	(795)	-
Disposals	-	-	(5,793)	-	(713)	(3,015)	-	(9,521)
Effect on changes in foreign exchange rates	-	4,138	1,354	65	597	835	16	7,005
Balance as of December 31, 2022	$ 190,856	574,936	134,357	4,012	50,503	37,036	-	991,700
Accumulated depreciation：								
Balance as of January 1, 2023	$ -	62,387	91,518	1,404	29,698	24,603	-	209,610
Depreciation	-	18,448	18,737	799	8,346	4,420	-	50,750
Disposals	-	-	(10,377)	-	(445)	(1,208)	-	(12,030)
Effect on changes in foreign exchange rates	-	(781)	(1,214)	(44)	(704)	(659)	-	(3,402)
Balance as of December 31, 2023	$ -	80,054	98,664	2,159	36,895	27,156	-	244,928
Balance as of January 1, 2022	$ -	43,573	73,817	592	21,332	22,164	-	161,478
Depreciation	-	18,504	22,199	805	8,541	4,216	-	54,265
Disposals	-	-	(5,256)	-	(389)	(2,483)	-	(8,128)
Effect on changes in foreign exchange rates	-	310	758	7	214	706	-	1,995
Balance as of December 31, 2022	$ -	62,387	91,518	1,404	29,698	24,603	-	209,610
Carrying value：								
Balance as of December 31, 2023	$ 190,856	489,358	31,789	1,766	12,897	9,832	-	736,498
Balance as of December 31, 2022	$ 190,856	512,549	42,839	2,608	20,805	12,433	-	782,090
Balance as of January 1, 2022	$ 190,856	527,225	46,759	3,355	27,827	17,052	779	813,853

Note: Reclassifications are mainly transferring to expenses.

(i) As of December 31, 2023 and 2022, the property, plant and equipment were pledged, please refer to note 8.

(Continued)

(d) Right-of-use assets

The Group leases buildings and structures, transportation equipment and office equipment. The movements in right-of-use assets were as follows:

		Buildings and structures	Transportation equipment	Office equipment	Total
Cost:					
Balance as of January 1, 2023	$	86,650	1,355	-	88,005
Additions		95,742	-	548	96,290
Decrease		(70,578)	-	-	(70,578)
Effect on changes in foreign exchange rates		(2,786)	-	(15)	(2,801)
Balance as of December 31, 2023	**$**	**109,028**	**1,355**	**533**	**110,916**
Balance as January 1,2022	$	88,614	1,323	-	89,937
Additions		6,765	1,355	-	8,120
Decrease		(9,358)	(1,323)	-	(10,681)
Effect on changes in foreign exchange rates		629	-	-	629
Balance as of December 31, 2022	**$**	**86,650**	**1,355**	**-**	**88,005**
Accumulated depreciation:					
Balance as of January 1, 2023	$	50,699	151	-	50,850
Depreciation		28,827	451	104	29,382
Decrease		(58,367)	-	-	(58,367)
Effect on changes in foreign exchange rates		(796)	-	(1)	(797)
Balance as of December 31, 2023	**$**	**20,363**	**602**	**103**	**21,068**
Balance as of January 1, 2022	$	31,168	1,029	-	32,197
Depreciation		28,872	445	-	29,317
Decrease		(9,282)	(1,323)	-	(10,605)
Effect on changes in foreign exchange rates		(59)	-	-	(59)
Balance as of December 31, 2022	**$**	**50,699**	**151**	**-**	**50,850**
Carrying amount:					
Balance as of December 31, 2023	**$**	**88,665**	**753**	**430**	**89,848**
Balance as of December 31, 2022	**$**	**35,951**	**1,204**	**-**	**37,155**
Balance as of January 1, 2022	**$**	**57,446**	**294**	**-**	**57,740**

(Continued)

(e) Intangible assets

(i) The movements in intangible assets were as follows:

	Software	Goodwill	Total
Cost:			
Balance as of January 1, 2023	$ 61,085	16,168	77,253
Additions	2,541	-	2,541
Effect on changes in foreign exchange rates	(716)	(967)	(1,683)
Balance as of December 31, 2023	**$ 62,910**	**15,201**	**78,111**
Balance as of January 1, 2022	$ 72,387	16,889	89,276
Additions	7,323	-	7,323
Disposals	(18,943)	-	(18,943)
Effect on changes in foreign exchange rates	318	(721)	(403)
Balance as of December 31, 2022	**$ 61,085**	**16,168**	**77,253**
Accumulated amortization:			
Balance as of January 1, 2023	$ 44,479	-	44,479
Amortization	8,420	-	8,420
Effect on changes in foreign exchange rates	(568)	-	(568)
Balance as of December 31, 2023	**$ 52,331**	**-**	**52,331**
Balance as of January 1, 2022	$ 50,361	-	50,361
Amortization	12,900	-	12,900
Disposals	(18,943)	-	(18,943)
Effect on changes in foreign exchange rates	161	-	161
Balance as of December 31, 2022	**$ 44,479**	**-**	**44,479**
Carrying value:			
Balance as of December 31, 2023	**$ 10,579**	**15,201**	**25,780**
Balance as of December 31, 2022	**$ 16,606**	**16,168**	**32,774**
Balance as of January 1, 2022	**$ 22,026**	**16,889**	**38,915**

(ii) For the years ended December 31, 2023 and 2022, the amortization of intangible assets is included in the cost of sales and operating expenses in the statement of comprehensive income.

(iii) Impairment testing for goodwill

Goodwill arising from the acquisition of Adcreation Co., Ltd on October 1, 2011, and merged into Osaka sector. The amount of goodwill was JPY 70,081 thousand, mainly comes from the existing customers of Adcreation Co., Ltd will bring the benefits from the growth of revenue in Japan. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units, that are expected to benefit from the synergies of the combination. Osaka sector itself is a separate cash-generating unit that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of Osaka sector with its carrying amount to determine whether an impairment loss should be recognized.

The Equity Value Analysis Report issued by an expert engaged by the Group had been prepared based on Adcreation Co., Ltd's financial forecast covering 2012 to 2016. The projection of operating revenue over the forecast period was made based on the sales plan forecast. Therefore, the consolidated financial statements mainly evaluate and illustrate whether the actual operating revenue achieves the forecast operating revenue for the years ended December 31, 2023 and 2022.

According to the impairment test results of the Group, the recoverable amount determined based on a value in use for the cash-generating unit is greater than the carrying amount. Therefore, no impairment loss should be recognized.

The recoverable amount had been determined based on a value in use for the cash-generating unit. The key assumptions used in the estimation were as follows:

1) The future cash flow was based on the financial budget for the next 5 years which was approved by the management. For the future cash flow farther than 5 years in the future, the estimated growth rate is 0%.

2) For the estimate of profit before tax, interest, and amortization during the financial budget period, was based on expectation of future operations, considering past experience, to adjusted for the anticipated revenue growth. Revenue growth was projected considering the average growth levels experienced over the past years, and the estimated project volume and price growth for the next five years. The sales price for the next five years is assumed to be slightly higher than the expected inflation rate increase.

3) The Group estimated the discount rate before tax based on the weighted average cost of capital. The discount rate before tax for the recoverable amount was as follows:

	December 31, 2023	**December 31, 2022**
Discount rate	26.45 %	26.47 %

(f) Other current assets and other non-current assets

(i) Other current assets

	December 31, 2023	December 31, 2022
Refundable deposits	$ 24,585	15,810
Temporary payment	769	1,608
	$ 25,354	**17,418**

For the years ended December 31, 2023 and 2022, the other current assets were not pledged.

(ii) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	$ 16,344	18,440
Prepayment for equipment	6,410	-
	$ 22,754	**18,440**

For the years ended December 31, 2023 and 2022, the other non-current assets were pledged, please refer to note 8.

(g) Bank loans

(i) Short-term loans

	December 31, 2023			
	Currency	Interest rate collar	Expire year	Amount
Unsecured bank loans	NTD	1.95%	2024	**$ 2,000**
Unused bank credit lines				**$ 1,986,057**

	December 31, 2022			
	Currency	Interest rate collar	Expire year	Amount
Unsecured bank loans	NTD	1.725%	2023	$ 150,000
Unsecured bank loans	JPY	0.80%	2023	8,075
				$ 158,075
Unused bank credit lines				**$ 1,796,727**

(Continued)

(ii) Long-term loans

	December 31, 2022		
	CNY (thousand)	Expiration	Amount
Secured bank loans	$ 12,762	2023.1~2028.10	56,408
Less: current portion	(1,994)		(8,814)
	$ 10,768		47,594
Unused bank credit lines	$ -		-
Range of interest rates			3.90%

As of December 31, 2023, the Group had no long-term loans.

(iii) For the collateral for bank loans, please refer to note 8.

(h) Other payables

	December 31, 2023	December 31, 2022
Accrued payroll and bonus	$ 866,701	810,853
Accrued employees' and directors' remuneration	138,203	107,254
Tax payable	39,422	51,309
Others	273,736	251,846
	$ 1,318,062	1,221,262

(i) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 24,812	23,867
Non-current	$ 65,680	9,128

For the maturity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	$ 1,424	1,674
Expenses relating to short-term leases	$ 9,190	10,140
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ 11,134	11,655
COVID-19 related rent concessions (recognized as deduction of rent expense)	$ -	(266)

The amounts recognized in the statement of cash flows for the Group was as follows:

	2023	2022
Total cash outflow for leases	$ 46,269	52,495

(i) Leases of buildings and structures

The Group leases buildings and structures for its office space. The leases of office space run for a period of 1 to 10 years.

(ii) Other leases

The Group lease some office space and equipment. These leases are short-term or leases of low-value items. The Group has selected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 38,638	41,788
Fair value of plan assets	(27,325)	(28,999)
Net defined benefit liabilities	$ 11,313	12,789

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $27,325 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements at present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, the movements at the present value of the defined benefit obligations for the Group were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 41,788	42,487
Current service costs and interest costs	2,708	1,466
Remeasurements of the net defined benefit liability:		
－Actuarial loss arising from changes in financial assumptions	496	-
－Actuarial loss (gain) arising from experience adjustments	(2,822)	376
Benefits paid from plan assets	(2,704)	(1,129)
Benefits paid directly by the Group	(828)	(1,412)
Defined benefit obligations at December 31	**$ 38,638**	**41,788**

3) Movements at fair value of the defined benefit plan assets

For the years ended December 31, 2023 and 2022, the movements at fair value of the defined benefit plan assets for the Group were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 28,999	27,314
Expected return on plan assets	474	159
Remeasurements of the net defined benefit liability:		
－Return on plan assets	136	2,197
Amounts contributed to plan	420	458
Benefits paid from plan assets	(2,704)	(1,129)
Fair value of plan assets at December 31	**$ 27,325**	**28,999**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2023	2022
Current service costs	$	2,014	1,213
Interest cost		694	253
Expected return on plan assets		(474)	(159)
	$	**2,234**	**1,307**

		2023	2022
Cost of sales	$	1,152	670
Selling expenses		294	116
Administration expenses		788	521
	$	**2,234**	**1,307**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

For the years ended December 31, 2023 and 2022, the remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

		2023	2022
Accumulated amount at January 1	$	3,875	5,696
Recognized during the period		(2,462)	(1,821)
Accumulated amount at December 31	**$**	**1,413**	**3,875**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increase rate	4.000 %	4.000 %

Expected contribution to the defined benefit pension plan of the Group for the one-year period after the reporting date is $387. The weighted average lifetime of the defined benefit plans is 14.95 years.

(Continued)

7) Sensitivity analysis

As of December 31, 2023, and 2022, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences on defined benefit obligations	
	Increase	**Decrease**
December 31, 2023		
Discount rate (0.25%)	$ (973)	1,004
Future salary increase rate (0.25%)	960	(934)
December 31, 2022		
Discount rate (0.25%)	(1,103)	1,148
Future salary increase rate (0.25%)	1,099	(1,066)

There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations and are recognized as pension.

The Group set aside $414,870 and $352,644 of the pension under the defined contribution plans for the years ended December 31, 2023 and 2022, respectively.

(k) Income tax

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	2023	**2022**
Current tax expense	$ 68,675	99,289
Deferred tax expense (benefit)	3,878	(20,358)
Income tax expense	**$ 72,553**	**78,931**

(Continued)

There is no income tax recognized directly in equity or other comprehensive income for the years ended December 31, 2023 and 2022.

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 660,526	633,133
Estimated income tax calculated using the Company's domestic tax rate	132,105	126,627
Effect on tax rates differences in foreign jurisdiction	243	(2,415)
Prior-period tax adjustments	2,110	7,076
Additional tax on undistributed earnings	9,524	3,425
Change in unrecognized temporary differences	(4,113)	(21,089)
Deduction of research expenses	(68,368)	(39,595)
Others	1,052	4,902
	$ 72,553	**78,931**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 2,180,246**	**1,770,092**
Unrecognized deferred tax liabilities	**$ 436,049**	**354,019**

2) Unrecognized deferred tax assets

	December 31, 2023	December 31, 2022
The carryforward of unused tax losses	**$ 681**	**1,588**

According to the Income Tax Act, the loss as examined or assessed by the local tax authorities can be carried forward for use as a deduction from taxable income over a period of prior years. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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

Years of loss	Unutilized loss	Expiry year
2021	$ 681	2026

3) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Accrued expense	Loss allowance	Provisions	Others	Total
Deferred tax assets:					
Balance as of January 1, 2023	$ 19,780	7,598	1,386	5,861	34,625
Recognized in profit or loss	(5,856)	(2,881)	(1,386)	13,556	3,433
Balance as of December 31, 2023	**$ 13,924**	**4,717**	**-**	**19,417**	**38,058**
Balance as of January 1, 2022	$ 8,423	7,290	-	4,476	20,189
Recognized in profit or loss	11,357	308	1,386	1,385	14,436
Balance as of December 31, 2022	**$ 19,780**	**7,598**	**1,386**	**5,861**	**34,625**

	Recognized share of gain of subsidiaries accounted for equity method	Unearned revenue	Others	Total
Deferred tax liabilities:				
Balance as of January 1, 2023	$ 63,388	11,608	6,329	81,325
Recognized in profit or loss	3,312	(9,029)	13,028	7,311
Balance as of December 31, 2023	**$ 66,700**	**2,579**	**19,357**	**88,636**
Balance as of January 1, 2022	$ 62,715	17,961	6,571	87,247
Recognized in profit or loss	673	(6,353)	(242)	(5,922)
Balance as of December 31, 2022	**$ 63,388**	**11,608**	**6,329**	**81,325**

(Continued)

(iii) Income tax assessments

1) The Company's corporate income tax returns for all year through 2021 were assessed by the local tax authority.

2) WITS Taiwan, Inc.'s corporate income tax returns for all years through 2021 were assessed by the local tax authority.

(l) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized common stock were 120,000 thousand shares with a par value of NT$10 per share, amounting to $1,200,000, of which 72,828 thousand shares and 67,152 thousand shares, respectively, were issued. And the actual share capital amount were $728,277 and $671,523. All proceeds from shares issued have been collected.

Reconciliations of shares issued for the years ended December 31, 2023 and 2022 were as follows:

	Common stock (in thousands)	
	2023	**2022**
Balance as of January 1	67,152	66,921
New share issued through employees' profit sharing bonus	176	231
Cash capital increase	5,500	-
Balance as of December 31	**72,828**	**67,152**

(i) Common stock

The Company conducted a cash capital increase, wherein $20,000 (consisting of 176 thousand shares) of the total amount had been distributed as employee profit-sharing bonus, with the base date for the capital increase set on August 10, 2023, based on a resolution decided during the board meeting held on March 6, 2023, with the approval of the Financial Supervisory Commission. All relevant registration procedures had been completed.

After a resolution had been decided during the board meeting held on May 9, 2023, the Company conducted a cash capital increase by issuing 5,500 thousand new shares, at a par value of NT$10 per share, with the base date set on July 25, 2023, approved by the Securities and Futures Bureau, Financial Supervisory Commission on June 14, 2023. Thereafter, the issuance price for the above shares had been decided during the board meeting held on June 27, 2023 to be NT$92 per share. The total amount of $503,410 (net of issuance costs $2,590), which was collected during the period. All relevant registration procedures had been completed. In addition, the Company is required to recognize the remuneration cost of cash capital increase to retain the shares for employee subscription, please refer to note 6(m) for details.

The Company conducted a cash capital increase, wherein $20,000 (consisting of 231 thousand shares) of the total amount had been distributed as employee profit-sharing bonus, with the base date for the capital increase set on August 9, 2022, based on a resolution decided during the board meeting held on March 8, 2022, with the approval of the Financial Supervisory Commission. All relevant registration procedures had been completed.

(Continued)

(ii) Capital surplus

The details of capital surplus at the reporting date were as follows:

	December 31, 2023	December 31, 2022
A premium issuance of common shares for cash	$ 1,242,991	765,335
Transaction of treasury shares	26,297	26,297
Earnings from donated assets received	26	26
	$ 1,269,314	791,658

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

On March 6, 2023 and March 8, 2022, the Company's Board of Directors meeting approved a resolution to distribute employees' profit sharing bonus consisting of 176 thousand shares and 231 thousand shares. The amount of stock premium was $18,246 and $17,688, respectively.

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500 thousand new shares through a cash capital increase, with a premium issuance of common shares for cash $448,410. The portion reserved for subscription by employees had been recognized as salary expenses of $11,000 based on the fair value of the stock options, including subscription by employees of subsidiaries $5,140 (recognized as investments accounted for using equity method). At the same time, it had been recorded as capital surplus－employee stock options, and had been transferred to capital surplus－a premium issuance of common shares for cash after the cash capital increased.

(iii) Retained earning

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; and also set aside special reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 5% of the remaining earnings. The Company's appropriations of earnings are approved in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

(Continued)

The Company considers that the current industrial development of the Company is in a stage of stable growth. In order to cooperate with the Company's long-term capital planning for sustainable operation and stable growth, the Company adopts the residual dividend policy, wherein the annual cash dividends paid shall not be less than 10% of the total cash and stock dividends.

1) Legal reserve

When a company incurs no loss, the meeting of shareholders may decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2022 and 2021 had been approved by the shareholders' meetings held on May 30, 2023 and May 26, 2022, respectively. The appropriations and dividends were as follows:

	2022	2021
Common stock dividends		
Cash	$ 333,342	304,773

4) Treasury shares

a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of $73,500, in order to motivate and improve the operating performance of its employees in accordance with the requirements under article 28(2) of the Securities and Exchange Act. The repurchased period was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares as of December 31, 2023 and 2022, respectively. In addition, the employee remuneration expense of $3,487, including that of its subsidiaries amounting to $1,325, had been recognized in 2022.

b) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(Continued)

(iv) Other equity interest, net of tax

		Exchange differences on translation of foreign financial statements
Balance as of January 1, 2023	$	(77,104)
Foreign currency translation differences		(65,148)
Balance as of December 31, 2023	**$**	**(142,252)**
Balance as of January 1, 2022	$	(107,053)
Foreign currency translation differences		29,949
Balance as of December 31, 2022	**$**	**(77,104)**

(m) Share-based payment

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500 thousand new shares through a cash capital increase. In accordance with Article 267 of R.O.C. Company Act, 10% of these shares, totaling 550 thousand shares, with a value of NT$20 per share, should be reserved for employee stock option, which also entitles those qualified employees of the Company's subsidiaries. For those shares given up for subscription or undersubscribed shares, the Chairman of the Company will be authorized to contact a specific person to subscribe the entire shares at the issuance price. Furthermore, the fair value of awarded equity interest on the grant date shall be measured in accordance with provisions of IFRS 2 "Share-Based Payment". In addition, the remuneration costs incurred from share option of $11,000, including those that have been subscribed by the subsidiaries' employees of $5,140 (recognized as investments accounted for using equity method), were recognized at the grant date for the year ended December 31, 2023 as follows:

	Cash capital increase reserved for employees stock option
Grant date	June 27, 2023
Grant volume (in thousand shares)	550
Recipients	Employees of the Company and its subsidiaries
Vesting Conditions	Immediately vested

There was no such transaction for the year ended December 31, 2022.

(Continued)

The Company adopted the Black Scholes model to evaluate the fair value of the share-based payments at the grant date. The assumptions adopted in this valuation model were as follows:

	2023
	Cash capital increase reserved for employee stock option
Fair value at the grant date (NT$)	20
Share price at the grant date (NT$)	112
Exercise price (NT$)	92
The expected life (days)	24
The risk-free rate (%)	1.16
Stock return volatility (%)	36.092

(n) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	**2022**
Net profit belonging to common shareholders	$ **587,973**	**554,202**
Weighted average common stock outstanding (in thousands shares)	**69,223**	**66,539**
Basic earnings per share (in dollars)	$ **8.49**	**8.33**

(ii) Diluted earnings per share

	2023	**2022**
Net profit belonging to common shareholders	$ **587,973**	**554,202**
Weighted average common stock outstanding (in thousands shares)	69,223	66,539
Effect of potentially dilutive common stock (in thousands shares)		
Employees' profit sharing bonus	668	915
Employees' profit sharing bonus of subsidiary	137	213
Weighted average number of common stock (diluted) (in thousands shares)	**70,028**	**67,667**
Diluted earnings per share (in dollars)	$ **8.40**	**8.19**

(Continued)

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
China	$	6,105,017	5,321,838
Taiwan		1,484,960	1,355,580
Japan		743,990	701,408
Others		507,291	570,060
	$	**8,841,258**	**7,948,886**
Major products:			
IT service revenue	$	**8,841,258**	**7,948,886**

(ii) Balance of contracts

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$	2,911,751	2,450,410	2,158,201
Less: loss allowance		(18,196)	(25,657)	(27,142)
	$	**2,893,555**	**2,424,753**	**2,131,059**
Contract assets	$	10,297	7,680	12,592
Less: loss allowance		(309)	(230)	(377)
	$	**9,988**	**7,450**	**12,215**

The movements in the allowance for accounts receivable were as follow:

		2023	2022
Balance as of January 1	$	230	377
Impairment losses recognized (reversed)		82	(151)
Effect on changes in foreign exchange rate		(3)	4
Balance as of December 31	$	**309**	**230**

		December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$	**19,572**	**15,852**	**14,665**

For details of notes and accounts receivable and loss allowance, please refer to note 6(b).

The Group uses a simplified approach to contract assets to estimate expected credit losses based on the loss rate method.

(Continued)

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the year was $15,762 and $12,543, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the period.

(p) Remunerations to employees and directors

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of remunerations to employees and directors), it shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) The Company shall allocate not less than 10% of annual profit as employee's remuneration. The Company may distribute in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company, depends on certain specific requirement determined by the Board of Directors.

(ii) The Company shall allocate not more than 2% of annual profit as the remuneration to directors in cash.

The Company's estimated of employees' and directors' remuneration (including transferred to subsidiary employees) were as follows:

		2023	2022
Employees' remuneration	$	89,080	83,250
Directors' remuneration		9,250	9,250
	$	**98,330**	**92,500**

The amounts are calculated by the net profit before tax excluding employees' and directors' remuneration, of each year multiplied by the percentage of employees' and directors' remuneration as specified in the Company's Article of Incorporation. The amounts excluding the part of subsidiaries are accounted for under operating expense in 2023 and 2022. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year. If the Company's Board of Directors approved to distribute employee's remuneration by shares, the number of shares were calculated based on the closing price of the Company's common stock, one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(q) Non-operating income and expenses

(i) Interest income

		2023	2022
Interest income	**$**	**8,811**	**5,235**

(Continued)

(ii) Other income

	2023	2022
Government grants	$ 47,032	66,632

(iii) Other gains and losses

	2023	2022
Foreign exchange gains, net	$ 5,331	8,022
Losses on disposals of property, plant and equipment, net	(679)	(878)
Compensation losses	-	(6,929)
Gains on disposal of investment	-	2,959
Gains on lease modification	79	-
Others	(2,630)	2,064
	$ 2,101	5,238

(iv) Finance costs

	2023	2022
Interest expenses	$ (4,047)	(6,789)

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Accounts receivable were incurred from several customers and regional distributions which were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer's financial situation, normally without a request for collateral.

The Group regularly assess the possibility of recovering accounts receivable and provides appropriate allowance for impairment losses within the management's expectations. The Group periodically evaluates its customers' financial position and the possibility of recovery of receivables. Therefore, the Group assesses that credit risk can be reduced.

3) Receivables and contract assets securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(b). For the detail and impairment of contract asset, please refer to note 6(o).

(Continued)

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of December 31, 2023						
Non-derivative financial liabilities						
Short-term loans	$	2,000	2,003	2,003	-	-
Accounts payable		70,346	70,346	70,346	-	-
Other payables (including related parties)		1,319,600	1,319,600	1,319,600	-	-
Lease liabilities (current and non-current)		90,492	96,169	27,063	25,974	43,132
	$	**1,482,438**	**1,488,118**	**1,419,012**	**25,974**	**43,132**
As of December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	$	158,075	158,191	158,191	-	-
Accounts payable		77,865	77,865	77,865	-	-
Other payables (including related parties)		1,221,283	1,221,283	1,221,283	-	-
Lease liabilities (current and non-current)		32,995	34,013	24,564	6,654	2,795
Long-term loans (including current portion)		56,408	63,200	10,881	10,881	41,438
	$	**1,546,626**	**1,554,552**	**1,492,784**	**17,535**	**44,233**

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

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

		December 31, 2023				**December 31, 2022**			
		Foreign currency (in thousands)	**Exchange rate**		**NTD**	**Foreign currency (in thousands)**	**Exchange rate**		**NTD**
Financial assets									
Monetary items									
USD	$	425	USD/TWD	30.735	13,059	450	USD/TWD	30.708	13,805
USD		3,207	USD/HKD	7.8127	98,577	2,922	USD/HKD	7.7975	89,723
CNY		2,231	CNY/HKD	1.0992	9,648	5,019	CNY/HKD	1.1223	22,185
JPY		41,485	JPY/HKD	0.0551	9,000	36,160	JPY/HKD	0.0586	8,343
JPY		7,140	JPY/CNY	0.0502	1,549	9,060	JPY/CNY	0.0522	2,090
Financial Liabilities									
Monetary items									
USD		141	USD/HKD	7.8127	4,332	254	USD/HKD	7.7975	7,800
CNY		5,782	CNY/HKD	1.0992	25,001	6,000	CNY/HKD	1.1223	26,520
JPY						35,979	JPY/HKD	0.0586	8,301

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes, and accounts receivable (including related parties), other receivables, accounts payable and other payables (including related parties) that are denominated in foreign currency. A weakening or strengthening 5% of (depreciation) appreciation of the NTD against the USD, CNY and JPY for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $5,035 and $4,654, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain, including realized and unrealized portions, amounted to $5,331 and $8,022, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Group's net income would have decreased / increased by $20 and $2,064 for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Fair value information - Categories and fair values of financial instruments

The carrying amount of the financial assets and liabilities is reasonably close to the fair value, so the disclosure of the fair value information is not required.

(s) Management of financial risk

(i) Overview

The Group is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about the Group's objectives, policies, and processes for measuring and managing the above mentioned risks was listed below. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The highest responsible unit for risk management in the Group is the Board of Directors, who approves the risk management policies and related norms, overseeing the overall implementation of risk management to ensure effective risk control. At various organizational levels, the CEO, business units, and functional units, regularly assess all related risks during operational meetings and develop countermeasures and reviews. Unit managers are responsible for risk management and must analyze, monitor, and report, the relevant risks in their units. They are also responsible for implementing risk control mechanisms and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet it contractual obligations that arises principally from the Group's accounts receivable.

1) Accounts receivable

The Group's credit risk exposures are influenced mainly by each customer. According to the Group's credit policy, the credit rating of individual customers must be analyzed before the payment terms and credit limit are given. The Group continues to evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group set up the allowance for doubtful accounts to reflect the expected credit loss of notes and accounts receivable.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions and companies, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

The Group only provides endorsement or guarantee for the companies defined in its policy - "Procedures Governing Endorsements and Guarantees". The Group did not provide guarantees as of December 31, 2023 and 2022.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

In addition, As of December 31, 2023 and 2022, the Group has unused credit facilities for bank loans of $1,986,057 and $1,796,727, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in NTD, CNY, USD, EUR, JPY and HKD.

The Group collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest risk

The Group adopts a policy of ensuring that will not suffer from high risk and stable interest rate when the rate change significantly. The Group neither has fixed-interest financial liabilities at fair value through profit nor uses derivative financial instruments to hedge debt. Therefore, changes in interest rates on the reporting date do not have a significant impact on profit or loss.

To reduce the exposure to interest rate risk, the choice of a variable interest rate or a fixed interest rate was based on the Group's evaluation of the global economic environment and the trend in market interest rates. The Group maintains an appropriate proportion of the fixed and variable interest rate instruments to mitigate the interest rate risk.

(Continued)

3) Other market price risk

The Group monitor the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitor the combination of investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(t) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, 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 dividend payment to the shareholders, issue new shares, or sell assets to settle any liabilities. The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital.

For the year ended December 31, 2023, the Group's capital management strategy is consistent with 2022. The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,712,695	1,763,378
Less: cash and cash equivalents	(1,376,164)	(1,184,815)
Net debt	**$ 336,531**	**578,563**
Total equity	$ 3,524,735	2,798,380
Adjustment	-	-
Total capital	**$ 3,524,735**	**2,798,380**
Debt-to-equity ratio	**9.55 %**	**20.67 %**

The cash capital increase conducted by the Group resulted in its debt-to-equity ratio to decrease as of December 31, 2023.

(u) Investing and Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022, were as follows:

		Cash flows		Non-cash changes		
	January 1, 2023	Proceeds from loans	Repayments of loans and lease liabilities	Others	Effect of changes in foreign exchange rate	December 31, 2023
Short-term loans	$ 158,075	1,594,686	(1,750,851)	-	90	2,000
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(24,521)	84,000	(1,982)	90,492
	$ 247,478	**1,594,686**	**(1,832,081)**	**84,000**	**(1,591)**	**92,492**

(Continued)

	January 1, 2022	Cash flows: Proceeds from loans	Cash flows: Repayments of loans and lease liabilities	Non-cash changes: Others	Non-cash changes: Effect of changes in foreign exchange rate	December 31, 2022
Short-term loans	$ 107,230	2,527,501	(2,477,446)	-	790	158,075
Long-term loans (including current portion)	63,817	-	(8,486)	-	1,077	56,408
Lease liabilities (current and non-current)	53,870	-	(29,292)	7,778	639	32,995
	$ 224,917	2,527,501	(2,515,224)	7,778	2,506	247,478

(7) Related party transactions

(a) Names and relationship with related parties

The following are entities that have transactions with the Group during the periods covered in the financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wistron Digital Technology Holding Company (WDH)	Corporate director of the Company
Wiwynn Corporation (Wiwynn)	Other related party
Winynn Technology Service Kun Shan, Ltd. (WYKS)	Other related party
WiAdance Technology Corporation (AGI)	Other related party
Wistron NeWeb Corporation (WNC)	Other related party
Wiedu Corporation (WETW)	Other related party
SMK (Kunshan) Co., Ltd (WMKS)	Other related party
Wistron Medical Technology Corporation (WMT)	Other related party
Wistron InfoComm (ZhongShan) Corporation (WZS)	Other related party

(b) Significant transactions with related parties

(i) Provide service to related parties

	Revenue		Accounts receivable -related parties	
	2023	2022	December 31, 2023	December 31, 2022
The entity with significant influence over the Group	$ 268,239	297,722	32,759	52,690
Other related parties	20,982	12,624	4,210	3,035
Total	$ 289,221	310,346	36,969	55,725

(Continued)

The selling price for related parties approximated the market price. The credit terms ranged from one to three months. Accounts receivable from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(ii) Operating expenses

	Operating expenses		Other payables-related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
The entity with significant influence over the Group	$ 240	-	-	-
Corporate director of the Group	231	-	-	-
Other related parties	253	262	149	21
Total	**$ 724**	**262**	**149**	**21**

The prices, with payment terms within one to three months, offered to related parties, are not significantly different from those of the third party vendors.

(iii) Property transactions

(1) Disposals of property, plant and equipment

	Disposal price		Other receivables-related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Other related parties (WZS)	**$ 463**	**-**	**524**	**-**

(2) Acquisitions of other assets

	Transaction amount		Other payables-related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Other related parties	**$ -**	**44**	**-**	**-**

(Continued)

(iv) Other payables

	Other payables -related parties	
	December 31, 2023	**December 31, 2022**
Other related parties	$ 1,389	-

(v) Receivables and payables to related parties were as follows:

	December 31, 2023	**December 31, 2022**
Receivables－related parties:		
Accounts receivable	$ 36,969	55,725
Other receivables	524	-
	$ 37,493	55,725
Payables－related parties:		
Other payables	$ 1,538	21

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	**2022**
Short-term employee benefits	$ 89,083	78,074
Post-employment benefits	1,391	1,322
	$ 90,474	79,396

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2023**	**December 31, 2022**
Refundable deposits－other non-current assets	Performance guarantee	$ 2,705	578
Property, plant and equipment	Long-term loans (including current portions)	-	226,068
		$ 2,705	226,646

(9) Significant commitments and contingencies: None.

(10) Losses due to major disasters: None.

(Continued)

(11) Subsequent events

(a) The appropriation of earnings of 2023 that was approved at the board of directors meeting on March 5, 2024, was as follows:

	2023
Common stock dividends	
Cash	$ 361,719

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	5,573,912	787,562	6,361,474	4,903,496	767,668	5,671,164
Labor and health insurance	313,368	41,318	354,686	264,501	38,195	302,696
Pension	376,422	40,682	417,104	313,433	40,518	353,951
Others	66,652	13,733	80,385	54,778	13,158	67,936
Depreciation	8,873	71,259	80,132	10,604	72,978	83,582
Amortization	331	8,089	8,420	322	12,578	12,900

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to Table 1.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

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

(Continued)

(vii) Related party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 2.

(viii) Accounts receivable from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions: Please refer to Table 3.

(b) Information on investees (excluding information on investees in Mainland China): Please refer to Table 4.

(c) Information on investment in Mainland China: Please refer to Table 5.

(d) Information on major shareholders: Please refer to Table 6.

(14) Segment information

(a) General information and segment information

The Group have one reportable segment. This segment is mainly involved in the development and maintenance of the IT system, IT consulting and outsourcing services. The performance of the operating segment is consistent with the consolidated financial report. Revenue from external customers and segment profit or loss, please refer to consolidated statement of comprehensive income. The segment assets, please refer to the consolidated balance sheet.

(b) Corporate Information

(i) Geographic information

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

Geographical information	2023	2022
Revenue from external customers:		
China	$ 6,105,017	5,321,838
Taiwan	1,484,960	1,355,580
Japan	743,990	701,408
Other countries	507,291	570,060
	$ 8,841,258	**7,948,886**

(Continued)

		2023	2022
Non-current assets:			
China	$	335,100	314,453
Taiwan		492,498	510,585
Japan		28,757	25,685
Other countries		2,181	1,296
	$	**858,536**	**852,019**

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

(c) Major customers

Client's Name		2023
Client A	$	1,052,217

In 2022, there is no amount of sales to customers representing greater than 10% of net revenue, therefore, information of major customers was not disclosured.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Guarantees and endorsements for other parties

December 31, 2023

Table 1

No.	Endorsement guarantee provider	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Guarantee provided by parent company	Guarantee provided by parent company	Guarantee provided to subsidiaries in Mainland China	Notes
0	The Company	WIWZ	2	1,762,367	704,332	638,462	-	-	18.11 %	3,524,735	Y	N	Y	-
0	The Company	WIBJ	2	1,762,367	88,992	43,243	-	-	1.23 %	3,524,735	Y	N	Y	-
0	The Company	WIUS	2	1,762,367	64,838	61,470	-	-	1.74 %	3,524,735	Y	N	N	-
0	The Company	WIHK	2	1,762,367	129,676	122,940	-	-	3.49 %	3,524,735	Y	N	N	-
0	The Company	WISS	2	1,762,367	160,000	160,000	2,000	-	4.54 %	3,524,735	Y	N	N	-

(Note 1):The total amount for guarantees and endorsements provided by the Company shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited by Certified Public Accountant. The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.

The amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited by Certified Public Accountant. The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, was audited by Certified Public Accountant.

(Note 2):Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which was owned more than 50% by the guarantor.
3. An investee which was owned more than 50% in total by both the guarantor and its subsidiary.
4. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Related party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

December 31, 2023

Table 2

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchases/Sales	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Notes
The Company	Wistron	The entity with significant influence over the Group	Sales	(268,239)	(17.34) %	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	32,759	9.12 %	-
WIWZ	WIHK	The same parent company	Sales	(318,771)	(5.27) %	〃	〃	〃	25,001	1.23 %	(Note)
WIWZ	WIBJ	Parent - subsidiary company	Sales	(434,337)	(7.18) %	〃	〃	〃	12,116	0.60 %	〃
WIHK	WIUS	The same parent company	Sales	(132,332)	(31.84) %	〃	〃	〃	21,797	33.33 %	〃
WIDL	WIWZ	Parent - subsidiary company	Sales	(831,157)	(67.72) %	〃	〃	〃	67,862	30.52 %	〃
WIHK	WIWZ	The same parent company	Purchases	318,771	86.78 %	〃	〃	〃	(25,001)	(87.15) %	〃
WIBJ	WIWZ	Parent - subsidiary company	Purchases	434,337	83.75 %	〃	〃	〃	(12,116)	(59.08) %	〃
WIUS	WIHK	The same parent company	Purchases	132,332	73.31 %	〃	〃	〃	(21,797)	(90.79) %	〃
WIWZ	WIDL	Parent - subsidiary company	Purchases	831,157	91.40 %	〃	〃	〃	(67,862)	(87.77) %	〃

(Note) The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

December 31, 2023

Table 3

No. (Note 1)	Company Name	Related party	Nature of relationship (Note 2)	Transaction			
				Financial statements item (Note 3)	Amount	Trading conditions	Percentage of the consolidated net revenue or total assets (Note 4)
0	The Company	WIHK	1	Service Revenue	37,223	Not significantly different from the transactions of the third-parties	0.42%
1	WISS	The Company	2	〃	2,705	〃	0.03%
2	WIJP	WIHK	3	〃	2,287	〃	0.03%
3	WIHK	WIJP	3	〃	88,027	〃	1.00%
3	WIHK	WIUS	3	〃	132,332	〃	1.50%
4	WIBJ	WIWZ	3	〃	61,781	〃	0.70%
5	WIYC	WIWZ	3	〃	16,795	〃	0.19%
6	WIWZ	WIBJ	3	〃	434,337	〃	4.91%
6	WIWZ	WIDL	3	〃	9,372	〃	0.11%
6	WIWZ	WIHK	3	〃	318,771	〃	3.61%
7	WIHZ	WIWZ	3	〃	2,856	〃	0.03%
8	WIDL	WIBJ	3	〃	83,832	〃	0.95%
8	WIDL	WIWZ	3	〃	831,157	〃	9.40%
0	The Company	WIHK	1	Accounts receivable-related parties	2,418	Not significantly different from the transactions of the third-parties	0.05%
1	WISS	The Company	2	〃	295	〃	0.01%
3	WIHK	WIJP	3	〃	7,481	〃	0.14%
3	WIHK	WIUS	3	〃	21,797	〃	0.42%
4	WIBJ	WIWZ	3	〃	4,718	〃	0.09%
5	WIYC	WIWZ	3	〃	1,576	〃	0.03%
6	WIWZ	WIBJ	3	〃	12,116	〃	0.23%
6	WIWZ	WIDL	3	〃	9,756	〃	0.19%
6	WIWZ	WIHK	3	〃	25,001	〃	0.48%
7	WIHZ	WIWZ	3	〃	393	〃	0.01%
8	WIDL	WIBJ	3	〃	8,390	〃	0.16%
8	WIDL	WIWZ	3	〃	67,862	〃	1.30%

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

Note 1:Company numbering as follows :

1.Parent company - 0

2.Subsidiaries starts from 1

Note 2:Relationship :

1.transactions between parent company and subsidiary

2.transactions between subsidiary and parent company

3.transactions between subsidiary and subsidiary

Note 3: The section only discloses the information of sales and accounts receivable of inter - company transactions, as well as the purchase and accounts payable of counter - party.

Note 4: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investees (excluding information on investees in Mainland China)

December 31, 2023

Table 4

Name of investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Highest percentage of shares during the period	Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	WIBI	B.V.I	Professional investment enterprise	294,184	294,184	180,000,000	100.00 %	2,605,771	100.00 %	408,516	408,516	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00 %	151,072	100.00 %	13,921	13,921	〃
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00 %	66,640	100.00 %	1,638	1,638	〃
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00 %	34,186	100.00 %	2,638	2,638	〃
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00 %	2,409	100.00 %	(2,722)	(2,722)	〃
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00 %	2,605,644	100.00 %	408,600	408,600	〃

Note: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
Information on investment in Mainland China
December 31, 2023

Table 5

1. Information on investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Direct/indirect shareholding (%) by the Company	Highest percentage of shares during the period	Investment income (losses) (Note 2、9)	Carrying value as of December 31, 2023 (Note 2、9)	Accumulated inward remittance of earnings as of December 31, 2023	Notes
					Outflow	Inflow								
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	408,668 (Note 3)	100.00 %	100.00 %	408,668 (Note 3)	2,602,919	-	(Note 7)
WIWZ	Research, develop, design of software, and information consulting service	932,328	(Note 1)2.	-	-	-	-	431,373 (Note 3)	100.00 %	100.00 %	431,373 (Note 3)	1,697,909	-	(Note 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	493 (Note 3)	100.00 %	100.00 %	493 (Note 3)	18,570	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	124 (Note 3)	100.00 %	100.00 %	124 (Note 3)	339	-	-
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	91,178 (Note 3)	100.00 %	100.00 %	91,178 (Note 3)	114,571	-	-

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investment in Mainland China

December 31, 2023

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
219,182 (USD 7,131,356)	1,796,810 (USD 58,461,356)	2,114,841

Note 1: Ways to invest in Mainland China:

1. Indirect investment in Mainland China company through the company established in a third region.
2. Indirect investment in Mainland China company through Mainland China company.

Note 2: The amount of the net income (losses) and the investee company carrying value as of December 31, 2023 were recognized by the investment through subsidiaries established in a third region or Mainland China.

Note 3: The financial statements of the investee company were audited by the Group's auditor.

Note 4: Translated using the ending rate on December 31, 2023, which was USD : NTD = 1 : 30.735.

Note 5: According to the "Principles for the Review of Investment or Technical Joint Venture in Mainland China", cumulative investments into the Mainland shall not exceed 60% of the investor's net worth or consolidated net worth, whichever is higher or NTD 80 million dollars. In addition, the amount of capital increase from earnings does not account for accumulated investment in Mainland China.

Note 6: USD 1,000,000 of the total amount had been invested in the dissolved subsidiary at Hangzhou due to its operating losses, wherein the investment amount can no longer be retrieved; moreover, USD 757,756 and USD 73,600 of the total amounts had been invested in the dissolved subsidiaries at Zhejiang and Shanghai, respectively.

Note 7: WIBJ increased its capital of CNY 88,113 thousand and CNY 188,000 thousand from retained earnings based on the resolutions approved during its board meetings held on January 12, 2022 and October 4, 2022, resulting in its share capital to increase from CNY 111,887 thousand to CNY 200,000 thousand and CNY 200,000 thousand to CNY 388,000 thousand, respectively.

Note 8: On November 7, 2023, the Company's Board of Directors approved WIBJ to participate in the cash capital increase its subsidiary, WIWZ, amounting to CNY 60,000 thousand. Thereafter, the paid in capital of WIWZ increased from CNY 150,000 thousand to CNY 210,000 thousand.

Note 9: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

3. Significant transactions：

For the year ended December 31, 2023, the significant transactions of the entities in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Information on major shareholders

December 31, 2023

Table 6

Shareholder's Name	Shareholding	
	Shares	**Percentage**
Wistron Digital Technology Holding Company	16,756,254	23.00 %

Appendix 2: Parent Company Only Financial Statements of the Most Recent Year

KPMG
安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
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電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Wistron Information Technology and Services Corporation:

Opinion

We have audited the financial statements of Wistron Information Technology and Services Corporation ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Valuation of accounts receivable

Please refer to Note 4(f) "Financial Instruments" for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of accounts receivable and Note 6(b) for the disclosure of the valuation of accounts receivable to the parent company only financial statements.

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Description of key audit matters

The Company engages in the information technology service industry. Resulting in significant judgment being applied in the management's assessment of the recoverability of accounts receivable. Consequently, the valuation of accounts receivable is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Company's accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Huang, Ming-Hung and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 5, 2024

Notes to Readers

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

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

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 362,557	9	136,048	4
1140	Current contract assets (note 6(o))	651	-	522	-
1170	Accounts receivable, net (notes 6(b) and (o))	320,813	8	288,137	8
1180	Accounts receivable－related parties, net (notes 6(b), (o) and 7)	38,539	1	58,342	2
1200	Other receivables	304	-	10	-
1210	Other receivables－related parties (note 7)	1,097	-	3,725	-
1410	Prepayments	2,759	-	2,501	-
1470	Other current assets	715	-	2,380	-
	Total current assets	727,435	18	491,665	14
	Non-current assets:				
1550	Investments accounted for using equity method (notes 6(c), (m) and 7)	2,860,078	70	2,481,916	71
1600	Property, plant and equipment (notes 6(d) and 7)	487,335	12	500,179	15
1755	Right-of-use assets (note 6(e))	940	-	1,714	-
1780	Intangible assets (notes 6(f) and 7)	4,013	-	8,362	-
1840	Deferred tax assets (note 6(k))	7,039	-	9,656	-
1920	Guarantee deposits paid (note 8)	1,366	-	578	-
	Total non-current assets	3,360,771	82	3,002,405	86
	Total assets	$ 4,088,206	100	3,494,070	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(g))	$ -	-	150,000	5
2130	Current contract liabilities (note 6(o))	11,957	-	13,115	-
2170	Accounts payable	2,775	-	2,536	-
2180	Accounts payable－related parties (note 7)	295	-	-	-
2200	Other payables (notes 6(h) and (p))	429,172	11	408,290	12
2220	Other payables－related parties (note 7)	1,538	-	21	-
2230	Current tax liabilities	30,232	1	28,642	1
2280	Current lease liabilities (note 6(i))	628	-	746	-
2399	Other current liabilities	8,594	-	15,232	-
	Total current liabilities	485,191	12	618,582	18
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(k))	66,700	2	63,399	2
2640	Net defined benefit liability, non-current (note 6(j))	11,313	-	12,789	-
2580	Non-current lease liabilities (note 6(i))	267	-	920	-
	Total non-current liabilities	78,280	2	77,108	2
	Total liabilities	563,471	14	695,690	20
	Equity (notes 6(j), (l) and (m)):				
3100	Capital stock	728,277	18	671,523	19
3200	Capital surplus	1,269,314	31	791,658	23
3300	Retained earnings	1,706,530	42	1,449,437	41
3400	Other equity	(142,252)	(4)	(77,104)	(2)
3500	Treasury shares	(37,134)	(1)	(37,134)	(1)
	Total equity	3,524,735	86	2,798,380	80
	Total liabilities and equity	$ 4,088,206	100	3,494,070	100

See accompanying notes to parent company only financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(o) and 7)**	$ 1,546,767	100	1,439,375	100
5000	**Cost of sales (notes 6(d), (f), (j), 7 and 12)**	(995,651)	(64)	(899,125)	(62)
	Gross profit	551,116	36	540,250	38
	Operating expenses (notes 6(d), (e), (f), (i), (j), (l), (m), (o), (p), 7 and 12):				
6100	Selling expenses	(42,816)	(3)	(32,875)	(2)
6200	Administrative expenses	(306,036)	(20)	(322,353)	(22)
6300	Research and development expenses	(12,108)	(1)	(6,642)	(1)
6450	Expected credit (gains) losses	(4)	-	138	-
	Total operating expenses	(360,964)	(24)	(361,732)	(25)
	Net operating income	190,152	12	178,518	13
	Non-operating income and expenses (notes 6(c), (i), (q) and 7):				
7100	Interest income	1,269	-	55	-
7010	Other income	240	-	54	-
7020	Other gains and losses	30,326	2	39,090	2
7070	Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	423,991	28	384,872	27
7050	Finance costs	(2,009)	-	(1,366)	-
	Total non-operating income and expenses	453,817	30	422,705	29
	Profit before tax	643,969	42	601,223	42
7951	**Income tax expenses (note 6(k))**	(55,996)	(4)	(47,021)	(3)
	Net profit	587,973	38	554,202	39
8300	**Other comprehensive income (notes 6(j), (k) and (l)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	2,462	-	1,821	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	2,462	-	1,821	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(9,159)	-	3,330	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(55,989)	(4)	26,619	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(65,148)	(4)	29,949	2
8300	**Other comprehensive (loss) income**	(62,686)	(4)	31,770	2
	Total comprehensive income	**$ 525,287**	**34**	**585,972**	**41**
	Earnings per share (in New Taiwan dollars) (note 6(n))				
9750	**Basic earnings per share**	**$ 8.49**		**8.33**	
9850	**Diluted earnings per share**	**$ 8.40**		**8.19**	

See accompanying notes to parent company only financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2022	$ 669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	(73,500)	2,457,722
Net profit	-	-	-	-	554,202	554,202	-	-	554,202
Other comprehensive income	-	-	-	-	1,821	1,821	29,949	-	31,770
Total comprehensive income	-	-	-	-	556,023	556,023	29,949	-	585,972
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	45,710	-	(45,710)	-	-	-	-
Special reserve	-	-	-	25,841	(25,841)	-	-	-	-
Cash dividends	-	-	-	-	(304,773)	(304,773)	-	-	(304,773)
Compensation cost of treasury shares transferred to employees	-	3,487	-	-	-	-	-	-	3,487
Treasury shares transferred to employees	-	(394)	-	-	-	-	-	36,366	35,972
New share issued through employees’ profit sharing bonus	2,312	17,688	-	-	-	-	-	-	20,000
Balance at December 31, 2022	671,523	791,658	222,379	107,053	1,120,005	1,449,437	(77,104)	(37,134)	2,798,380
Net profit	-	-	-	-	587,973	587,973	-	-	587,973
Other comprehensive income	-	-	-	-	2,462	2,462	(65,148)	-	(62,686)
Total comprehensive income	-	-	-	-	590,435	590,435	(65,148)	-	525,287
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	55,602	-	(55,602)	-	-	-	-
Cash dividends	-	-	-	-	(333,342)	(333,342)	-	-	(333,342)
Reversal of special reserve	-	-	-	(29,949)	29,949	-	-	-	-
Cash capital increase	55,000	448,410	-	-	-	-	-	-	503,410
Remuneration costs incurred from share option	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees’ profit sharing bonus	1,754	18,246	-	-	-	-	-	-	20,000
Balance at December 31, 2023	**$ 728,277**	**1,269,314**	**277,981**	**77,104**	**1,351,445**	**1,706,530**	**(142,252)**	**(37,134)**	**3,524,735**

See accompanying notes to parent company only financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 643,969	601,223
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	20,491	20,711
Amortization expense	4,349	7,676
Expected credit losses (gains)	4	(138)
Interest expense	2,009	1,366
Interest income	(1,269)	(55)
Remuneration cost arising from share-based payments	5,860	2,162
Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	(423,991)	(384,872)
Gain on disposal of property, plant and equipment	(29)	(14)
Total adjustments to reconcile loss	(392,576)	(353,164)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in contract assets	(133)	4,606
Increase in accounts receivable, net	(32,676)	(20,569)
Decrease (increase) in accounts receivable－related parties	19,803	(20,227)
Decrease in other receivables	1	-
Decrease (increase) in other receivables－related parties	2,628	(3,708)
Increase in prepayments	(258)	(938)
Decrease (increase) in other current assets	916	(13)
Total changes in operating assets	(9,719)	(40,849)
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(1,158)	8,281
Increase (decrease) in accounts payable	239	(572)
Increase in accounts payable－related parties	295	-
Increase in other payables	25,958	90,623
Increase (decrease) in other payables－related parties	1,517	(176)
(Decrease) increase in other current liabilities	(6,638)	8,677
Increase (decrease) in net defined benefit liability	986	(563)
Total changes in operating liabilities	21,199	106,270
Net changes in operating assets and liabilities	11,480	65,421
Total adjustments	(381,096)	(287,743)
Cash generated from operations	262,873	313,480
Interest received	974	46
Interest paid	(2,085)	(1,303)
Income taxes paid	(48,488)	(57,762)
Net cash flows generated from operating activities	213,274	254,461
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(6,898)	(11,652)
Proceeds from disposal of property, plant and equipment	29	214
(Increase) decrease in refundable deposits	(39)	701
Acquisition of intangible assets	-	(4,749)
Dividends received	821	-
Net cash flows used in investing activities	(6,087)	(15,486)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	1,400,000	1,480,000
Repayments of short-term loans	(1,550,000)	(1,430,000)
Repayments of the principal portion of lease liabilities	(746)	(757)
Cash dividends paid	(333,342)	(304,773)
Capital increase by cash, less issuance costs	503,410	-
Treasury shares transferred to employees	-	35,972
Net cash flows generated from (used in) financing activities	19,322	(219,558)
Net increase in cash and cash equivalents	226,509	19,417
Cash and cash equivalents at beginning of year	136,048	116,631
Cash and cash equivalents at end of year	**$ 362,557**	**136,048**

See accompanying notes to arent company only financial statements.

(1) Company history

Mirrors International, Inc. was incorporated on June 1, 1992 as a company limited by shares under the laws of the Republic of China (R.O.C); and in July 2004, it changed its name to Wistron Information Technology and Services Corporation (the " Company"). The Company is primarily engaged in the development and maintenance of the IT system, IT consulting and outsourcing services.

(2) Approval date and procedures of the financial statements

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 5, 2024.

(3) New standards, amendments and interpretations adopted

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

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

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

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

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

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies presented in the parent company only financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the net defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets, and the effect of the asset ceiling explained in note 4(o), the parent company only financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

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

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

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

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

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

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

(Continued)

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, other financial assets and guarantee deposit), and contract assets.

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

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

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full.

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

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

(Continued)

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Other financial liabilities

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

3) Derecognition of financial liabilities

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

(Continued)

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

4) Offsetting of financial assets and liabilities

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

(g) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures： 5 to 50 years

2) Computers and other equipment： 1 to 6 years

3) Office equipment： 6 years

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

(i) Leases

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

(i) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate.

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

1) fixed payments, including in-substance fixed payments;

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

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

4) payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

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

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

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

3) there is a change in the assessment on whether it will exercise an option to purchase the underlying asset; or

4) there is a change in the assessment on lease term as to whether it will exercise an extension or terminated option; or

5) there are any lease modifications to the assets, scope and other terms of the lease.

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

(Continued)

(j) Intangible assets

Other intangible assets, excluding goodwill, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The Company's intangible assets are mainly computer software and are recognized in profit or loss on a straight-line basis over the estimated useful lives of 1~6 years.

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

(k) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(Continued)

(i) IT consulting and outsourcing services

The Company provides IT consulting and outsourcing services. Revenue is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Some contracts include multiple deliverables, such as system development and maintenance service. In most cases, an integration service is not included, and the transaction price will be allocated based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

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

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

(ii) Financing components

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

(n) Government grants

In accordance with IAS No. 20 "Accounting for Government Grants and Disclosure of Government Assistance", the Company recognizes government grants when there is reasonable assurance that the Company will follow the conditions and the grant will be received. The Company recognizes government grants in profit or loss according to a reasonable and systematic method to match its related costs during the period.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(Continued)

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date for employee stock option and the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe are the same. In addition, the grant date of the share-based payment award and the date when the Company inform its employees about the exercise price and the shares to which they can subscribe are the same.

(Continued)

(q) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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

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

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

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

Deferred tax assets and liabilities are offset if the following criteria are met:

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

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

1) the same taxable entity; or

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

(r) Earnings per share

The Company discloses its basic and diluted earnings per share attributable to its ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company, divided by the weighted-average number of ordinary shares outstanding; while the calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration and employees' profit sharing bonus.

(s) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company is likely to be facing economic uncertainties, such as natural disasters, international political uncertainties, and inflation. Those events may have significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about critical judgments in applying the accounting policies that do not have significant effects on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the valuation of accounts receivable to reflect the impact of economic uncertainties.

The Company has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions, and forward-looking information, at the reporting date to determine the expected credit loss rate to be used in calculating the impairments.

However, in the face of future economic trends, the Company may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses.

The allowance loss for accounts receivable please refer to note 6(b).

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 120	90
Demand deposits	82,437	135,958
Time deposits	280,000	-
Cash and cash equivalents in the parent company only statement of cash flows	**$ 362,557**	**136,048**

Please refer to note 6(r) for the currency rate risk and sensitivity analysis of the financial assets of the Company.

(b) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 320,813	288,137
Accounts receivable-related parties	38,539	58,342
Less: Loss allowance	-	-
	$ 359,352	**346,479**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due, as well as the incorporated forward-looking information.

The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	$ 321,138	0%	-
Overdue within 30 days	30,547	0%	-
Overdue 31~60 days	2,636	0%	-
Overdue 61~120 days	4,478	0%	-
Overdue 121~180 days	357	0%	-
Overdue 181~365 days	196	0%	-
Overdue more than 365 days	-	0%	-
	$ 359,352		**-**

(Continued)

	December 31, 2022		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Lifetime expected credit loss allowance**
Not overdue	$ 319,869	0%	-
Overdue within 30 days	19,360	0%	-
Overdue 31~60 days	2,441	0%	-
Overdue 61~120 days	4,377	0%	-
Overdue 121~180 days	380	0%	-
Overdue 181~365 days	52	0%~17.79%	-
Overdue more than 365 days	-	100%	-
	$ 346,479		-

The movements in the allowance for accounts receivable were as follow:

	2023	2022
Balance on January 1 (December 31）	$ -	-

As of December 31, 2023 and 2022, accounts receivable were not discounted and pledged.

(c) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,860,078	2,481,916

(i) Subsidiaries

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

(ii) The investments accounted for using equity method were not pledged.

(d) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	Land	Buildings and structures	Computers and other equipment	Office equipment	Total
Cost：					
Balance as of January 1, 2023	$ 190,856	319,812	61,099	8,815	580,582
Additions	-	-	6,866	32	6,898
Disposals	-	-	(6,114)	-	(6,114)
Balance as of December 31, 2023	**$ 190,856**	**319,812**	**61,851**	**8,847**	**581,366**
Balance as of January 1, 2022	$ 190,856	319,812	52,333	8,779	571,780
Additions	-	-	11,480	172	11,652
Disposals	-	-	(2,714)	(136)	(2,850)
Balance as of December 31, 2022	**$ 190,856**	**319,812**	**61,099**	**8,815**	**580,582**
Accumulated depreciation：					
Balance as of January 1, 2023	$ -	33,331	41,889	5,183	80,403
Depreciation	-	9,976	8,394	1,372	19,742
Disposals	-	-	(6,114)	-	(6,114)
Balance as of December 31, 2023	**$ -**	**43,307**	**44,169**	**6,555**	**94,031**
Balance as of January 1, 2022	$ -	23,355	35,777	3,961	63,093
Depreciation	-	9,976	8,627	1,357	19,960
Disposals	-	-	(2,515)	(135)	(2,650)
Balance as of December 31, 2022	**$ -**	**33,331**	**41,889**	**5,183**	**80,403**
Carrying value：					
Balance as of December 31, 2023	**$ 190,856**	**276,505**	**17,682**	**2,292**	**487,335**
Balance as of December 31, 2022	**$ 190,856**	**286,481**	**19,210**	**3,632**	**500,179**
Balance as of January 1, 2022	**$ 190,856**	**296,457**	**16,556**	**4,818**	**508,687**

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged.

(e) Right-of-use assets

The Company leases buildings and structures and transportation equipment. The movements in right-of-use assets were as follows:

	Buildings and structures	Transportation equipment	Total
Cost:			
Balance as of January 1, 2023	$ 918	1,355	2,273
Decrease	(25)	-	(25)
Balance as of December 31, 2023	**$ 893**	**1,355**	**2,248**
Balance as of January 1, 2022	$ 918	1,323	2,241
Additions	-	1,355	1,355
Decrease	-	(1,323)	(1,323)
Balance as of December 31, 2022	**$ 918**	**1,355**	**2,273**

(Continued)

	Buildings and structures	Transportation equipment	Total
Accumulated depreciation:			
Balance as of January 1, 2023	$ 408	151	559
Depreciation	298	451	749
Balance as of December 31, 2023	**$ 706**	**602**	**1,308**
Balance as of January 1, 2022	$ 102	1,029	1,131
Depreciation	306	445	751
Decrease	-	(1,323)	(1,323)
Balance as of December 31, 2022	**$ 408**	**151**	**559**
Carrying amount:			
Balance as of December 31, 2023	**$ 187**	**753**	**940**
Balance as of December 31, 2022	**$ 510**	**1,204**	**1,714**
Balance as of January 1, 2022	**$ 816**	**294**	**1,110**

(f) Intangible assets

The movements in intangible assets were as follows:

	Software
Cost：	
Balance as of January 1, 2023	$ 32,613
Balance as of December 31, 2023	**$ 32,613**
Balance as of January 1, 2022	$ 46,807
Additions	4,749
Disposals	(18,943)
Balance as of December 31, 2022	**$ 32,613**
Accumulated amortization：	
Balance as of January 1, 2023	$ 24,251
Amortization	4,349
Balance as of December 31, 2023	**$ 28,600**
Balance as of January 1, 2022	$ 35,518
Amortization	7,676
Disposals	(18,943)
Balance as of December 31, 2022	**$ 24,251**
Carrying value：	
Balance as of December 31, 2023	**$ 4,013**
Balance as of December 31, 2022	**$ 8,362**
Balance as of January 1, 2022	**$ 11,289**

For the years ended December 31, 2023 and 2022, the amortization of intangible assets is included in the cost of sales and operating expenses in the statement of comprehensive income.

(Continued)

(g) Short-term borrowings

	December 31, 2022			
	Currency	**Range of interest rates**	**Expiration year**	**Amount**
Unsecured bank loans	NTD	1.725%	2023	$ **150,000**
Unused bank credit lines				$ **850,000**

As of December 31, 2023, the Company's unused bank credit lines were $1,100,000.

(h) Other payables

	December 31, 2023	December 31, 2022
Accrued payroll and bonus	$ 224,424	237,077
Accrued employees' and directors' remuneration	138,066	107,097
Business tax payable	11,557	11,951
Others	55,125	52,165
	$ **429,172**	**408,290**

(i) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ **628**	**746**
Non-current	$ **267**	**920**

For the maturity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	$ **13**	**13**
Expenses relating to short-term leases	$ **251**	**649**
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ **420**	**406**

(Continued)

The amounts recognized in the statement of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	$ 1,430	1,825

(i) Leases of buildings and structures

The Company leases buildings and structures for its office space, and the leases of office space typically run for a period of 3 years.

(ii) Other leases

The Company leases some office space and equipment. These leases are short-term or leases of low-value items. The Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 38,638	41,788
Fair value of plan assets	(27,325)	(28,999)
Net defined benefit liabilities	$ 11,313	12,789

The Company makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $27,325 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

2) Movements at present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, the movements at present value of the defined benefit obligations for the Company were as follows:

		2023	2022
Defined benefit obligations at January 1	$	41,788	42,487
Current service costs and interest costs		2,708	1,466
Remeasurements of the net defined benefit liability:			
－Actuarial loss arising from changes in financial assumptions		496	-
－Actuarial loss (gain) arising from experience adjustments		(2,822)	376
Benefits paid from plan assets		(2,704)	(1,129)
Benefits paid directly by the Company		(828)	(1,412)
Defined benefit obligations at December 31	**$**	**38,638**	**41,788**

3) Movements at fair value of the defined benefit plan assets

For the years ended December 31, 2023 and 2022, the movements at fair value of the defined benefit plan assets for the Company were as follows:

		2023	2022
Fair value of plan assets at January 1	$	28,999	27,314
Expected return on plan assets		474	159
Remeasurements of the net defined benefit liability:			
－Return on plan assets		136	2,197
Amounts contributed to plan		420	458
Benefits paid from plan assets		(2,704)	(1,129)
Fair value of plan assets at December 31	**$**	**27,325**	**28,999**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Current service costs	$	2,014	1,213
Interest cost		694	253
Expected return on plan assets		(474)	(159)
	$	**2,234**	**1,307**

(Continued)

		2023	2022
Cost of sales	$	1,152	670
Selling expenses		294	116
Administration expenses		788	521
	$	2,234	1,307

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

For the years ended December 31, 2023 and 2022, the remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

		2023	2022
Accumulated amount at January 1	$	3,875	5,696
Recognized during the period		(2,462)	(1,821)
Accumulated amount at December 31	$	1,413	3,875

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increase rate	4.000 %	4.000 %

Expected contribution to the defined benefit pension plan of the Company for the one-year period after the reporting date is $387. The weighted average lifetime of the defined benefit plans is 14.95 years.

7) Sensitivity analysis

As of December 31, 2023, and 2022, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

		Influences on defined benefit obligations	
		Increase	Decrease
December 31, 2023			
Discount rate (0.25%)	$	(973)	1,004
Future salary increase rate (0.25%)		960	(934)
December 31, 2022			
Discount rate (0.25%)		(1,103)	1,148
Future salary increase rate (0.25%)		1,099	(1,066)

(Continued)

There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $52,748 and $46,539 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022, respectively.

(k) Income tax

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expense	$ 50,078	49,367
Deferred tax expense (benefit)	5,918	(2,346)
Income tax expense	**$ 55,996**	**47,021**

There is no income tax recognized directly in equity or other comprehensive income for the years ended December 31, 2023 and 2022.

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 643,969	601,223
Estimated income tax calculated using the Company's domestic tax rate	128,794	120,245
Prior-period tax adjustments	(837)	(554)
Change in unrecognized temporary differences	(82,030)	(76,088)
Additional tax on undistributed earnings	9,524	3,425
Others	545	(7)
	$ 55,996	**47,021**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ **2,180,246**	**1,770,092**
Unrecognized deferred tax liabilities	$ **436,049**	**354,019**

2) Unrecognized deferred tax assets

There are no significant unrecognized deferred tax assets for the years ended December 31, 2023 and 2022.

3) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

Deferred Tax Assets:

	Defined benefit plans	Accrued expense	Provisions	Others	Total
Balance as of January 1, 2023	$ 2,066	3,839	1,386	2,365	9,656
Recognized in profit or loss	197	272	(1,386)	(1,700)	(2,617)
Balance as of December 31, 2023	$ **2,263**	**4,111**	**-**	**665**	**7,039**
Balance as of January 1, 2022	$ 1,896	3,259	-	1,464	6,619
Recognized in profit or loss	170	580	1,386	901	3,037
Balance as of December 31, 2022	$ **2,066**	**3,839**	**1,386**	**2,365**	**9,656**

Deferred Tax Liabilities:

	Recognized share of gain of subsidiaries accounted for equity method	Others	Total
Balance as of January 1, 2023	$ 63,388	11	63,399
Recognized in profit or loss	3,312	(11)	3,301
Balance as of December 31, 2023	$ **66,700**	**-**	**66,700**
Balance as of January 1, 2022	$ 62,687	21	62,708
Recognized in profit or loss	701	(10)	691
Balance as of December 31, 2022	$ **63,388**	**11**	**63,399**

(Continued)

(iii) Income tax assessments

The Company's corporate income tax returns for all years through 2021 were assessed by the local tax authority.

(l) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized common stock were 120,000 thousand shares with a par value of NT$10 per share, amounting to $1,200,000, of which 72,828 thousand shares and 67,152 thousand shares, respectively, were issued. And the actual share capital amount were $728,277 and $671,523. All proceeds from shares issued have been collected.

Reconciliations of shares issued for the years ended December 31, 2023 and 2022 were as follows:

	Common stock (in thousands)	
	2023	**2022**
Balance as of January 1	67,152	66,921
New share issued through employees' profit sharing bonus	176	231
Cash capital increase	5,500	-
Balance as of December 31	**72,828**	**67,152**

(i) Common stock

The Company conducted a cash capital increase, wherein $20,000 (consisting of 176 thousand shares) of the total amount had been distributed as employee profit-sharing bonus, with the base date for the capital increase set on August 10, 2023, based on a resolution decided during the board meeting held on March 6, 2023, with the approval of the Financial Supervisory Commission. All relevant registration procedures had been completed.

After a resolution had been decided during the board meeting held on May 9, 2023, the Company conducted a cash capital increase by issuing 5,500 thousand new shares, at a par value of NT$10 per share, with the base date set on July 25, 2023, approved by the Securities and Futures Bureau, Financial Supervisory Commission on June 14, 2023. Thereafter, the issuance price for the above shares had been decided during the board meeting held on June 27, 2023 to be NT$92 per share. The total amount of $503,410 (net of issuance costs $2,590), which was collected during the period. All relevant registration procedures had been completed. In addition, the Company is required to recognize the remuneration cost of cash capital increase to retain the shares for employee subscription, please refer to note 6(m) for details.

The Company conducted a cash capital increase, wherein $20,000 (consisting of 231 thousand shares) of the total amount had been distributed as employee profit-sharing bonus, with the base date for the capital increase set on August 9, 2022, based on a resolution decided during the board meeting held on March 8, 2022, with the approval of the Financial Supervisory Commission. All relevant registration procedures had been completed.

(Continued)

(ii) Capital surplus

The details of capital surplus at the reporting date were as follows:

	December 31, 2023	December 31, 2022
A premium issuance of common shares for cash	$ 1,242,991	765,335
Transaction of treasury shares	26,297	26,297
Earnings from donated assets received	26	26
	$ 1,269,314	791,658

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

On March 6, 2023, and March 8, 2022, the Company's Board of Directors meeting approved a resolution to distribute employees' profit sharing bonus consisting of 176 thousand shares and 231 thousand shares. The amount of stock premium was $18,246 and $17,688, respectively.

On May 9, 2023, the Company’s Board of Directors meeting approved to issue 5,500 thousand new shares through a cash capital increase, with a premium issuance of common shares for cash $448,410. The portion reserved for subscription by employees had been recognized as salary expenses of $11,000 based on the fair value of the stock options, including subscription by employees of subsidiaries $5,140 (recognized as investments accounted for using equity method). At the same time, it had been recorded as capital surplus－employee stock options, and had been transferred to capital surplus－a premium issuance of common shares for cash after the cash capital increased.

(iii) Retained earning

The Company's Articles of Incorporation stipulate that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; and also set aside special reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 5% of the remaining earnings. The Company's appropriations of earnings are approved in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

(Continued)

The Company considers that the current industrial development of the Company is in a stage of stable growth. In order to cooperate with the Company's long-term capital planning for sustainable operation and stable growth, the Company adopts the residual dividend policy, wherein the annual cash dividends paid shall not be less than 10% of the total cash and stock dividends.

1) Legal reserve

When a company incurs no loss, the meeting of shareholders may decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2022 and 2021 had been approved by the shareholders' meetings held on May 30, 2023 and May 26, 2022, respectively. The appropriations and dividends were as follows:

	2022	2021
Common stock dividends		
Cash	$ 333,342	304,773

4) Treasury shares

a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of $73,500, in order to motivate, and improve the operating performance of, its employees in accordance with the requirements under article 28(2) of the Securities and Exchange Act. The repurchased period was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares as of December 31, 2023 and 2022, respectively. In addition, the employee remuneration expense of $3,487, including that of its subsidiaries amounting to $1,325, had been recognized in 2022.

(Continued)

b) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity interest, net of tax

		Exchange differences on translation of foreign financial statements	
		The Company	**Subsidiaries**
Balance as of January 1, 2023	$	(19,457)	(57,647)
Foreign currency translation differences		(9,159)	(55,989)
Balance as of December 31, 2023	$	**(28,616)**	**(113,636)**
Balance as of January 1, 2022	$	(22,787)	(84,266)
Foreign currency translation differences		3,330	26,619
Balance as of December 31, 2022	$	**(19,457)**	**(57,647)**

(m) Share-based payment

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500 thousand new shares through a cash capital increase. In accordance with Article 267 of R.O.C. Company Act, 10% of these shares, totaling 550 thousand shares, with a value of NT$20 per share, should be reserved for employee stock option, which also entitles those qualified employees of the Company's subsidiaries. For those shares given up for subscription or undersubscribed shares, the Chairman of the Company will be authorized to contact a specific person to subscribe the entire shares at the issuance price. Furthermore, the fair value of awarded equity interest on the grant date shall be measured in accordance with provisions of IFRS 2 "Share-Based Payment". In addition, the remuneration costs incurred from share option of $11,000, including those that have been subscribed by the subsidiaries' employees of $5,140 (recognized as investments accounted for using equity method), were recognized at the grant date for the year ended December 31, 2023 as follows:

	Cash capital increase reserved for employees stock option
Grant date	June 27, 2023
Grant volume (in thousand shares)	550
Recipients	Employees of the Company and its subsidiaries
Vesting Conditions	Immediately vested

There was no such transaction for the year ended December 31, 2022.

(Continued)

The Company adopted the Black Scholes model to evaluate the fair value of the share-based payments at the grant date. The assumptions adopted in this valuation model were as follows:

	2023 Cash capital increase reserved for employee stock option
Fair value at the grant date (NT$)	20
Share price at the grant date (NT$)	112
Exercise price (NT$)	92
The expected life (days)	24
The risk-free rate (%)	1.16
Stock return volatility (%)	36.092

(n) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	2022
Net profit belonging to common shareholders	$ 587,973	554,202
Weighted average common stock outstanding (in thousands shares)	69,223	66,539
Basic earnings per share (in dollars)	$ 8.49	8.33

(ii) Diluted earnings per share

	2023	2022
Net profit belonging to common shareholders	$ 587,973	554,202
Weighted average common stock outstanding (in thousands shares)	69,223	66,539
Effect of potentially dilutive common stock (in thousands shares)		
Employees' profit sharing bonus	668	915
Employees' profit sharing bonus of subsidiaries	137	213
Weighted average number of common stock (diluted) (in thousands shares)	70,028	67,667
Diluted earnings per share (in dollars)	$ 8.40	8.19

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Taiwan	$	1,466,968	1,321,671
Japan		23,077	13,719
Others		56,722	103,985
	$	**1,546,767**	**1,439,375**
Major products:			
IT service revenue	**$**	**1,546,767**	**1,439,375**

(ii) Balance of contracts

		December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	**$**	**359,352**	**346,479**	**305,683**
Contract assets	$	671	538	5,144
Less: loss allowance		(20)	(16)	(154)
	$	**651**	**522**	**4,990**

The movements in the allowance for contract assets were as follow:

		2023	2022
Balance as of January 1	$	16	154
Impairment losses recognized (reversed)		4	(138)
Balance as of December 31	**$**	**20**	**16**

		December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	**$**	**11,957**	**13,115**	**4,834**

For details of accounts receivable and loss allowance, please refer to note 6(b).

The Company uses a simplified approach to contract assets to estimate expected credit losses based on the loss rate method.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the year was $13,050 and $4,169, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the period.

(Continued)

(p) Remunerations to employees and directors

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of remunerations to employees and directors), it shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) The Company shall allocate not less than 10% of annual profit as employee's remuneration. The Company may distribute in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company, depends on certain specific requirement determined by the Board of Directors.

(ii) The Company shall allocate not more than 2% of annual profit as the remuneration to directors in cash.

The Company's estimated of employees' and directors' remuneration (including transferred to subsidiary employees) were as follows:

		2023	2022
Employees' remuneration	$	89,080	83,250
Directors' remuneration		9,250	9,250
	$	**98,330**	**92,500**

The amounts are calculated by the net profit before tax excluding employees' and directors' remuneration, of each year multiplied by the percentage of employees' and directors' remuneration as specified in the Company's Article of Incorporation. The amounts excluding the part of subsidiaries are accounted for under operating expense in 2023 and 2022. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year. If the Company's Board of Directors approved to distribute employee's remuneration by shares, the number of shares were calculated based on the closing price of the Company's common stock, one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(q) Non-operating income and expenses

(i) Interest income

		2023	2022
Interest income	**$**	**1,269**	**55**

(ii) Other income

		2023	2022
Rental income	$	240	50
Government grants		-	4
	$	**240**	**54**

(Continued)

(iii) Other gains and losses

		2023	2022
Foreign exchange gains, net	$	716	3,136
Management services revenue		29,544	42,363
Gains on disposals of property, plant and equipment, net		29	14
Compensation losses		-	(6,929)
Others		37	506
	$	**30,326**	**39,090**

(iv) Finance costs

		2023	2022
Interest expenses	$	**(2,009)**	**(1,366)**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

When financial commodity trading is relatively concentrated on a few trading partners, or not but the trading objects are mostly engaged in similar commercial activities and have similar economic characteristics, so when the ability to perform the contract is similarly affected by economic or other conditions, a significant concentration of credit risk occurs.

As of December 31, 2023 and 2022, 44% and 50%, respectively, of accounts receivable was concentrated on 4 specific customers. Thus, credit risk is significantly centralized.

The Company regularly assesses the possibility of recovering accounts receivable and provides appropriate allowance for impairment losses within the management's expectations. The Company periodically evaluates its customers' financial position and the possibility of recovery of receivables. Therefore, the Company assesses that credit risk can be reduced.

3) Receivables and contract assets securities

For credit risk exposure of accounts receivables, please refer to note 6(b). For the detail and impairment of contract assets, please refer to note 6(o).

(Continued)

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of December 31, 2023						
Non-derivative financial liabilities						
Accounts payable (including related parties)	$	3,070	3,070	3,070	-	-
Other payables (including related parties)		430,710	430,710	430,710	-	-
Lease liabilities (current and non-current)		895	902	634	268	-
	$	**434,675**	**434,682**	**434,414**	**268**	**-**
As of December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	$	150,000	150,113	150,113	-	-
Accounts payable		2,536	2,536	2,536	-	-
Other payables (including related parties)		408,311	408,311	408,311	-	-
Lease liabilities (current and non-current)		1,666	1,687	760	659	268
	$	**562,513**	**562,647**	**561,720**	**659**	**268**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk were as follows:

		December 31, 2023			December 31, 2022		
		Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	424	30.735	13,059	450	30.708	13,805
Non-monetary items							
USD		85,894	30.735	2,639,957	73,750	30.708	2,264,702
JPY		696,507	0.2169	151,072	633,770	0.2307	146,211
HKD		16,939	3.9340	66,640	16,528	3.9382	65,091

(Continued)

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) that are denominated in foreign currency. A weakening or strengthening 5% of (depreciation) appreciation of the NTD against the foreign currency for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $706 and $690, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

The Company's exchange gain or loss, including realized and unrealized portions, of monetary items convert to amount of functional currency, information about exchange rate is as below:

	2023		2022	
	Exchange gain (loss)	**Average exchange rate**	**Exchange gain (loss)**	**Average exchange rate**
NTD	$ 716	-	3,136	-

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Company's net income would have decreased / increased by $1,500 for the year ended December 31, 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

The Company has no variable interest rate borrowing as of December 31, 2023.

(v) Fair value information - Categories and fair values of financial instruments

The carrying amount of the financial assets and liabilities is reasonably close to the fair value, so the disclosure of the fair value information is not required.

(Continued)

(s) Management of financial risk

(i) Overview

The Company is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about the Company's objectives, policies and processes for measuring and managing the above mentioned risks was listed below. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The highest responsible unit for risk management in the Company is the Board of Directors, who approves the risk management policies and related norms, overseeing the overall implementation of risk management to ensure effective risk control. At various organizational levels, the CEO, business units, and functional units, regularly assess all related risks during operational meetings and develop countermeasures and reviews. Unit managers are responsible for risk management and must analyze, monitor, and report, the relevant risks in their units. They are also responsible for implementing risk control mechanisms and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet it contractual obligations that arises principally from the Company's accounts receivable.

1) Accounts receivable

The Company's credit risk exposures are influenced mainly by each customer. According to the Company's credit policy, the credit rating of individual customers must be analyzed before the payment terms and credit limit are given. The Company continues to evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Company set up the allowance for doubtful accounts to reflect the expected credit loss of accounts receivable.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions and companies, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

The Company only provides endorsement or guarantee for the companies defined in its policy - "Procedures Governing Endorsements and Guarantees". The company did not provide guarantees to non-consolidated subsidiaries as of December 31, 2023 and 2022.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

In addition, As of December 31, 2023 and 2022, the Company has unused credit facilities for bank loans of $1,100,000 and $850,000, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are denominated in USD.

The Company collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest risk

To reduce the exposure to interest rate risk, the choice of a variable interest rate or a fixed interest rate was based on the Company's evaluation of the global economic environment and the trend in market interest rates. The Company maintains an appropriate proportion of the fixed and variable interest rate instruments to mitigate the interest rate risk.

3) Other market price risk

The Company monitors the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(Continued)

(t) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, 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 dividend payment to the shareholders, issue new shares, or sell assets to settle any liabilities. The Company uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital.

For the year ended December 31, 2023, the Company's capital management strategy is consistent with 2022. The Company's debt-to-equity ratio at the reporting date was as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	563,471	695,690
Less: cash and cash equivalents		(362,557)	(136,048)
Net debt	**$**	**200,914**	**559,642**
Total equity	$	3,524,735	2,798,380
Adjustment		-	-
Total capital	**$**	**3,524,735**	**2,798,380**
Debt-to-equity ratio		**5.70 %**	**20.00 %**

The cash capital increase conducted by the Company resulted in its debt-to-equity ratio to decrease as of December 31, 2023.

(u) Investing and Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

			Cash flows		Non-cash changes	
		January 1, 2023	**Proceeds from loans**	**Repayments of loans and lease liabilities**	**Changes in lease payments**	**December 31, 2023**
Short-term loans	$	150,000	1,400,000	(1,550,000)	-	-
Lease liabilities (current and non-current)		1,666	-	(746)	(25)	895
	$	**151,666**	**1,400,000**	**(1,550,746)**	**(25)**	**895**

(Continued)

	January 1, 2022	Cash flows: Proceeds from loans	Cash flows: Repayments of loans and lease liabilities	Non-cash changes: New lease	December 31, 2022
Short-term loans	$ 100,000	1,480,000	(1,430,000)	-	150,000
Lease liabilities (current and non-current)	1,068	-	(757)	1,355	1,666
	$ 101,068	1,480,000	(1,430,757)	1,355	151,666

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have transactions with the Company during the periods covered in the financial statements and the Company's subsidiaries.

Name of related party	Relationship with the Company
Wistron Information Technology and Services Inc. (WIBI)	The Subsidiary
WITS (Hong Kong) Limited (WIHK)(Note 1)	The Subsidiary
Wistron Information Technology and Services (Japan) Inc. (WIJP)(Note 2)	The Subsidiary
WITS AMERICA, CORP. (WIUS)	The Subsidiary
WITS Taiwan, Inc. (WISS)	The Subsidiary
Wistron ITS (Hong Kong) Limited (WIHH)	The Subsidiary
Wistron ITS (Beijing) Inc. (WIBJ)	The Subsidiary
Beijing Enovation Technology Co.,Ltd. (WIYC)	The Subsidiary
Wistron ITS (Wuhan) Co. (WIWZ)	The Subsidiary
Hai Kou Enovation Technology Co.,Ltd. (WIYN) (Note 3)	The Subsidiary
Wistron ITS (Hangzhou) Ltd. (WIHZ)	The Subsidiary
Wistron ITS (Dalian) Ltd. (WIDL) (Note 4)	The Subsidiary
Wistron Corporation (Wistron)	The entity with significant influence over the Company
Wistron Digital Technology Holding Company (WDH)	Corporate director of the Company
Wistron Medical Technology Corporation (WMT)	Other related party
Wiwynn Corporation (Wiwynn)	Other related party
WiAdvance Technology Corporation (AGI)	Other related party
Wistron NeWeb Corporation (WNC)	Other related party
Wiedu Corporation (WETW)	Other related party

(Continued)

(Note 1): WIHK originally named "Wistron Information Technology and Services Limited" was renamed to "WITS (Hong Kong) Limited" in the 4th quarter of 2023.

(Note 2): The Company was renamed to WITS JAPAN INC. in February, 2024.

(Note 3): The capital had been injected in January 2024.

(Note 4): The Company was set up in the 1st quarter of 2023.

(b) Significant transactions with related parties

(i) Provide service to related parties

	Revenue		Accounts receivable -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries	$ 37,223	69,125	2,418	2,617
Entity with significant influence over the Company- Wistron	268,239	297,722	32,759	52,690
Other related parties	18,701	12,466	3,362	3,035
	$ 324,163	**379,313**	**38,539**	**58,342**

The selling price for related parties approximated the market price. The credit terms ranged from one to three months. Accounts receivable from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(ii) Service expense and payable to related parties

	Cost of sales		Accounts payable -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries	**$ 2,705**	**-**	**295**	**-**

Subsidiaries provide IT services to the Company's business with normal commercial terms and conditions, which were not significantly different from those of non-related parties.

(Continued)

(iii) Management services

	Other income		Other receivables-related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiary－WIHK	$ 29,424	42,313	924	3,655
Subsidiary－WISS	120	50	32	16
	$ 29,544	**42,363**	**956**	**3,671**

(iv) Operating expenses

	Operating expenses		Other payables-related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
The entity with significant influence over the Company	$ 240	-	-	-
Corporate director of the Company	231	-	-	-
Other related parties	253	262	149	21
	$ 724	**262**	**149**	**21**

The prices, with payment terms within one to three months, offered to related parties, are not significantly different from those of the third party vendors.

(v) Rental income and its outstanding balances were as follows:

	Rental income		Other receivables -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiary-WISS	**$ 240**	**50**	**63**	**16**

(vi) Guarantee revenues and its outstanding balances were as follows:

	Other price		Other receivables -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiary-WISS	**$ 67**	**-**	**-**	**-**

(Continued)

(vii) Property transactions

(1) Disposals of property, plant and equipment

	Disposal price		Other receivables -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiary-WISS	$ -	196	-	-

(2) Acquisitions of other assets

	Transaction amount		Other payables -related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Other related parties	$ -	44	-	-

(viii) Other receivables

	Other receivables -related parties	
	December 31, 2023	**December 31, 2022**
Subsidiary-WIHH	$ 76	-
Subsidiary-WISS	2	6
Subsidiary-WIHK	-	32
	$ 78	38

(ix) Other payables

	Other payables -related parties	
	December 31, 2023	**December 31, 2022**
Other related parties	$ 1,389	-

(x) Dividends received

In 2023, the Company received the dividends from its subsidiary, WISS, of $821. There was no such transaction in 2022.

(xi) Guarantee

As of December 31, 2023 and 2022, the Company had provided guarantees for loans taken out by subsidiaries, wherein amounting to $1,026,115 and $1,110,196, respectively.

(Continued)

(xii) Receivables and payables to related parties were as follows:

	December 31, 2023	December 31, 2022
Receivables－related parties:		
Accounts receivable	$ 38,539	58,342
Other receivables	1,097	3,725
	$ 39,636	**62,067**
Payables－related parties:		
Accounts payable	$ 295	-
Other payables	1,538	21
	$ 1,833	**21**

(c) Key management personnel compensation

Key management personnel compensation comprised

	2023	2022
Short-term employee benefits	$ 32,858	21,633
Post-employment benefits	357	271
	$ 33,215	**21,904**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Refundable deposits－other non-current assets	Performance guarantee	**$ 1,366**	**578**

(9) Significant commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events

(a) The appropriation of earnings of 2023 that was approved at the board of directors meeting on March 5, 2024 was as follows:

	2023
Common stock dividends	
Cash	**$ 361,719**

(Continued)

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	785,084	248,918	1,034,002	712,088	257,348	969,436
Labor and health insurance	87,516	16,597	104,113	76,968	13,952	90,920
Pension	47,354	7,628	54,982	41,000	6,846	47,846
Directors' profit sharing bonus	-	17,090	17,090	-	16,251	16,251
Others	30,358	8,263	38,621	27,485	6,770	34,255
Depreciation	2,262	18,229	20,491	2,621	18,090	20,711
Amortization	257	4,092	4,349	239	7,437	7,676

In 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

	2023	2022
Employee numbers	1,238	1,133
Directors' numbers without serving concurrently as employee	8	8
Average employee benefits	$ 1,001	1,016
Average employee salaries	$ 841	862
Average adjustment rate of employee salaries	-2.44%	5.12%
Supervisor remuneration	$ 0	0

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

The remunerations to directors and supervisors are in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" , which are reviewed by the Remuneration Committee.

The compensation of the Company's supervisors includes fixed items such as salary and benefits, as well as variable items such as bonuses, profit sharing bonus (cash/stock) and stock options and is mainly based on variable items. The fixed items are based on the principle of maintaining the Company's competitiveness within the industry; the variable items take the Company's performance and individual's appraisal into consideration.

The employee remuneration includes salary, subsidy and bonus. The salary is determined based on academic experience, professional skills, the value of the position held and the salary level of the industry. The bonus is decided based on the Company's annual operating status and departmental and personal performance. Remuneration of employees shall be in accordance with Article 21 of the Articles of Association of the Company.

(Continued)

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to Table 1.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 2.

(viii) Accounts receivable from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees (excluding information on investees in Mainland China): Please refer to Table 3.

(c) Information on investment in Mainland China: Please refer to Table 4.

(d) Information on major shareholders: Please refer to Table 5.

(14) Segment information

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Guarantees and endorsements for other parties

December 31, 2023

Table 1

No.	Endorsement/ guarantee provider	Counter - party of guarantee and endorsement: Name	Counter - party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement / guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China	Notes
0	The Company	WIWZ	2	1,762,367	704,332	638,462	-	-	18.11 %	3,524,735	Y	N	Y	-
0	The Company	WIBJ	2	1,762,367	88,992	43,243	-	-	1.23 %	3,524,735	Y	N	Y	-
0	The Company	WIUS	2	1,762,367	64,838	61,470	-	-	1.74 %	3,524,735	Y	N	N	-
0	The Company	WIHK	2	1,762,367	129,676	122,940	-	-	3.49 %	3,524,735	Y	N	N	-
0	The Company	WISS	2	1,762,367	160,000	160,000	2,000	-	4.54 %	3,524,735	Y	N	N	-

(Note 1): The total amount for guarantees and endorsements provided by the Company shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited by Certified Public Accountant. The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's net worth, which was audited by Certified Public Accountant.

The amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited by Certified Public Accountant. The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, was audited by Certified Public Accountant.

(Note 2): Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which was owned more than 50% by the guarantor.
3. An investee which was owned more than 50% in total by both the guarantor and its subsidiary.
4. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

December 31, 2023

Table 2

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchases/Sales	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Notes
The Company	Wistron	The entity with significant influence over the Company	Sales	(268,239)	(17.34)%	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	32,759	9.12%	-
WIWZ	WIHK	The same parent company	Sales	(318,771)	(5.27)%	〃	〃	〃	25,001	1.23%	-
WIWZ	WIBJ	Parent - subsidiary company	Sales	(434,337)	(7.18)%	〃	〃	〃	12,116	0.60%	-
WIHK	WIUS	The same parent company	Sales	(132,332)	(31.84)%	〃	〃	〃	21,797	33.33%	-
WIDL	WIWZ	Parent - subsidiary company	Sales	(831,157)	(67.72)%	〃	〃	〃	67,862	30.52%	-
WIHK	WIWZ	The same parent company	Purchases	318,771	86.78%	〃	〃	〃	(25,001)	(87.15)%	-
WIBJ	WIWZ	Parent - subsidiary company	Purchases	434,337	83.75%	〃	〃	〃	(12,116)	(59.08)%	-
WIUS	WIHK	The same parent company	Purchases	132,332	73.31%	〃	〃	〃	(21,797)	(90.79)%	-
WIWZ	WIDL	Parent - subsidiary company	Purchases	831,157	91.40%	〃	〃	〃	(67,862)	(87.77)%	-

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on investees (excluding information on investees in Mainland China)

December 31, 2023

Table 3

Name of investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	WIBI	B.V.I	Professional investment enterprise	294,184	294,184	180,000,000	100.00 %	2,605,771	408,516	408,516	-
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00 %	151,072	13,921	13,921	-
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00 %	66,640	1,638	1,638	-
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00 %	34,186	2,638	2,638	-
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00 %	2,409	(2,722)	(2,722)	-
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00 %	2,605,644	408,600	408,600	-

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on investment in Mainland China

December 31, 2023

Table 4

1. Information on investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Note 2)	Carrying value as of December 31, 2023 (Note 2)	Accumulated inward remittance of earnings as of December 31, 2023	Notes
					Outflow	Inflow							
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1) 1.	169,420	-	-	169,420	408,668 (Note 3)	100.00 %	408,668 (Note 3)	2,602,919	-	(Note 7)
WIWZ	Research, develop, design of software, and information consulting service	932,328	(Note 1) 2.	-	-	-	-	431,373 (Note 3)	100.00 %	431,373 (Note 3)	1,697,909	-	(Note 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1) 2.	-	-	-	-	493 (Note 3)	100.00 %	493 (Note 3)	18,570	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1) 2.	-	-	-	-	124 (Note 3)	100.00 %	124 (Note 3)	339	-	-
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1) 2.	-	-	-	-	91,178 (Note 3)	100.00 %	91,178 (Note 3)	114,571	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
219,182 (USD 7,131,356)	1,796,810 (USD 58,461,356)	2,114,841

(Continued)

(Note 1) Ways to invest in Mainland China:

1. Indirect investment in Mainland China company through the company established in a third region.
2. Indirect investment in Mainland China company through Mainland China company.

(Note 2) The amount of the net income (losses) and the investee company carrying value as of December 31, 2023 were recognized by the investment through subsidiaries established in a third region or Mainland China.

(Note 3) The financial statements of the investee company were audited by the Company auditor.

(Note 4) Translated using the ending rate on December 31, 2023, which was USD : NTD = 1 : 30.735.

(Note 5) According to the "Principles for the Review of Investment or Technical Joint Venture in Mainland China", cumulative investments into the Mainland shall not exceed 60% of the investor's net worth or consolidated net worth, whichever is higher or NTD 80 million dollars. In addition, the amount of capital increase from earnings does not account for accumulated investment in Mainland China.

(Note 6) USD 1,000,000 of the total amount had been invested in the dissolved subsidiary at Hangzhou due to its operating losses, wherein the investment amount can no longer be retrieved; moreover, USD 757,756 and USD 73,600 of the total amounts had been invested in the dissolved subsidiaries at Zhejiang and Shanghai, respectively.

(Note 7) WIBJ increased its capital of CNY 88,113 thousand and CNY 188,000 thousand from retained earnings based on the resolutions approved during its board meetings held on January 12, 2022 and October 4, 2022, resulting in its share capital to increase from CNY 111,887 thousand to CNY 200,000 thousand and CNY 200,000 thousand to CNY 388,000 thousand, respectively.

(Note 8) On November 7, 2023, the Company's Board of Directors approved WIBJ to participate in the cash capital increase its subsidiary, WIWZ, amounting to CNY 60,000 thousand. Thereafter, the paid in capital of WIWZ increased from CNY 150,000 thousand to CNY 210,000 thousand.

3. Significant transactions

For the year ended December 31, 2023, the significant transactions of the entities in Mainland China are disclosed in "Information on significant transactions".

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on major shareholders

December 31, 2023

Table 5

Shareholder's Name	Shareholding	
	Shares	**Percentage**
Wistron Digital Technology Holding Company	16,756,254	23.00 %

wits®

傑登廣告 設計
02-29257555 編印