GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

GIGA-BYTE TECHNOLOGY CO., LTD.

Dandy Yeh

March 14, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Giga-Byte Technology Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are as follows:

Occurrence of revenue from significant new counterparties

<u>Description</u>

Please refer to Note 4(32) for accounting policies on operating revenue and Note 6(21) for details of operating revenue.

The Group has numerous customers and sales regions across the world, it is infrequent to have revenue generated from a single customer that exceeded 10% of the consolidated operating revenue. Given that the verification of the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparties was identified as a key audit matter.

<u>How our audit addressed the matter</u>

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.
2. Obtained an understanding and tested credit check procedures for significant new counterparties. Verified that the transactions with significant new counterparties have been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.
3. Obtained an understanding and tested the selling price and credit term of significant new counterparties.

4. Interviewed with management and obtained an understanding for the reason of accounts receivable overdue from significant new counterparties in order to evaluate the reasonableness.
5. Sampled and tested detailed revenue schedules of significant new counterparties and verified the original supporting documentation.
6. Sent accounts receivable confirmation letters to significant new counterparties. Investigated the reason and tested reconciling items made by the Group if the result in confirmation reply did not correspond to records, or tested collections after the balance sheet date if no confirmation reply was received.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(14) for accounting policies on inventories, Note 5(2) for accounting estimates and assumption uncertainty and Note 6(5) for details of inventories.

The Group is primarily engaged in manufacturing and selling of computer hardware equipment and related components. Due to the short life cycle of electronic products and the price is highly subject to market fluctuation, the risk of incurring inventory valuation losses or having obsolete inventory are relatively high. Inventories held for sale in the ordinary course of business are stated at the lower of cost and net realisable value; Valuation loss are recognized for those inventories which exceed certain aging period or individually identified as obsolete inventories based on its net realisable value.

Given that the amount inventories is significant and that the individually identified net realizable value of obsolete inventories has uncertainty based on prior industry experience, the evaluation of the allowance for valuation loss was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the policy and process on evaluation of the allowance for valuation loss, and the consistency of the policy and process application during the financial reporting periods.

2. Obtained an understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated in the annual inventory count. Evaluated the effectiveness of management controls on identifying and managing obsolete inventories.
3. Tested the appropriateness of system logic in inventory aging report which management adopted for inventories valuation purpose, and verified that obsolete inventories which exceeded a certain aging period were included in the report.
4. Evaluated the reasonableness of obsolete or damaged inventory items which were identified by management, reviewed related supporting documentation, and compared to the results obtained from the observation of physical inventory count.
5. For inventories which exceeded a certain aging period of aging and individually identified as obsolete and damaged, discussed with management and obtained supporting documentation of the evaluation on net realisable value, and performed recalculation.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with *Other matter* paragraph on the parent company only financial statements of Giga-Byte Technology Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Hsiao, Chun-Yuan	Lin, Se-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 23,166,075	28	$ 16,265,510	26
1110	Financial assets at fair value through profit or loss-currnet	6(2)	451,810	1	527,995	1
1136	Financial assets at amortised cost-current	6(3)	753,336	1	641,814	1
1150	Notes receivable, net	6(4)	3,941	-	3,975	-
1170	Accounts receivable, net	6(4)	16,016,209	20	14,126,596	22
1200	Other receivables		738,720	1	234,663	-
130X	Inventories, net	6(5)	29,664,354	36	21,777,245	34
1410	Prepayments		2,011,553	2	960,445	2
1470	Other current assets		268,906	-	264,651	-
11XX	**Total current assets**		73,074,904	89	54,802,894	86
	Non-current assets					
1510	Financial assets at fair value through profit or loss-non-current	6(2)	75,000	-	-	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(6)	1,906,413	3	1,637,776	3
1535	Financial assets at amortized cost-non-current	6(3) and 8	142,931	-	236,361	-
1550	Investments accounted for using equity method	6(7)	515,538	1	528,720	1
1600	Property, plant and equipment, net	6(8)	4,820,456	6	4,946,900	8
1755	Right-of-use assets	6(9)	189,132	-	158,352	-
1760	Investment property, net	6(11)	33,389	-	37,429	-
1780	Intangible assets		169,857	-	129,151	-
1840	Deferred income tax assets	6(28)	1,032,612	1	956,439	2
1900	Other non-current assets	6(12)	190,188	-	137,827	-
15XX	**Total non-current assets**		9,075,516	11	8,768,955	14
1XXX	**Total assets**		$ 82,150,420	100	$ 63,571,849	100

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

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities-current	6(21)	$ 4,355,872	5	$ 2,788,051	4
2150	Notes payable		12,741	-	11,564	-
2170	Accounts payable		20,698,047	25	13,984,884	22
2200	Other payables	6(13)	7,145,576	9	7,457,810	12
2230	Current income tax liabilities		1,080,707	1	1,645,699	3
2250	Provisions for liabilities - current	6(14)	826,369	1	818,265	1
2280	Lease liabilities-current		79,509	-	67,054	-
2300	Other current liabilities		400,446	1	193,243	-
21XX	**Total current liabilities**		34,599,267	42	26,966,570	42
	Non-current liabilities					
2530	Bonds payable	6(15)	8,920,465	11	-	-
2570	Deferred income tax liabilities	6(28)	55,803	-	5,930	-
2580	Lease liabilities-non-current		79,963	-	59,160	-
2600	Other non-current liabilities	6(16)	560,761	1	595,269	1
25XX	**Total non-current liabilities**		9,616,992	12	660,359	1
2XXX	**Total liabilities**		44,216,259	54	27,626,929	43
	Equity attributable to owners of parent					
	Captial Stock	6(18)				
3110	Common stock		6,356,889	8	6,356,889	10
	Capital surplus	6(19)				
3200	Capital surplus		3,898,998	5	3,281,465	5
	Retained earnings	6(20)				
3310	Legal reserve		7,006,565	9	6,346,126	10
3320	Special reserve		426,354	-	426,354	1
3350	Unappropriated retained earnings		19,535,057	24	19,400,238	31
	Other equity					
3400	Other equity interest		248,947	-	122,402	-
31XX	**Total equity attributable to owners of the parent**		37,472,810	46	35,933,474	57
36XX	**Non-controlling interests**		461,351	-	11,446	-
3XXX	**Total equity**		37,934,161	46	35,944,920	57
3X2X	**Total liabilities and equity**		$ 82,150,420	100	$ 63,571,849	100

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(21)	$ 136,773,409	100	$ 107,263,644	100
5000	Operating costs	6(5)(26)(27)	(120,197,968)	(88)	(90,647,566)	(84)
5900	Gross profit		16,575,441	12	16,616,078	16
	Operating expenses	6(26)(27)				
6100	Selling expenses		(5,874,500)	(4)	(6,476,937)	(6)
6200	General and administrative expenses		(2,970,764)	(2)	(1,857,835)	(2)
6300	Research and development expenses		(2,747,327)	(2)	(2,226,275)	(2)
6450	Expected credit loss	6(26) and 12(2)	(87,675)	-	(209,817)	-
6000	Total operating expenses		(11,680,266)	(8)	(10,770,864)	(10)
6900	Operating profit		4,895,175	4	5,845,214	6
	Non-operating revenue and expenses					
7100	Interest income	6(22)	422,575	-	120,456	-
7010	Other income	6(23)	814,781	1	1,145,659	1
7020	Other gains and losses	6(24)	62,781	-	1,338,807	1
7050	Finance costs	6(25)	(84,097)	-	(5,722)	-
7060	Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(7)	(6,594)	-	1,327	-
7000	Total non-operating revenue and expenses		1,209,446	1	2,600,527	2
7900	**Profit before income tax**		6,104,621	5	8,445,741	8
7950	Income tax expense	6(28)	(1,323,536)	(1)	(1,910,892)	(2)
8200	**Profit for the year**		$ 4,781,085	4	$ 6,534,849	6

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GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	Other comprehensive income, net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(16)	($ 8,063)	-	$ 82,340	-
8316	Unrealised gain (loss) on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(6)	268,615	-	(881,281)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	1,613	-	(16,468)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		262,165	-	(815,409)	(1)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences arising from translation of foreign operations		(142,070)	-	274,437	1
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(142,070)	-	274,437	1
8300	**Other comprehensive income (loss), net**		$ 120,095	-	($ 540,972)	-
8500	**Total comprehensive income for the year**		$ 4,901,180	4	$ 5,993,877	6
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 4,742,979	4	$ 6,538,521	6
8620	Non-controlling interest		38,106	-	(3,672)	-
	Total		$ 4,781,085	4	$ 6,534,849	6
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 4,863,074	4	$ 5,997,547	6
8720	Non-controlling interest		38,106	-	(3,670)	-
	Total		$ 4,901,180	4	$ 5,993,877	6
9750	Basic earnings per share	6(29)	$ 7.46		$ 10.29	
9850	Diluted earnings per share	6(29)	$ 7.40		$ 10.12	

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

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

		Equity attributable to equity holders of the company										
				Retained earnings			Other equity interest					
	Notes	Capital stock-Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealised gain or loss on valuation of financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
Year 2022												
Balance at January 1, 2022		$ 6,356,889	$ 3,279,731	$ 5,011,247	$ 426,354	$ 21,750,531	($ 743,466)	$ 1,472,714	($ 66,016)	$ 37,487,984	$ 15,116	$ 37,503,100
Profit (loss) for the year		-	-	-	-	6,538,521	-	-	-	6,538,521	(3,672)	6,534,849
Other comprehensive income (loss) for the year		-	-	-	-	65,872	274,435	(881,281)	-	(540,974)	2	(540,972)
Total comprehensive income (loss)		-	-	-	-	6,604,393	274,435	(881,281)	-	5,997,547	(3,670)	5,993,877
Appropriations of 2021 earnings:	6(20)											
Legal reserve		-	-	1,334,879	-	(1,334,879)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(7,619,807)	-	-	-	(7,619,807)	-	(7,619,807)
Changes in equity of associates accounted for using equity method	6(7)	-	1,199	-	-	-	-	-	-	1,199	-	1,199
Share-based payment transactions	6(17)	-	-	-	-	-	-	-	66,016	66,016	-	66,016
Past due expired dividends		-	535	-	-	-	-	-	-	535	-	535
Balance at December 31,2022		$ 6,356,889	$ 3,281,465	$ 6,346,126	$ 426,354	$ 19,400,238	($ 469,031)	$ 591,433	$ -	$ 35,933,474	$ 11,446	$ 35,944,920
Year 2023												
Balance at January 1, 2023		$ 6,356,889	$ 3,281,465	$ 6,346,126	$ 426,354	$ 19,400,238	($ 469,031)	$ 591,433	$ -	$ 35,933,474	$ 11,446	$ 35,944,920
Profit for the year		-	-	-	-	4,742,979	-	-	-	4,742,979	38,106	4,781,085
Other comprehensive (loss) income for the year		-	-	-	-	(6,450)	(142,070)	268,615	-	120,095	-	120,095
Total comprehensive income (loss)		-	-	-	-	4,736,529	(142,070)	268,615	-	4,863,074	38,106	4,901,180
Appropriations of 2022 earnings:	6(20)											
Legal reserve		-	-	660,439	-	(660,439)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,941,271)	-	-	-	(3,941,271)	-	(3,941,271)
Change in equity of associates accounted for using equity method	6(7)	-	(392)	-	-	-	-	-	-	(392)	-	(392)
Changes in ownership interests in subsidiaries	6(30)	-	167,801	-	-	-	-	-	-	167,801	411,799	579,600
Due to recognition of equity component of convertible bonds (preference share) issued	6(15)	-	449,693	-	-	-	-	-	-	449,693	-	449,693
Past due expired dividends		-	431	-	-	-	-	-	-	431	-	431
Balance at December 31, 2023		$ 6,356,889	$ 3,898,998	$ 7,006,565	$ 426,354	$ 19,535,057	($ 611,101)	$ 860,048	$ -	$ 37,472,810	$ 461,351	$ 37,934,161

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

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

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 6,104,621	$ 8,445,741
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	660,033	640,380
Depreciation charge on investment property	6(11)	4,635	4,867
Amortization	6(26)	124,419	87,775
Gain from lease modification	6(9)(24)	(80)	(99)
Expected credit loss	6(26) and 12(2)	87,675	209,817
Gain on reversal of legal claims provision	6(14)	-	(44,407)
Gain on valuation of financial assets at fair value through profit or loss	6(24)	(16,800)	(7,107)
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(7)	6,594	(1,327)
Loss on disposal of property, plant and equipment	6(24)	6,350	6,651
Loss on disposal of intangible assets	6(24)	-	42
Interest income	6(22)	(422,575)	(120,456)
Interest expense	6(25)	84,097	5,722
Dividends income	6(23)	(58,479)	(68,871)
Share-based payments	6(17)	387,840	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		17,985	929,608
Notes receivable		34	1,735
Accounts receivable		(1,975,962)	(3,507,332)
Other receivables		(498,796)	(36,046)
Inventories		(7,887,109)	4,812,485
Prepayments		(1,051,108)	(97,549)
Other current assets		(4,255)	22,576
Changes in operating liabilities			
Contract liabilities		1,567,821	1,590,811
Notes payable		1,177	(11,304)
Accounts payable		6,713,163	(1,901,784)
Other payables		(312,990)	(2,566,553)
Provisions for liabilities		8,104	93,072
Other current liabilities		207,203	(37,847)
Other non-current liabilities		(50,715)	(72,310)
Cash inflow generated from operations		3,702,882	8,378,290
Interest received		417,314	120,278
Dividend received		63,000	68,871
Interest paid		(5,125)	(5,722)
Income tax paid		(1,913,214)	(2,746,588)
Net cash flows from operating activities		2,264,857	5,815,129

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

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		($ 1,809,386)	($ 302,291)
Proceeds from disposal of financial assets at amortized cost		1,791,294	809,560
Acquisition of investments accounted for under equity method	6(7)	-	(12,500)
Acquisition of property, plant and equipment	6(31)	(416,736)	(1,121,924)
Proceeds from disposal of property, plant and equipment		7,499	28,284
Acquisition of intangible assets		(165,426)	(164,881)
Increase in refundable deposits		(26,957)	(9,981)
Decrease in refundable deposits		28,532	10,400
Increase in other non-current assets		(83,804)	(151,745)
Net cash flows used in investing activities		(674,984)	(915,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing bonds	6(32)	9,291,186	-
Repayments of long-term borrowings	6(32)	-	(200,000)
Increase in guarantee deposits received	6(32)	9,610	90,252
Decrease in guarantee deposits received	6(32)	(1,466)	(1,470)
Payments on lease liabilities	6(32)	(94,352)	(111,474)
Cash dividends	6(20)	(3,941,271)	(7,619,807)
Exercise of employee share options	6(30)	191,760	-
Treasury shares sold to employees		-	66,016
Past due expired unpaid dividends for shareholders		431	535
Net cash flows from (used in) financing activities		5,455,898	(7,775,948)
Effects of change in exchange rates on foreign currency holdings		(145,206)	212,934
Net increase (decrease) in cash and cash equivalents		6,900,565	(2,662,963)
Cash and cash equivalents at beginning of year		16,265,510	18,928,473
Cash and cash equivalents at end of year		$ 23,166,075	$ 16,265,510

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

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Giga-Byte Technology Co., Ltd. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is No.6, Baoqiang Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the manufacturing, processing and trading of computer peripheral and component parts. The Company's shares have been traded on the Taiwan Stock Exchange since September 24, 1998.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). An entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Information is provided in Note 6(28).

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Description
The Company	Freedom International Group Ltd.	Holding company	100.00	100.00	
〃	G.B.T., Inc.	Sales of computer information products	22.64	22.64	
〃	G.B.T. Technology Trading GmbH	Promotion of computer information products	100.00	100.00	
〃	Nippon Giga-Byte Corp.	Promotion of computer information products	100.00	100.00	
〃	GBT Tech. Co., Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga-Byte Technology B.V.	Sales of computer information products	100.00	100.00	
〃	Gigabyte Technology Pty. Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga Investment Corp.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Promotion and repairing of computer information products	100.00	100.00	
〃	G-Style Co., Ltd.	Selling of notebooks	100.00	100.00	
〃	BYTE International Co., Ltd.	Repairing of computer information products	100.00	100.00	
〃	Giga-Byte Communications Inc.	Selling of communications	99.86	99.86	
〃	Gigabyte Technology ESPANA S.L.U.	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Information Technology Commerce Limited Company	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Technology LLC	Promotion of computer information products	100.00	100.00	
〃	GIGAIPC CO., LTD.	Selling of computer information products	-	100.00	Note 1
〃	Giga Computing Technology Co., Ltd.	Selling of computer information products	83.93	100.00	
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
〃	Giga Future Limited	Holding company	100.00	100.00	
〃	G.B.T. Inc.	Sales of computer information products	77.36	77.36	

Investor	Subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Description
Freedom International Group Ltd.	Aorus Pte. Ltd.	Promotion of computer information products	-	100.00	Note 2
G.B.T., Inc.	Gigabyte Canada, Inc.	Promotion of computer information products	100.00	100.00	
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Promotion and repairing of computer information products	100.00	100.00	
Charleston Investments Limited	Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
〃	Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	100.00	100.00	
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	100.00	100.00	
Giga Investment Corp.	Giga-Trend International Investment Group Ltd.	Holding company	100.00	100.00	
〃	Selita Precision Co., Ltd.	Manufacturing of bicycle and parts	100.00	100.00	
〃	Senyun Precise Optical Co., Ltd	Manufacturing and selling of mold and industrial plastic products	96.41	96.41	
〃	Cloudmatrix Co., Ltd.	E-commerce platform	100.00	100.00	
Senyun Precise Optical Co., Ltd	Dongguan Senyun Precise Optical Co., Ltd	Selling of mold and industrial plastic products	100.00	100.00	
BYTE International Co., Ltd.	Ningbo Giga-Byte International Trade Co., Ltd.	Repairing of computer information products	100.00	100.00	
BYTE International Co., Ltd.	Aorus Pte. Ltd.	Promotion of computer information products	100.00	-	Note 2
Ningbo BestYield Tech. Services Co., Ltd.	Shenzhen BestYield Tech. Services Co., Ltd.	Repairing of computer information products	-	100.00	Note 3
〃	OGS Europe B.V.	Selling of communication products	100.00	100.00	
〃	Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	100.00	100.00	
Giga Computing Technology Co., Ltd.	GIGAIPC CO., LTD.	Sales of computer information products	100.00	-	Note 1

Note 1: GIGAIPC CO., LTD. was spun-off to Giga Computing Technology Co., Ltd in January 1, 2023.

Note 2: BYTE International Co., Ltd acquired 100% shares interest of Aorus Pte. Ltd from subsidiary Freedom International Group Ltd. for a cash consideration of SGP $544,954 in September 28, 2023.

Note 3: The company was dissolved and liquidated in 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign joint arrangements after losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents, or shall be classified as financial assets at amortized cost – current or financial assets at amortized cost – non-current based on its maturity date if the maturity is longer than three months.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using settlement date accounting.

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

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

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor)－operating leases

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

(14) Inventories

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

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3～55 years
Machinery and equipment	2～10 years
Research and development equipment	3～ 6 years
Office equipment	3～ 6 years
Other tangible operating assets	2～10 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(20) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

B. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortized, but is tested annually for impairment.

(21) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(22) Borrowings

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

(23) Notes and account payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Convertible bonds payable

A. Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a) Whether the embedded call options and put options shall be separated as embedded derivative depends on if its' economic characteristics and risks are closely related to the economic characteristics and risks of the host contract, when recognised initially. When the economic characteristics and risks of the embedded call options and put options are closely related to the economic characteristics and risks of the host contract, the multiple embedded derivatives shall be accounted for in accordance with the appropriate standards according to its nature. When the economic characteristics and risks of the embedded call options and put options are not closely related to the economic characteristics and risks of the host contract. Embedded derivatives are separated from the host contract, the host contract shall be accounted for in accordance with the appropriate standards according to its nature.

(b) The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.

(c) The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e) When bondholders exercise conversion options, the liability component of the bonds (bonds payable) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(25) Derecognition of financial liabilities

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

(26) Provisions

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

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(28) <u>Employee share-based payment</u>

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest. The aforementioned grant date represents the grant date resolved by the Board of Directors.

(29) Income tax

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

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

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(30) Share capital

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

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

(31) Dividends

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

(32) Revenue recognition

Sales of goods

A. The Group manufactures and sells computer peripheral and component parts products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from sales is recognized based on the price specified in the contract, net of the estimated business tax, volume discounts, sales returns and allowances. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognized as a provision.

D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(33) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(34) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

Inventories are stated at the lower of cost and net realizable value. For inventory which is saleable and obsolete inventory that is checked item by item, the net realizable value are determined based on past experience on industry. Management's judgement on determining net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 13,425	$ 4,334
Checking accounts and demand deposits	13,131,314	11,614,452
Time deposits	10,021,336	4,646,724
	$ 23,166,075	$ 16,265,510

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

B. The Group reclassified the pledged bank deposits and time deposits with more than three months maturity to "Financial assets at amortized cost", please refer to Notes 6(3) and 8 for the details.

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

Financial assets mandatorily measured at fair value through profit or loss	December 31, 2023	December 31, 2022
Current items:		
Listed stocks	$ 67,130	$ 55,308
Emerging stocks	43,913	20,000
Unlisted stocks	179,537	149,537
Beneficiary certificates	154,941	278,664
Government bonds	-	16,298
	445,521	519,807
Valuation adjustment	6,289	8,188
	451,810	527,995
Non-current items:		
Beneficiary certificates	75,000	-
Valuation adjustment	-	-
	75,000	-
	$ 526,810	$ 527,995

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

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity intruments	($ 3,112)	$ 480
Beneficiary certificates	23,040	11,181
Debt instruments	1,069	913
	$ 20,997	$ 12,574

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current items:		
Time deposits with more than three months maturity	$ 753,336	$ 641,814
Non-current items:		
Time deposits with more than three months maturity	$ -	$ 24,124
Pledged bank deposits	142,931	212,237
	$ 142,931	$ 236,361

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

	Years ended December 31,	
	2023	2022
Interest income	$ 23,201	$ 16,691

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $896,267 and $878,175, respectively.

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

D. The Group deposits financial assets at amortized cost in a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 3,941	$ 3,975
Accounts receivable	$ 16,401,679	$ 14,425,717
Less: Allowance for uncollectible accounts	(385,470)	(299,121)
	$ 16,016,209	$ 14,126,596

A. Details of notes receivable of the Group that were not yet past due and ageing analysis of accounts receivable are provided in Note 12(2).

B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to $16,405,620, $14,429,692 and $10,911,292, respectively.

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

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were $3,941, $3,975, $16,016,209 and $14,126,596, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 12,655,513	($ 592,826)	$ 12,062,687
Work in progress	1,739,882	(6,028)	1,733,854
Finished goods and merchandise inventories	16,645,168	(777,355)	15,867,813
	$ 31,040,563	($ 1,376,209)	$ 29,664,354

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 9,398,465	($ 536,378)	$ 8,862,087
Work in progress	969,179	(6,457)	962,722
Finished goods and merchandise inventories	13,269,360	(1,316,924)	11,952,436
	$ 23,637,004	($ 1,859,759)	$ 21,777,245

The cost of inventories recognized as expense for the year:

	Year ended December 31,	
	2023	2022
Cost of inventories sold	$ 118,965,719	$ 88,484,926
Cost of warranty	1,715,799	1,090,803
(Gain on reversal of) loss on valuation	(483,550)	1,071,837
	$ 120,197,968	$ 90,647,566

Reversal of inventory valuation loss for the year ended December 31, 2023 was mainly due to the selling of inventory which was previously recognized in the allowance of obsolescence loss as inventory level increased due to market slow down since second quarter of 2022.

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

	December 31, 2023	December 31, 2022
Debt instruments		
Listed stocks	$ 936,387	$ 936,387
Unlisted stocks	110,570	110,548
	1,046,957	1,046,935
Valuation adjustment	859,456	590,841
	$ 1,906,413	$ 1,637,776

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,906,413 and $1,637,776 as at December 31, 2023 and 2022, respectively.

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

	Year ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 268,615	($ 881,281)
Dividend income recognized in profit or loss held at end of year	$ 55,022	$ 65,142

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,906,413 and $1,637,776, respectively.

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

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using the equity method

	2023	2022
At January 1	$ 528,720	$ 518,711
Increase in investments accounted for using equity method	-	12,500
Disposal of investments accounted for using equity method	-	(1,109)
Share of loss of investments accounted for using equity method	(6,594)	1,327
Earnings distribution of investments accounted for using equity method	(4,521)	(3,875)
Changes in capital surplus	(392)	1,199
Changes in other equity items	(1,675)	(33)
At December 31	$ 515,538	$ 528,720

	December 31, 2023	December 31, 2022
Associates		
WELLYSUN INC.	$ 451,584	$ 458,334
Joint ventures		
MyelinTek Inc.	53,357	57,948
Da Shiang Technology Co., Ltd.	10,597	12,438
	$ 515,538	$ 528,720

A. Abovementioned investments accounted for using equity method are based on investee companies' financial statements audited by other independent auditors.

B. On December, 2023, WELLYSUN INC. issued employee stock options, resulting in the Group's shareholding ratio in the investee decreasing to 28.08%. The Group is the single largest shareholder of the investee. Given that 8 other large shareholders (non-related parties) hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of the investee, the Group has no control, but only has significant influence, over the investee.

C. P.R.C.E. Ltd. increased its capital by issuing new shares on September 29, 2022. As the Group did not acquire shares proportionally to its interest, the shareholding ratio has decreased to 16.38%, and the investments accounted for using the equity method amounting to $1,109 were deemed as disposed and transferred to financial assets at fair value through other comprehensive income.

D. The Group has no material associates and joint venture investment. The Group's share of the operating results of the aforementioned investments are summarized below:

	Year ended December 31,	
	2023	2022
Total comprehensive (loss) income	($ 8,269)	$ 1,294

(8) Property, plant and equipment

	2023								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$1,499,434	$ 72,564	$1,571,998	$3,691,516	$ 40,587	$3,732,103	$3,082,447	$1,496,957	$ 9,883,505
Accumulated depreciation	-	-	-	(1,844,661)	(9,086)	(1,853,747)	(2,000,405)	(1,082,453)	(4,936,605)
	$1,499,434	$ 72,564	$1,571,998	$1,846,855	$ 31,501	$1,878,356	$1,082,042	$ 414,504	$ 4,946,900
At January 1	$1,499,434	$ 72,564	$1,571,998	$1,846,855	$ 31,501	$1,878,356	$1,082,042	$ 414,504	$ 4,946,900
Additions	-	-	-	62,067	-	62,067	29,270	326,235	417,572
Disposals	-	-	-	(4,742)	-	(4,742)	(6,293)	(2,814)	(13,849)
Reclassifications	-	-	-	145	-	145	18,193	10,622	28,960
Depreciation charge	-	-	-	(114,113)	(796)	(114,909)	(209,860)	(240,398)	(565,167)
Net exchange differences	2,442	-	2,442	6,492	-	6,492	(5,519)	2,625	6,040
At December 31	$1,501,876	$ 72,564	$1,574,440	$1,796,704	$ 30,705	$1,827,409	$ 907,833	$ 510,774	$ 4,820,456
At December 31									
Cost	$1,501,876	$ 72,564	$1,574,440	$3,732,950	$ 40,587	$3,773,537	$3,029,054	$1,667,997	$10,045,028
Accumulated depreciation	-	-	-	(1,936,246)	(9,882)	(1,946,128)	(2,121,221)	(1,157,223)	(5,224,572)
	$1,501,876	$ 72,564	$1,574,440	$1,796,704	$ 30,705	$1,827,409	$ 907,833	$ 510,774	$ 4,820,456

	2022								
	Land			Buildings and structures			Machinery	Others	
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Total
At January 1									
Cost	$1,208,113	$139,528	$1,347,641	$3,289,933	$ 58,028	$3,347,961	$2,861,248	$1,557,630	$ 9,114,480
Accumulated depreciation	-	-	-	(1,738,244)	(9,504)	(1,747,748)	(1,975,332)	(1,184,403)	(4,907,483)
	$1,208,113	$139,528	$1,347,641	$1,551,689	$ 48,524	$1,600,213	$ 885,916	$ 373,227	$ 4,206,997
At January 1	$1,208,113	$139,528	$1,347,641	$1,551,689	$ 48,524	$1,600,213	$ 885,916	$ 373,227	$ 4,206,997
Additions	210,437	-	210,437	358,658	-	358,658	321,547	235,395	1,126,037
Disposals	-	-	-	(1,159)	-	(1,159)	(16,889)	(16,887)	(34,935)
Reclassifications	66,964	(66,964)	-	16,297	(16,213)	84	92,378	31,321	123,783
Depreciation charge	-	-	-	(106,723)	(810)	(107,533)	(208,020)	(211,697)	(527,250)
Net exchange differences	13,920	-	13,920	28,093	-	28,093	7,110	3,145	52,268
At December 31	$1,499,434	$ 72,564	$1,571,998	$1,846,855	$ 31,501	$1,878,356	$1,082,042	$ 414,504	$ 4,946,900
At December 31									
Cost	$1,499,434	$ 72,564	$1,571,998	$3,691,516	$ 40,587	$3,732,103	$3,082,447	$1,496,957	$ 9,883,505
Accumulated depreciation	-	-	-	(1,844,661)	(9,086)	(1,853,747)	(2,000,405)	(1,082,453)	(4,936,605)
	$1,499,434	$ 72,564	$1,571,998	$1,846,855	$ 31,501	$1,878,356	$1,082,042	$ 414,504	$ 4,946,900

A. The significant components of buildings include main plants and renovation construction, which are depreciated over 10~55 and 3~55 years, respectively.

B. The Group had no interest capitalisation for the years ended December 31, 2023 and 2022.

C. The Group has no property, plant and equipment pledged to others as collateral.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise buildings and business vehicles. Low-value assets comprise multifunction printers.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land-use right	$ 33,261	$ 35,287
Buildings	87,068	91,850
Transportation equipment	68,803	31,215
	$ 189,132	$ 158,352

	Year ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land-use right	$ 1,427	$ 1,438
Buildings	62,135	81,816
Transportation equipment	31,304	29,876
	$ 94,866	$ 113,130

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $134,631 and $80,759, respectively.

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

	Year ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,584	$ 4,285
Expense on short-term lease contracts	268,312	155,653
Expense on leases of low-value assets	6,424	4,673
Gain on lease modification	80	99

F. For the years ended December 31, 2023 and 2022, the Group’s total cash outflow for leases was $373,943 and $276,085, respectively.

(10) Leasing arrangements – lessor

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

B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of $21,972 and $23,949, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2023	December 31, 2022
2023	$ -	$ 11,507
2024	6,204	966
2025	2,966	572
2026	-	86
	$ 9,170	$ 13,131

(11) Investment property

	2023	2023
	Buildings	Buildings
At January 1		
Cost	$ 107,625	$ 106,135
Accumulated depreciation	(70,196)	(64,437)
	$ 37,429	$ 41,698
At January 1	$ 37,429	$ 41,698
Depreciation charge	(4,635)	(4,867)
Net exchange differences	595	598
At December 31	$ 33,389	$ 37,429
At December 31		
Cost	$ 102,993	$ 107,625
Accumulated depreciation	(69,604)	(70,196)
	$ 33,389	$ 37,429

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

	Years ended December 31,	
	2023	2022
Rental income from investment property	$ 7,671	$ 7,734
Direct operating expenses arising from the investment property that generated rental income in the year	$ 4,635	$ 4,867

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was $58,436 and $62,181 and, respectively, which was valuated with reference to the future rental income and the related discounted cash flows, which was categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2023	December 31, 2022
Discount rate	2.606%	2.737%

C. The Group has no investment property pledged to others.

(12) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for purchase of building、land and business facilities	$ 107,541	$ 46,833
Guarantee deposits paid	67,542	69,117
Others	15,105	21,877
	$ 190,188	$ 137,827

(13) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 4,115,936	$ 4,362,837
Marketing fee payable	1,090,225	1,173,001
Employees' compensation and directors' remuneration payable	925,986	967,978
Shipping and freight-in payable	244,553	370,230
Royalties payable	83,268	79,752
Others	685,608	504,012
	$ 7,145,576	$ 7,457,810

(14) Provisions – current

	2023		
	Warranty	Legal claims	Book value
At January 1	$ 818,265	$ -	$ 818,265
Additional provisions	1,715,799	-	1,715,799
Used during the year	(1,707,695)	-	(1,707,695)
At December 31	$ 826,369	$ -	$ 826,369

	2022		
	Warranty	Legal claims	Book value
At January 1	$ 725,193	$ 43,470	$ 768,663
Additional provisions	1,090,803	-	1,090,803
Used during the year	(729,628)	-	(729,628)
Reversal of unused provisions	(268,103)	(44,407)	(312,510)
Exchange differences	-	937	937
At December 31	$ 818,265	$ -	$ 818,265

Analysis of total provisions:

A. Warranty

The Group gives warranties on the peripherals and accessories of computer hardware sold. Provision for warranty is estimated based on the historical repair records of the product.

B. Legal claims

On October 27, 2019, certain customers filed a lawsuit against the Group with the Court of First Instance for contract damages. On May 27, 2020, the court ruled to dismiss the customers' lawsuit against the Group and transferred the case to the Public Security Bureau as it involves a criminal offense. However, the Public Security Bureau returned the case to the court in September 2020 on the ground of having no jurisdiction. In the directors' opinion, after taking appropriate legal advice, since the customers' similar case had been ruled by the court as third-party fraud and not the responsibility of the litigation opposing party, the Group assessed that the customer had no legal reasons to claim compensation for damage against the Group. Therefore, the Group reversed the provision for these legal claims amounting to $44,407 in June 2022.

(15) Bonds payable

	December 31, 2023
Bonds payable	$ 9,804,347
Less: Discount on bonds payable	(883,882)
	$ 8,920,465

A. On July 27, 2023, the Company issued its third unsecured convertible bonds overseas under the following conditions:

(a) The total issuance amounted to USD 300 million, with a coupon rate of 0%, a maturity period of 5 years, and a circulation period from July 27, 2023 to July 27, 2028. Upon maturity, the convertible bonds will be redeemed in USD at face value plus an annual interest rate of 1% (semi-annually calculated).

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue (excluding the issuance date) to 10 days before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds (the conversion price at issuance is NT$375 per share/conversion exchange rate used is USD:TWD=1:31.095), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently.

(d) Except in cases of early redemption, repurchase and cancellation, or conversion, bondholders may request compensation for interest at an annual rate of 1% above the face value of the bonds from the third anniversary of the issuance date or the delisting of the Company's common stock on the Taiwan Stock Exchange, with redemption based on semi-annual calculations.

(e) When 90% or more of the bonds have been redeemed, converted, repurchased and cancelled by bondholders, or from the day following the third anniversary of the issuance of the convertible bonds until ten days before maturity, if the closing price of the Company's common stock (converted to USD at the prevailing exchange rate) reaches 130% of the early redemption amount divided by the total face value of the bonds after 20 trading days out of 30 consecutive trading days, the Company may redeem all or part of the bonds early.

(f) Under the terms of the bonds, all bonds redeemed (including repurchased on the secondary market), early redeemed, matured or converted bonds by bondholders will be cancelled and not to be re-issued.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $449,693 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. In accordance with IFRS 9, the call options and put options embedded in bonds payable were not separated because the economic characteristics and risks of the embedded derivatives were closely related to those of the host contracts.

(16) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 579,025)	($ 588,601)
Fair value of plan assets	168,314	126,508
Net defined benefit liability	($ 410,711)	($ 462,093)

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

	Year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 588,601)	$ 126,508	($ 462,093)
Current service cost	(3,864)	-	(3,864)
Interest (expense) income	(7,787)	1,619	(6,168)
Past service cost	1,850	-	1,850
Settlement profit or loss	12,198	(9,532)	2,666
	(586,204)	118,595	(467,609)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,533	2,533
Change in demographic assumptions	(12)	-	(12)
Change in financial assumptions	(8,363)	-	(8,363)
Experience adjustments	(2,221)	-	(2,221)
	(10,596)	2,533	(8,063)
Pension fund contribution	-	64,961	64,961
Paid pension	17,775	(17,775)	-
At December 31	($ 579,025)	$ 168,314	($ 410,711)

	Year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 812,095)	$ 217,051	($ 595,044)
Current service cost	(3,884)	-	(3,884)
Interest (expense) income	(5,628)	1,513	(4,115)
Past service cost	8,137	(68)	8,069
Settlement profit or loss	142,495	(117,002)	25,493
	(670,975)	101,494	(569,481)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	17,395	17,395
Change in demographic assumptions	(3,464)	-	(3,464)
Change in financial assumptions	51,418	-	51,418
Experience adjustments	16,991	-	16,991
	64,945	17,395	82,340
Pension fund contribution	-	25,048	25,048
Paid pension	17,429	(17,429)	-
Balance at December 31	($ 588,601)	$ 126,508	($ 462,093)

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

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

	Year ended December 31,	
	2023	2022
Discount rate	1.20%	1.35%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Experience Mortality Table from Taiwan Life Insurance.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 13,536)	$ 14,037	$ 13,753	($ 13,336)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 14,400)	$ 14,953	$ 14,673	($ 14,207)

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

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

(e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $10,449.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	24,730
1-2 year(s)		34,028
2-5 years		99,824
Over 5 years		487,856
	$	646,438

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $111,502 and $134,298, respectively.

The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 was both 12%~16%. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2023 and 2022, the Company's mainland China subsidiaries have recognized pension cost of $100,281 and $96,270, respectively.

(17) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options- Giga Computing Technology Co., Ltd.	2023.10.17	16,000,000 shares	2023.10.30-2023.11.22	Immediately vested
Treasury stock transferred to employees	2022.9.26	705,000 shares	2022.10.3-2022.10.7	Immediately vested
Employee stock options- Senyun Precise Optical Co., Ltd.	2018.1.10	1,670,000 shares	5 years	0~1 year's service

Among the share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Employee stock options – Giga Computing Technology Co., Ltd.	2023 No. of options (in thousands)	2023 Weighted-average exercise price (in dollars)
Options granted	16,000	$ 12.00
Options exercised	(15,980)	〃
Options expired	(20)	〃
Options outstanding at December 31	-	

Employee stock options – Senyun Precise Optical Co., Ltd	2023 No. of options (in thousands)	2023 Weighted-average exercise price (in dollars)	2022 No. of options (in thousands)	2022 Weighted-average exercise price (in dollars)
Options outstanding at January 1	170	$ 10.00	170	$ 10.00
Options expired	(170)	-	-	-
Options outstanding at December 31	-	-	170	10.00
Options exercisable at December 31	-		170	

C. As of January 10, 2023, all of stock options outstanding of Senyun Precise Optical Co., Ltd have expired. As of December 31, 2022, the range of exercise price of stock options outstanding of Senyun Precise Optical Co., Ltd was $10.00, and the weighted-average remaining vesting period was 0.03 years.

D. The Company's stock price on September 26, 2022 (grant date) was $89.2 dollars, and the exercise price was $93.64 dollars and thus the fair value of stock options was $0. The fair value of other stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Price volatility	Option life	Dividends	Interest rate	Fair value per unit
Employee stock options-Giga Computing Technology Co., Ltd.	2023.10.17	$ 36.24	$ 12	-	-	-	-	$ 24.24
Treasury stock transferred to employees	2021.11.18	$105.59	$ 93.64	43.83% (Note)	0.04 years	-	0.34%	$ 12.3026
Employee stock options-Senyun Precise Optical Co., Ltd.	2018.1.10	$ 5.2	$ 10	55.00%	3 years	-	0.50%	$ 1

Note: Expected price volatility rate was estimated based on the daily historical volatility record of the Company during the latest three months prior to grant date.

E. The fees incurred for share-based payment transactions are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity delivery	$ 387,840	$ -

(18) Share capital

As of December 31, 2023, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary stocks (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was $6,356,889 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding at the beginning and end of the period is both 635,689 thousand shares.

(19) Capital surplus

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

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors, and resolved by the stockholders when distributed by issuance new shares. The Company's dividend policy is as follows: not less than 5% of total distribution amount shall be distributed in the form of cash. If the cash dividend is less than ten cents (NT$0.1) per share, such dividend shall be distributed in the form of shares.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve of $426,354 on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriation of earnings for 2022 and 2021 had been resolved by stockholders on June 9, 2023 and June 4, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 660,439		$ 1,334,879	
Cash dividends	3,941,271	$ 6.20	7,619,807	$ 12.00

E. As of the reporting date of the consolidated financial statements, the appropriation of retained earnings for 2023 has not been resolved by the Board of Directors. Information about the appropriations of earnings proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 136,773,409	$ 107,263,644

A. Disaggregation of revenue from contracts with customers

The Group derives revenue at a point in time in the following major product lines and segment information:

	Years ended December 31, 2023		
	Global brand business group	Other business group	Total
Product Types			
Computer parts	$ 72,243,127	$ -	$ 72,243,127
Networking communication products	52,704,117	-	52,704,117
Others	11,187,940	638,225	11,826,165
	$ 136,135,184	$ 638,225	$ 136,773,409

	Years ended December 31, 2022		
	Global brand business group	Other business group	Total
Product Types			
Computer parts	$ 71,436,531	$ -	$ 71,436,531
Networking communication products	20,104,038	-	20,104,038
Others	15,070,864	652,211	15,723,075
	$ 106,611,433	$ 652,211	$ 107,263,644

B. Contract assets and liabilities

(a) The Group has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Advance sales receipts	$ 4,355,872	$ 2,788,051	$ 1,197,240

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

	Year ended December 31,	
	2023	2022
Advance sales receipts	$ 2,788,051	$ 1,197,240

(22) Interest income

	Year ended December 31,	
	2023	2022
Interest income from bank deposits	$ 396,472	$ 97,951
Interest income from financial assets measured at amortized cost	23,129	16,691
Interest income from financial assets measured at fair value through profit or loss	740	1,738
Others	2,234	4,076
Total interest income	$ 422,575	$ 120,456

(23) Other income

	Year ended December 31,	
	2023	2022
Dividend income	$ 58,479	$ 68,871
Rental revenue	21,972	23,949
Other income - others	734,330	1,052,839
	$ 814,781	$ 1,145,659

(24) Other gains and losses

	Year ended December 31,	
	2023	2022
Foreign exchange gains	$ 25,877	$ 1,305,837
Gains on financial assets at fair value through profit or loss	16,800	7,107
Gains from lease modification	80	99
Gains on disposals of investments	-	75
Losses on disposal of property, plant and equipment	(6,350)	(6,651)
Loss on disposal of intangible assets	-	(42)
Others	26,374	32,382
	$ 62,781	$ 1,338,807

(25) Finance costs

	Year ended December 31,	
	2023	2022
Interest expense		
Amortization of convertible bonds discount	$ 78,972	$ -
Bank borrowing	-	1,207
Interest expense on lease liabilities	4,854	4,285
Other interest expense	271	230
	$ 84,097	$ 5,722

(26) Expenses by nature

	Year ended December 31,	
	2023	2022
Cost of goods sold	$ 116,874,375	$ 85,769,944
Employee benefit expense	6,612,034	4,874,302
Warranty cost of after-sale service	1,715,799	1,090,803
Marketing service charge	795,633	960,747
Depreciation and amortization	784,452	728,155
Transportation expenses	697,031	773,022
Export expense	691,725	1,494,294
Expected credit losses	87,675	209,817
(Gain on reversal of) loss on inventory valuation	(483,550)	1,071,837
Other costs and expenses	4,103,060	4,445,509
	$ 131,878,234	$ 101,418,430

(27) Employee benefit expense

	Year ended December 31,	
	2023	2022
Wages and salaries	$ 5,673,889	$ 3,990,437
Labor and health insurance fees	381,043	387,098
Pension costs	217,299	205,005
Other personnel expenses	339,803	291,762
	$ 6,612,034	$ 4,874,302

A. In accordance with Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ remuneration. The ratio shall be 3%～10% for employees’ compensation and shall not be higher than 3% for directors’ remuneration.

B. For the years ended December 31, 2023 and 2022, employees’ compensation was accrued at $588,690 and $894,836, respectively; while directors’ remuneration was both accrued at $46,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 10% and 0.78% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors were $588,690 and $46,000, respectively, and the employees' compensation will be distributed in the form of cash.

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

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 1,295,580	$ 1,734,804
Tax on undistributed surplus earnings	87,069	195,193
Prior year income tax overestimation	(34,293)	(71,717)
Total current tax	1,348,356	1,858,280
Deferred tax:		
Origination and reversal of temporary differences	(24,687)	42,802
Effect of the exchange rate	(133)	9,810
Total deferred tax	(24,820)	52,612
Income tax expense	$ 1,323,536	$ 1,910,892

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

	Year ended December 31, 2023	Year ended December 31, 2022
Remeasurement of defined benefit obligations	($ 1,613)	$ 16,468

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 1,220,924	$ 1,689,148
Items disallowed by tax regulation	(453,574)	(77,890)
Tax exempt income by tax regulation	(38,308)	(34,247)
Taxable loss not recognized as deferred tax assets	10,340	46,724
Effect from investment tax credit	(137,983)	(149,720)
Prior year income tax overestimation	(34,293)	(71,717)
Tax on undistributed surplus earnings	87,069	195,193
Effect of tax from different applicable taxes within the Group	669,361	313,401
Income tax expense	$ 1,323,536	$ 1,910,892

Note:The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

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

Year ended December 31, 2023	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 163,653	$ 1,621	$ -	$ 165,274
Loss on inventory valuation	329,182	(48,323)	-	280,859
Amount of allowance for bad debts that exceed the limit for tax purpose	7,403	203	-	7,606
Pension expense	67,693	(11,889)	-	55,804
Unrealised profit on intercompany sales	289,600	(66,374)	-	223,226
Unrealised exchange loss	-	139,675	-	139,675
Remeasurement of defined benefit obligations	13,016	-	1,613	14,629
Others	85,892	59,647	-	145,539
	$ 956,439	$ 74,560	$ 1,613	$ 1,032,612
Deferred tax liabilities				
Unrealised exchange gain	($ 5,930)	($ 49,873)	$ -	($ 55,803)

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 145,039	$ 18,614	$ -	$ 163,653
Loss on inventory valuation	176,121	153,061	-	329,182
Amount of allowance for bad debts that exceed the limit for tax purpose	10,570	(3,167)	-	7,403
Pension expense	51,230	16,463	-	67,693
Unrealised profit on intercompany sales	483,548	(193,948)	-	289,600
Unrealised exchange loss	22,340	(22,340)	-	-
Remeasurement of defined benefit obligations	29,484	-	(16,468)	13,016
Others	91,447	(5,555)	-	85,892
	$ 1,009,779	($ 36,872)	($ 16,468)	$ 956,439
Deferred tax liabilities				
Unrealised exchange gain	$ -	($ 5,930)	$ -	($ 5,930)

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2014	$ 164,552	$ 119,089	$ 119,089	2024
2015	298,581	268,300	268,300	2025
2016	344,635	287,860	287,860	2026
2017	334,931	330,441	330,441	2027
2018	285,840	284,277	284,277	2028
2019	464,762	444,374	444,374	2029
2020	357,385	355,791	355,791	2030
2021	137,022	131,783	131,783	2031
2022 (Note)	194,665	194,665	194,665	2032
2023 (Note)	51,699	51,699	51,699	2033
	$ 2,634,072	$ 2,468,279	$ 2,468,279	

Year incurred		Amount filed/ assessed		Unused amount		Unrecognized deferred tax assets	Usable until year
			December 31, 2022				
2013	$	120,379	$	101,551	$	101,551	2023
2014		164,552		131,148		131,148	2024
2015		298,581		298,581		298,581	2025
2016		344,635		344,434		344,434	2026
2017		334,931		334,931		334,931	2027
2018		285,840		285,840		285,840	2028
2019		464,762		444,374		444,374	2029
2020		357,385		355,791		355,791	2030
2021 (Note)		132,254		132,254		132,254	2031
2022 (Note)		222,747		222,747		222,747	2032
	$	2,726,066	$	2,651,651	$	2,651,651	

Note: These amounts were based on estimates.

E. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary difference unrecognized as deferred tax liabilities were $916,162 and $745,523 respectively.

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

G. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

(a) The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD).Since Pillar Two legislation was enacted in the Netherlands, Germany, and other countries, the jurisdiction in which the entity controlled by the Group is incorporated, and will come into effect from January 1, 2024, the Group has no related current tax exposure as of December 31, 2023.While Pillar Two legislation was enacted in other operational regions of the Group and has not yet come into effect, it has no significant impact to the Group based on the Group's assessment.

(b) Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

(c) Due to the complexities in applying the legislation and calculating GloBE income , the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist it with applying the legislation.

(29) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,742,979	635,689	$ 7.46
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	4,180	
-Convertible bonds	72,753	10,768	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 4,815,732	650,637	$ 7.40

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 6,538,521	635,125	$ 10.29
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares -Employees' compensation	-	10,848	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,538,521	645,973	$ 10.12

(30) Transactions with non-controlling interest (Year 2022: None.)

Giga Computing Technology Co., Ltd. issued the employee share options resolved by the Board of Directors on October 17, 2023. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 16.07%. The transaction increased non-controlling interest by $411,799 and decreased the equity attributable to owners of parent by $220,039. The effect of changes in interests in Giga Computing Technology Co on the equity attributable to owners of the parent for the year ended December 31, 2023 is shown below:

	December 31, 2023
Cash	$ 191,760
Capital surplus-employee share options	387,840
Increase in the carrying amount of non-controlling interest	(411,799)
Capital surplus-changes in ownship interests in subsidiarieis	$ 167,801

(31) Supplemental cash flow information:

Investing activities with partial cash payments:

	Year ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 417,572	$ 1,126,037
Add: Opening balance of payable on equipment	6,321	2,208
Less: Ending balance of payable on equipment	(7,157)	(6,321)
Cash paid during the year	$ 416,736	$ 1,121,924

(32) Changes in liabilities from financing activities

	Year ended December 31, 2023			
	Bonds payable	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ -	$ 96,729	$ 126,214	$ 222,943
Changes in cash flow from financing activities	9,291,186	8,144	(94,352)	9,204,978
Payment of interest expense on lease liabilities (Note)	-	-	(4,854)	(4,854)
Conversion options of convertible bonds	(449,693)	-	-	(449,693)
Amoritzation of convertible bonds discount (Note)	78,972	-	-	78,972
Impact of changes in foreign exchange rate	-	-	930	930
Changes in other non-cash items	-	-	131,534	131,534
At December 31	$8,920,465	$ 104,873	$ 159,472	$ 9,184,810

	Year ended December 31, 2022			
	Long-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ 200,000	$ 7,947	$ 162,977	$ 370,924
Changes in cash flow from financing activities	(200,000)	88,782	(111,474)	(222,692)
Payment of interest expense on lease liabilities (Note)	-	-	(4,285)	(4,285)
Impact of changes in foreign exchange rate		-	3,357	3,357
Changes in other non-cash items	-	-	75,639	75,639
At December 31	$ -	$ 96,729	$ 126,214	$ 222,943

Note: Listed under cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

The related parties are included in the consolidated financial statements, and the related transactions are all eliminated.

(2) Key management compensation

	Year ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 452,609	$ 639,772
Share-based payments	124,715	-
Post-retirement benefits	1,365	1,444
Total	$ 578,689	$ 641,216

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Pledged assets - non-current (accounted for as “Financia assets at amortized cost - non-current”)			
- Demand deposits	$ 5,561	$ 104,398	Security deposit for office leasing
- Time deposits	137,370	107,839	Guarantee for the customs duties
	$ 142,931	$ 212,237	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue employee stock option or buyback and retire treasury stock.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 526,810	$ 527,995
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	1,906,413	1,637,776
Financial assets at amortized cost		
Cash and cash equivalents	23,166,075	16,265,510
Financial assets at amortised cost	896,267	878,175
Notes receivable	3,941	3,975
Accounts receivable	16,016,209	14,126,596
Other receivables	738,720	234,663
Other financial assets	257,500	257,500
Guarantee deposits paid	67,542	69,117
	$ 43,579,477	$ 34,001,307
Financial liabilities		
Financial liabilities at amortized cost		
Notes payable	$ 12,741	$ 11,564
Accounts payable	20,698,047	13,984,884
Other payables	7,145,576	7,457,810
Bonds payable	8,920,465	-
Guarantee deposits received	104,873	96,729
Lease liabilities	159,472	126,214
	$ 37,041,174	$ 21,677,201

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 1,398,620	30.735	$42,986,586
RMB:NTD	207,002	4.331	896,526
USD:RMB	254,624	7.096	7,825,302
Non-monetary items			
USD:NTD	$ 3,002	30.735	92,266

	December 31, 2023		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Investments accounted for using equity method			
USD:NTD	$ 294,662	30.735	$ 9,056,432
Financial liabilities			
Monetary items			
USD:NTD	$ 1,044,032	30.735	$32,088,324
RMB:NTD	556,964	4.331	2,412,211
USD:RMB	22,640	7.096	7,518,466

	December 31, 2022		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 858,983	30.708	$26,377,650
RMB:NTD	147,342	4.408	649,484
USD:RMB	180,717	6.967	5,549,916
Non-monetary items			
USD:NTD	$ 7,248	30.708	222,572
Investments accounted for using equity method			
USD:NTD	$ 240,780	30.708	$ 7,393,883
Financial liabilities			
Monetary items			
USD:NTD	$ 464,030	30.708	$14,249,433
RMB:NTD	581,754	4.408	2,564,372
USD:RMB	358,327	6.967	11,004,414

iv. The total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to gains of $25,877 and $1,305,837, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 429,866	$ -
RMB:NTD	1%	8,965	-
USD:RMB	1%	78,253	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 320,883	$ -
RMB:NTD	1%	24,122	-
USD:RMB	1%	75,185	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 263,777	$ -
RMB:NTD	1%	6,495	-
USD:RMB	1%	55,499	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 142,494	$ -
RMB:NTD	1%	25,644	-
USD:RMB	1%	110,044	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and beneficiary certificates issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $5,268 and $5,128, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss and beneficiary certificates. Other components of equity would have increased/decreased by $19,064 and $16,378, respectively, as a result of gains/losses on equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The domestic/overseas bond funds investment and bond products with fixed interest rate by the Group was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.

ii. For fixed interest rate bond investments held by the Group classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2023 and 2022, if market interest rates had been 1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have been $0 and $152 lower/higher, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

ii. The bond fund held by the Group was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Group trades with several securities investment trust companies, credit risk is low.

iii. The Group has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Group is the total amount of all book value.

iv. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

v. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

vi. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

vii. The Group classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and characteristics of collateral. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

ix. The Group used the forecastability of macroeconomic growth by the International Monetary Fund to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2023			
Expected loss rate	0.09%~15.41%	0.09%~18.46%	0.09%~40.51%
Total book value	$ 12,899,437	$ 2,851,559	$ 423,004
Loss allowance	$ 101,666	$ 68,069	$ 82,923

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	0.09%~95.22%	0.13%~100%	
Total book value	$ 41,805	$ 185,874	$ 16,401,679
Loss allowance	$ 21,625	$ 111,187	$ 385,470

	Not past due	Up to 30 days past due	31 to 60 days past due
December 31, 2022			
Expected loss rate	0.10%~3.70%	0.10%~15.97%	0.10%~24.91%
Total book value	$ 10,134,210	$ 3,113,248	$ 913,296
Loss allowance	$ 78,068	$ 47,679	$ 52,049

	61 to 90 days past due	Over 90 days	Total
Expected loss rate	0.10%~64.45%	10%~100%	
Total book value	$ 157,133	$ 107,830	$ 14,425,717
Loss allowance	$ 34,577	$ 86,748	$ 299,121

x. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	2023		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 299,121	$ 299,121
Provision for impairment	-	87,675	87,675
Write-offs	-	(52)	(52)
Effect of exchange rate changes	-	(1,274)	(1,274)
At December 31	$ -	$ 385,470	$ 385,470

	2022		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 83,146	$ 83,146
Provision for impairment	-	209,817	209,817
Write-offs	-	(487)	(487)
Effect of exchange rate changes	-	6,645	6,645
At December 31	$ -	$ 299,121	$ 299,121

Considering the credit insurance on accounts receivable, the abovementioned amounts were not provided with allowance for uncollectible accounts in the amounts of $348,681 and $386,497 on December 31, 2023 and 2022, respectively. For provisioned loss in 2023 and 2022, the reversal of impairment losses and the impairment losses arising from customers' contracts amounted to $87,675 and $209,817, respectively.

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group had no undrawn borrowing facilities for fixed rate long-term borrowings.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Except for the contractual undiscounted cash flows of notes payable, accounts payable, other payables and guarantee deposits received were equivalent to their carrying amounts and were expiring within one year, the amounts disclosed in the table are the contractual undiscounted cash flows of other financial liabilities:

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Lease liability	$ 82,752	$ 52,990	$ 27,979	$ 163,721
Bonds payable	-	-	9,804,347	9,804,347

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Lease liability	$ 70,375	$ 34,117	$ 27,850	$ 132,342

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

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

C. Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost (bank deposits), notes receivable, accounts receivable, other receivables, other financial assets, guarantee deposits paid, notes payable, accounts payable, other payables, guarantee deposits received and lease liability) are approximate to their fair values.

	December 31, 2023			
		Fair value		
	Book	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 8,920,465	$ -	$ 8,869,590	$ -

The above convertible bonds payable are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

(a) The related information of natures of the assets is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Recurring fair value measurements-assets				
Financial assets at fair value through profit or loss				
Equity instrument	$ 135,504	$ -	$ 165,571	$ 301,075
Beneficiary certificates	150,735	-	75,000	225,735
Financial assets at fair value through other comprehensive income				
Equity instrument	1,820,927	-	85,486	1,906,413
	$2,107,166	$ -	$ 326,057	$2,433,223

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Recurring fair value measurements-assets				
Financial assets at fair value through profit or loss				
Equity instrument	$ 106,544	$ -	$ 148,668	$ 255,212
Beneficiary certificates	257,559		-	257,559
Debt instrument	15,224		-	15,224
Financial assets at fair value through other comprehensive income				
Equity instrument	1,549,422	-	88,354	1,637,776
	$1,928,749	$ -	$ 237,022	$2,165,771

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

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

	Listed shares	Open-end fund	Government bond and corporate bond
Market quoted price	Closing price	Net asset value	Market price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

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

	Years ended December 31,	
	2023	2022
At January 1	$ 237,022	$ 207,404
Losses recognized in profit or loss	(13,097)	(4,223)
Losses recognized in other comprehensive income	(2,886)	(3,252)
Acquired in the period	105,000	54,496
Issued in the period (Note)	-	1,184
Transfer out from Level 3	-	(21,000)
Effect of exchange rate changes	18	2,413
At December 31	$ 326,057	$ 237,022

Note: Please refer to Note6(7).

G. For the year ended December 31, 2023, there was no thansfer in or out from Level 3. As Lianyou Metals Co., Ltd. were listed on the Emerging Stock Market in September 2022, the transaction volume for the investees have increased since, which provided sufficient observable market information. Therefore, the Group has transferred the fair value from Level 3 to Level 1 at the end of the month when each listing occurred.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Unlisted shares	$ 167,664	Market comparable companies	Price-to-book ratio, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	$ 158,393	Net asset value	Not applicable	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Unlisted shares	$ 150,761	Market comparable companies	Price-to-book ratio, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	$ 86,261	Net asset value	Not applicable	Not applicable

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

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Price-to-book ratio	±1%	$ 1,656	($ 1,656)	$ 21	($ 21)

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Price-to-book ratio	±1%	$ 1,487	($ 1,487)	$ 21	($ 21)

13. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) <u>Significant transactions information</u>

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) <u>Information on investees</u>

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

(3) <u>Information on investments in Mainland China</u>

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) <u>Major shareholders information</u>

Major shareholders information: Please refer to table 11.

14. <u>SEGMENT INFORMATION</u>

(1) <u>General information</u>

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are segregated into the global brand business group and other business group based on the revenues from all sources.

Global brand business group: in-charge of the development and sale of main boards, interface cards, network & communication products, notebooks and computer peripherals.

Other business group: in-charge of the development and sale of cell phones and other products.

The Group's company organisation, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) <u>Measurement of segment information</u>

The Board of Directors assesses the performance of the operating segments based on the operating income.

(3) <u>Information about segment profit or loss, assets and liabilities</u>

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2023		
	Global brand business group	Other business group	Total
Total segment revenue	$ 136,135,184	$ 638,225	$ 136,773,409
Operating income	$ 4,543,511	$ 351,664	$ 4,895,175
Depreciation and amortization	$ 265,818	$ 518,634	$ 784,452
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

	Year ended December 31, 2022		
	Global brand business group	Other business group	Total
Total segment revenue	$ 106,611,433	$ 652,211	$ 107,263,644
Operating income	$ 5,636,588	$ 208,626	$ 5,845,214
Depreciation and amortization	$ 204,142	$ 524,013	$ 728,155
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Note: As the Group's assets and liabilities are not the measurement items used by the Chief Operating Decision-Maker in evaluating segments, the measurement amount of the assets and liabilities that shall be disclosed is zero.

(4) <u>Reconciliation for segment income (loss)</u>

The revenue from external parties and segment profit (loss) reported to the Chief Operating Decision-Maker are measured in a manner consistent with those in the statement of pre-tax income. Therefore, such reconciliation is not required.

(5) <u>Information on products and services</u>

The revenue from external parties was derived primarily from the development and sale of interface cards, main boards, notebooks, computer peripherals, network & communication products and cell phones.

Details of revenue is as follows:

Items	Years ended December 31, 2023	2022
Computer components	$ 72,243,127	$ 71,436,531
Networking communication products	52,704,117	20,104,038
Others	11,826,165	15,723,075
	$ 136,773,409	$ 107,263,644

(6) Geographical information

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

A. Revenue by geographic area:

	Years ended December 31, 2023	2022
Europe	$ 36,996,526	$ 31,755,952
USA and Canada	54,460,541	30,358,169
China	19,479,683	17,720,459
Taiwan	2,756,623	3,117,433
Others	23,080,036	24,311,631
	$ 136,773,409	$ 107,263,644

B. Non-current assets:

	Years ended December 31, 2023	2022
Taiwan	$ 3,014,581	$ 3,191,471
China	980,602	1,168,701
Others	1,407,839	1,049,487
	$ 5,403,022	$ 5,409,659

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31, 2023	2022
	Revenue	Revenue
Customer A	$ 23,533,102	$ 149,113

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 4)	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Giga-Byte Technology Co., Ltd.	Giga Computing Technology Co., Ltd.	2	$ 2,983,200	$ 267,395 (USD 8,700)	$ 267,395 (USD 8,700)	$ 267,395 (USD 8,700)	$ -	0.71%	$ 11,241,843	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The Company’s limit on amount of endoresements/ guarantees provided to single party is 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 50% of the paid-in capital of that single party.

The total limit on amount of endoresements/ guarantees of the Company and subsidiaries provided to single party is 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 30% of the net assets of that single party

However, when endorse/guarantee to subsidiaries which were 100% directly or indirectly held by the Company, the endorsement / guarantee amount should not exceed 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 300% of the paid-in capital of that subsidiary.

Note 3: The ceiling on total endorsements and guarantees shall not exceed 30% of net assets in latest audited (reviewed) financial statements of the Company.

The total limit on amount of endoresements/ guarantees of the Company and subsidiaries is 40% of net assets in latest audited (reviewed) financial statements of the Company.

Note 4: The Company could provide endoresements/ guarantees to the following counterparties:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

Note 5: The ending balance of this statement is presented in New Taiwan dollars. Where foreign currencies are involved, they are translated into New Taiwan dollars using the U.S. dollar exchange rate of $30.735 as of the balance sheet date.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Byte Technology Co., Ltd.	Beneficiary certificates - Goldman Sachs Finance Corp.	None	Financial assets at fair value through profit or loss-current	3,000,000	$ 97,257	-	$ 92,260	
			Valuation adjustment of financial assets at fair value through profit or loss		(4,997)			
					$ 92,260			
Giga-Trend International Investment Group Ltd.	Listed stocks - Sintrones Technology Corp. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 67,130	0.01%~0.32%	$ 84,340	
			Valuation adjustment of financial assets at fair value through profit or loss		17,210			
					$ 84,340			
	Emerging stocks - Lianyou Metals Co., Ltd. etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 43,913	0.11%~1.30%	$ 51,165	
			Valuation adjustment of financial assets at fair value through profit or loss		7,252			
					$ 51,165			
	Unlisted stocks - Castec International Crop. etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 143,213	-	$ 97,619	
			Valuation adjustment of financial assets at fair value through profit or loss		($ 45,594)			
					$ 97,619			
	Beneficiary certificates - Cathay U.S. Treasury 20+ Year Bond ETF etc.	〃	Financial assets at fair value through profit or loss-current	Omitted	$ 27,684	-	$ 28,263	
			Valuation adjustment of financial assets at fair value through profit or loss		$ 579			
					$ 28,263			
Giga Investments Corp.	Unlisted stocks - Taiwan Truewin Technology Co., Ltd.	None	Financial assets at fair value through profit or loss-current	1,045,079	$ 36,324	1.95%	$ 67,952	
			Valuation adjustment of financial assets at fair value through profit or loss		31,628			
					$ 67,952			
	Beneficiary certificates - Yuanta Japan Leaders Equity Fund	〃	Financial assets at fair value through profit or loss-current	3,021,148	$ 30,000	-	$ 30,211	
			Valuation adjustment of financial assets at fair value through profit or loss		211			
					$ 30,211			
	Beneficiary certificates - NEXUS CVC Partners Fund LP.	〃	Financial assets at fair value through profit or loss-non current	-	$ 75,000	15.48%	$ 75,000	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income-non current	Omitted	$ 936,387	1.37%~9.43%	$ 1,820,928	
			Valuation adjustment of financial assets at fair value through other comprehensive income		884,541			
					$ 1,820,928			
	Unlisted stocks - Northstar Motors Co., Ltd. etc.	None	Financial assets at fair value through other comprehensive income-non current	Omitted	$ 64,798	3.25%~13.93%	$ 57,626	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(7,172)			
					$ 57,626			
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income－non current	160,000	$ 20,000	10.00%	$ 2,093	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(17,907)			
					$ 2,093			
Freedom International Group Ltd.	Unlisted stocks - Graid Technology Inc.	None	Financial assets at fair value through other comprehensive income-non current	1,600,000	24,588	6.25%	$ 24,588	
			Valuation adjustment of financial assets at fair value through other comprehensive income		-			
					$ 24,588			
Selita Precision Co., Ltd.	Unlisted stocks - P.R.C.E. Ltd.	None	Financial assets at fair value through other comprehensive income-non current	122,990	1,184	10.24%	$ 1,178	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(6)			
					$ 1,178			

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023		
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Footnote
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	Investments accounted for using equity method	Freedom International Group Ltd.	Parent-subsidiary	146,071,692	$ 4,720,532	17,000,000 （Note）	$ 531,420	-	$ -	$ -	$ -	176,571,692	$ 5,251,952	

Note: For the year ended December 31,2023, the Company acquired 30,500,000 shares, including cash capital increasing 17,000,000 shares and capital surplus transferred to common stock 13,500,000 shares.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

							Information on prior transaction if the counterparty is a related party						
Real estate acquired by	Real estate	Date of the event	Transaction amount (Note)	Status of payment (Note)	Counterparty	Relationship	Owner	Relationship with the issuer	Date of transfer	Amount	Price Reference	Purpose of Acquisition	Other commitments
Freedom International Group Ltd.	Land and Buildings	December 20, 2023	$ 1,180,439 (USD 38,407)	$ 33,809 (USD 1,100)	Scind Arenth Point LLC.	None	Not applicable	Not applicable	Not applicable	Not applicable	Refer to the valuation of the professional valuer and market prices	The Company business planning	Need to pay relating taxes and fees

Note : Based on U.S. dollar exchange rate of $30.735 as of the balance sheet date. Up to December 31,2023, the prepaid amount of USD 1,100 (in thousands) was listed under ‘other non-current assets’. Other receivables were collected in January, 2024; however, the ownership transfer process has not yet been completed.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsidiary	(Sales)	$ 14,953,891	(15%)	45 days upon receipt of goods	The price was based on the contract price	Normal	$ 2,338,305	12%	
	G-Style Co., Ltd.	〃	〃	1,300,136	(1%)	60 days upon receipt of goods	〃	〃	139,371	1%	
	Giga-Byte Technology B.V.	〃	〃	180,068	–	30 days upon receipt of goods	〃	〃	37,450	–	
	Giga Computing Technology Co., Ltd.	〃	〃	2,808,343	(14%)	60 days upon receipt of goods	〃	〃	4,714,432	24%	
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidary	〃	18,139,880	(18%)	90 days upon receipt of goods	〃	〃	4,448,568	22%	
	Giga Computing Technology Co., Ltd.	Parent-subsidiary	Purchases	689,370	1%	60 days upon receipt of goods	〃	〃	(341,497)	(2%)	
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent-indirect subsidary	〃	652,232	1%	60 days upon receipt of goods	〃	〃	(1,774,846)	(10%)	
	Ningbo Gigabyte Technology Co., Ltd.	〃	〃	641,746	1%	30 days upon receipt of goods	〃	〃	(809,586)	(5%)	
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	(Sales)	1,319,570	(93%)	60 days upon receipt of goods	〃	〃	149,154	94%	
Giga Computing Technology Co., Ltd.	〃	〃	〃	28,239,481	(60%)	60 days upon receipt of goods	〃	〃	4,199,672	49%	
	〃	〃	Purchases	359,440	1%	7 days upon receipt of goods	〃	〃	-	–	
	Gigaipc Co., Ltd.	subsidiary-indirect subsidiary	(Sales)	753,681	(2%)	60 days after billing	〃	〃	186,692	2%	
	Ningbo Gigabyte Technology Co.,	〃	Purchases	1,510,981	2%	45 days after billing	〃	〃	(1,932,170)	(7%)	

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note 1)	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsidiary	$ 2,338,305	3.28	$ -	-	$ 924,267	$ -
	Giga Computing Technology Co., Ltd.	〃	11,734,675	2.90	-	-	3,923,791	-
	G-Style Co., Ltd.	〃	139,406	4.43	-	-	58,343	-
	Dongguan Gigabyte Electronics Co., Ltd.	Parent-indirect subsidiary	669,292	5.78	-	-	669,292	-
	Ningbo Zhongjia Technology Co., Ltd.	〃	4,448,568	3.93	-	-	1,135,804	-
	Ningbo Gigabyte Technology Co., Ltd.	〃	476,202	1.69	-	-	256,505	-
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	149,154	6.91	-	-	13,603	-
Giga Computing Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary	347,338	5.88	-	-	45,761	-
	G.B.T. Inc.	Sister companies	4,199,672	6.72	-	-	1,671,729	-
	Gigaipc Co., Ltd.	Parent-subsidiary	186,692	4.04	-	-	81,360	-
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 186,015 thousand	2.87	-	-	RMB 82,618 thousand	-
	Giga Computing Technology Co., Ltd.	Sister companies	RMB 240,108 thousand	4.26	-	-	RMB 118,242 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 408,958 thousand	5.46	-	-	RMB 207,155 thousand	-

Note 1: Including other receivables.
Note 2: The amount represents collections subsequent to December 31, 2023 up to January 31, 2024.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction			
Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	$ 180,068	Note 6	-
	〃	〃	Marketing service charge	129,277	Note 3	-
	〃	〃	Service charge	121,711	〃	-
	G.B.T., Inc	Parent company to subsidiary	Sales	14,953,891	Note 7	11%
	〃	〃	Accounts receivable	2,338,305	〃	3%
	〃	〃	After-sale service fees	184,247	Note 3	-
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	1,300,136	Note 5	1%
	〃	〃	Accounts receivable	139,371	〃	-
	Giga Computing Technology Co., Ltd.	Parent company to subsidiary	Sales	2,808,343	〃	2%
	〃	〃	Processing revenue	206,198	Note 2	-
	〃	〃	Accounts receivable	4,714,432	Note 5	6%
	〃	〃	Other reveivables	7,020,243	〃	9%
	〃	〃	Purchases	689,370	〃	1%
	〃	〃	Accounts payable	341,497	〃	-
	BYTE International Co., Ltd	Parent company to subsidiary	After-sale service fees	744,106	Note 3	1%
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	18,139,880	Note 1	13%
	〃	〃	Accounts receivable	4,448,568	〃	5%
	Ningbo Gigabyte Technology Co., Ltd.	Parent company to indirect subsidiary	Purchases	641,746	Note 6	-
	〃	〃	Accounts payable	809,586	〃	1%
	〃	〃	Accounts receivable	476,202	Note 2	1%
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent company to indirect subsidiary	Purchases	652,232	Note 5	-
	〃	〃	Accounts payable	1,774,846	〃	2%
	〃	〃	Accounts receivable	669,292	Note 2	1%
	Ningbo BestYield Tech. Services Co.,Ltd.	Parent company to indirect subsidiary	After-sale service fees	199,263	Note 3	-
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH	Subsidiary to subsidiary	Marketing service charge	139,708	Note 4	-
G-Style Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Sales	1,319,570	Note 5	1%
	〃	〃	Accounts receivable	149,154	〃	-

			Transaction			
Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
Giga Computing Technology Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Purchases	359,440	Note 8	-
	〃	〃	Sales	28,239,481	Note 5	21%
	〃	〃	Accounts receivable	4,199,672	〃	5%
	Ningbo Gigabyte Technology Co., Ltd.	Subsidiary to subsidiary	Purchases	1,510,981	Note 9	1%
	〃	〃	Accounts payable	1,932,170	〃	2%
	Gigaipc Co., Ltd.	Subsidiary to indirect subsidiary	Sales	753,681	Note 2	1%
	〃	〃	Accounts receivable	186,692	〃	-

Note 1 : Credit terms were 90 days upon receipt of goods.
Note 2 : Credit terms were 60 days after billing.
Note 3 : Credit terms were 30 days after billing.
Note 4 : Credit terms were 180 days after billing.
Note 5 : Credit terms were 60 days upon receipt of goods.
Note 6 : Credit terms were 30 days upon receipt of goods.
Note 7 : Credit terms were 45 days upon receipt of goods.
Note 8 : Credit terms were 7 days upon receipt of goods.
Note 9 : Credit terms were 45 days after billing.
Note 10 : Transactions listed above are amount reaching NT$100 million.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Group for the year ended December 31, 2023	Footnote
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	$ 5,251,952	$ 4,720,532	176,571,692	100.00	$ 8,529,092	$ 708,284	$ 1,061,650	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Investments Corp.	Taiwan	Holding company	2,815,000	2,815,000	297,756,500	100.00	3,850,640	29,611	29,611	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	310,000	310,000	12,000,000	100.00	21,034	102,396	42,610	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	1,647,508	1,647,508	2,145,831	99.86	20,989	(461)	(461)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	583,709	583,709	31,000,000	100.00	478,568	93,657	93,657	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	MyelinTek Inc.	Taiwan	Software service	70,000	70,000	299,999,995	40.00	53,357	(11,478)	(4,591)	Investee accounted for using equity method
Giga-Byte Technology Co., Ltd.	Giga Computing Technology Co., Ltd.	Taiwan	Sales of computer information products	834,600	1,000	83,460,000	83.93	2,227,819	1,511,057	1,383,182	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	100.00	172,543	18,576	20,110	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd.	U.K.	Marketing of computer information products	47,488	47,488	800,000	100.00	28,234	(802)	(802)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	8,075	3,495	3,000	100.00	17,095	1,124	1,124	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	352,752	352,752	-	100.00	405,985	6,782	6,782	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	55,664	55,664	2,400,000	100.00	60,992	1,827	1,827	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	100.00	14,422	(2,323)	(2,323)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241	241	5,000	100.00	8,215	2,075	2,075	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	22.64	354,797	528,334	198,499	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	100.00	1,568	785	785	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC Company	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	35,384	(1,743)	(1,743)	The Company's subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	100.00	111	(569)	-	The Company's indirect subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Group for the year ended December 31, 2023	Footnote
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	$ 1,844,922	$ 1,844,922	57,032,142	100.00	$ 2,477,091	$ 277,828	$ -	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	458,239	458,239	184,916	77.36	1,496,700	528,334	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	3,183,084	118,674	-	The Company's indirect subsidiary
Freedom International Group Ltd.	LCKT Yuan Chan Technology Co., Ltd.(Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	30.00	-	(58,494)	-	Subsidiary's investee company accounted for under the equity method
G.B.T. Inc.	Gigabyte Canada Inc.	Canada	Marketing of computer information products	22	22	1,000	100.00	716	434	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	515,950	515,950	56,890,000	100.00	587,021	(8,063)	-	The Company's indirect subsidiary
Giga Investments Corp.	Senyun Precision Optical Co., Ltd.	Taiwan	Manufacturing and selling of optical lens	1,547,410	1,547,410	324,586,585	96.41	271,954	(35,649)	-	The Company's indirect subsidiary
Giga Investments Corp.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	49,258	13,332	-	The Company's indirect subsidiary
Giga Investments Corp.	Cloudmatrix Co., Ltd.	Taiwan	E-commerce platform	30,200	30,200	3,000,000	100.00	24,945	4,023	-	The Company's indirect subsidiary
Giga Investments Corp.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	392,000	392,000	11,200,000	24.35	391,587	371	-	Subsidiary's investee company accounted for under the equity method
Giga Investments Corp.	Da Shiang Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	12,500	12,500	1,250,000	25.00	10,597	(9,736)	-	Subsidiary's investee company accounted for under the equity method
Giga Computing Technology Co., Ltd.	Gigaipc Co., Ltd.	Taiwan	Sales of computer information products	120,000	120,000	12,000,000	100.00	251,391	110,776	-	The Company's indirect subsidiary
Giga-Trend International Investment Group Ltd.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	51,480	51,480	1,716,000	3.73	59,997	371	-	Subsidiary's investee company accounted for under the equity method
Ningbo BestYield Tech. Services Co.,Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	42,680	(5,666)	-	The Company's indirect subsidiary
BYTE International Co., Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	60,757	60,757	3,073,000	100.00	9,616	(3,090)	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	$ 1,180,938	Note 1	$ 1,180,938	$ -	$ -	$ 1,180,938	$ 128,476	100.00	$ 128,476	$ 1,545,359	$ -	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	-	259,752	181,757	100.00	181,757	900,553	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 2	165,515	-	-	165,515	9,578	100.00	9,578	254,297	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	193,980	100.00	193,980	607,881	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	-	2,780,313	143,121	100.00	143,121	3,162,166	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	(1,447)	-	(1,447)	-	-	The Company's indirect subsidiary
Dongguan Senyun Precision Optical Co., Ltd	Selling of mold and industrial plastic products	4,539	Note 2	4,539	-	-	4,539	648	96.41	625	(1,615)	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	-	8	100.00	8	8,070	-	The Company's indirect subsidiary

Note 1: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.

Note 2: Directly invest in a company in Mainland China.

Note 3: Others.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	$ 4,386,518	$ 4,402,053	$ 22,760,496
Senyun Precision Optical Co., Ltd.	4,539	9,974	169,253

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated))

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Ningbo Zhongjia Technology Co., Ltd.	$ 18,139,880	18	$ -	-	$ 4,448,568	22	$ -	-	$ -	$ -	-	$ -	
Ningbo Gigabyte Technology Co., Ltd.	25,129	-	-	-	476,202	2	-	-	-	-	-	-	
〃	(641,746)	(1)	-	-	(809,586)	(5)	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co.,	6,230	-	-	-	669,292	3	-	-	-	-	-	-	
〃	(652,232)	(1)	-	-	(1,774,846)	(10)	-	-	-	-	-	-	
Ningbo BestYield Tech. Services Co.,Ltd.	81,178	-	-	-	15,990	-	-	-	-	-	-	-	After-sales service costs paid at $199,263

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major Shareholders Information

December 31, 2023

Table 11

Name of Major Shareholders	Shares	
	Name of shares hold	Ownership(%)
MING WEI GLOBAL CO., LTD	42,583,497	6.69%

Note 1:The major shareholders' information, which means the ownership above 5%, was calculated by Taiwan Depository & Clearing Corporation on the last operating date of each quarter, using the Company’s issuance of common shares. (including treasury shares) and preference shares registered and held by the shareholders. The share capital on the financial statements different from the actual number of shares in dematerialized form due to the difference of calculation basis.

Note 2: If the shares were kept in the trust by the shareholders, it was disclosed as a separate account set by the trustee. As for the shareholder, whose shareholding ratio was greater than 10%, is regarded as an insider in accordance with Securities and Exchange Act, their shareholding ratio included the self-owned shares and trusted shares controlled by themselves. For the information of insiders, please refer to the Market Observation Post System.