Stock Code:2356

INVENTEC CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

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Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the financial statements of Inventec Corporation("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. **Inventory Valuation**

   Please refer to Notes (4)(g), (5)(a) and (6)(e) for accounting policies, significant accounting assumptions and judgments, major sources of estimation uncertainty, and related disclosure information for inventory, respectively.

   Description of the key audit matter:

   The Company's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Company's policies.

2. Revenue recognition

Please refer to Note (4)(o) and (6)(r) for accounting policies and related disclosure information for revenue recognition, respectively.

Description of the key audit matter:

To fulfill the delivery requirements of certain products, the Company has established several hubs to meet customer demand. The Company recognizes sales revenue when the customers pick up the products (transfer of control over products), primarily relying on statements or information provided by hub custodians. Since the hubs are located around the world with numerous custodians and the formats provided by custodians vary, the process of revenue recognition typically involves manual procedures. This may lead to inappropriate timing of sales revenue recognition or discrepancies between the physical inventory and accounting records.

As there are numerous transactions from hubs, and the transactions amount prior to and after the balance sheet date are significant to the financial statements, the cut-off of hub sales revenue has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures, including conducting a cut-off test for hub sales revenue for a specific period prior to and after the balance sheet date, and inspecting relevant documents to assess the reasonableness of management's timing of sales revenue recognition from hubs. For shipments during that period, we sampled and inspected supporting document provided by hub custodians, checked inventory movement records, and verified the transfer of cost of goods sold had been recorded in the appropriate period. For inventory quantities held at hubs at the end of the period, we randomly performed confirmation procedures or conducted physical counts to reconcile with accounting records.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain soley responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Rou-Lan Kuo and Ying-Ju Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets：				
1100	Cash and cash equivalents (Notes (4) and (6)(a))	$ 4,171,975	2	17,934,207	8
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	231,415	-	446,422	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	645,967	-	554,557	-
1170	Accounts receivable, net (Notes (4) and (6)(c))	66,477,648	28	50,146,727	21
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	25,425,794	11	29,383,904	12
1200	Other receivables, net (Notes (6)(d) and (7))	45,866,874	20	67,056,985	28
1310	Inventories (Notes (4) and (6)(e))	20,511,068	9	11,823,036	5
1470	Other current assets (Notes (6)(j) and (8))	2,607,013	1	917,973	-
		165,937,754	71	178,263,811	74
	Non-current assets：				
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	147,894	-	132,622	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	4,190,751	2	2,616,524	1
1550	Investments accounted for using equity method (Notes (4), (6)(f) and (7))	47,269,519	20	42,794,216	18
1600	Property, plant and equipment (Notes (4), (6)(g) and (8))	12,966,243	6	13,108,522	6
1755	Right-of-use assets (Notes (4) and (6)(h))	51,830	-	9,631	-
1780	Intangible assets (Notes (4) and (6)(i))	169,736	-	162,120	-
1900	Other non-current assets (Notes (6)(j), (o) and (8))	2,117,546	1	2,055,013	1
		66,913,519	29	60,878,648	26
	TOTAL ASSETS	$ 232,851,273	100	239,142,459	100

	LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities：				
2100	Short-term borrowings (Note (6)(k))	$ 28,206,903	12	21,453,196	9
2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	34,918	-	292,383	-
2130	Current contract liabilities (Notes (4) and (6)(r))	12,691,621	6	11,642,202	5
2170	Accounts payable	46,577,414	20	32,078,566	13
2180	Accounts payable due to related parites, net (Note (7))	56,692,640	24	78,955,538	33
2230	Current tax liabilities	1,078,468	-	1,521,513	1
2200	Other payables (Note (7))	5,982,299	3	6,188,727	2
2280	Current lease liabilities (Notes (4) and (6)(l))	27,935	-	5,723	-
2322	Long-term borrowings, current portion (Note (6)(k))	300,000	-	300,000	-
2399	Other current liabilities	11,443,781	5	11,181,153	5
		163,035,979	70	163,619,001	68
	Non-current Liabilities：				
2540	Long-term borrowings (Note (6)(k))	2,992,412	2	10,746,000	5
2580	Non-current lease liabilities (Notes (4) and (6)(l))	25,747	-	3,951	-
2640	Net defined benefit liability, non-current (Notes (4) and (6)(n))	424,486	-	478,194	-
2670	Other non-current liabilities, others (Notes (6)(f) and (o))	5,253,106	2	4,741,255	2
		8,695,751	4	15,969,400	7
	Total Liabilities	171,731,730	74	179,588,401	75
	Equity:				
3110	Ordinary shares (Note (6)(p))	35,874,751	15	35,874,751	15
3200	Capital surplus (Note (6)(p))	2,911,115	1	2,899,927	1
	Retained earnings (Note (6)(p)):				
3310	Legal reserve	13,370,424	6	12,747,957	5
3320	Special reserve	1,447,789	1	2,714,597	1
3350	Unappropriated retained earnings	8,163,952	3	6,764,615	3
3400	Other equity (Note (6)(p))	(648,488)	-	(1,447,789)	-
	Total Equity	61,119,543	26	59,554,058	25
	TOTAL LIABILITIES AND EQUITY	$ 232,851,273	100	239,142,459	100

The accompanying notes are an integral part of the financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes (4), (6)(r) and (7))**	$ 442,686,294	100	452,365,599	100
5000	**Operating costs (Notes (6)(e), (n) and (7))**	424,950,931	96	434,629,894	96
	Gross profit from operations	17,735,363	4	17,735,705	4
5910	Less:Unrealized profit (loss) from sales (Note (7))	39,349	-	22,319	-
5920	Add:Realized profit (loss) from sales (Note (7))	22,319	-	17,394	-
		17,718,333	4	17,730,780	4
	Operating expenses (Notes (6)(c), (d), (n), (s) and (7)):				
6100	Selling expenses	1,828,057	-	2,144,210	-
6200	Administrative expenses	2,199,905	-	1,887,769	-
6300	Research and development expenses	7,093,721	2	7,176,225	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	10,597	-	(10,318)	-
		11,132,280	2	11,197,886	2
	Net operating income	6,586,053	2	6,532,894	2
	Non-operating income and expenses (Notes (6)(f), (6)(t) and (7)):				
7100	Interest income	311,716	-	176,060	-
7010	Other income	134,853	-	63,894	-
7020	Other gains and losses	(756)	-	1,959,579	-
7050	Finance costs	(2,345,589)	-	(1,609,256)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	2,016,192	-	(114,293)	-
		116,416	-	475,984	-
7900	**Profit before tax**	6,702,469	2	7,008,878	2
7950	**Less: Income tax expenses (Notes (4) and (6)(o))**	571,737	-	880,092	-
8200	**Profit**	6,130,732	2	6,128,786	2
	Other comprehensive income (loss):				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	(Losses) gains on remeasurements of defined benefit plans	(422)	-	59,282	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,635,076	-	(802,122)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(361,182)	-	(412,858)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(84)	-	11,856	-
		1,273,556	-	(1,167,554)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(100,879)	-	286,241	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(367,899)	-	2,244,011	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(468,778)	-	2,530,252	-
	Other comprehensive income, net of income tax	804,778	-	1,362,698	-
8500	**Total comprehensive income**	**$ 6,935,510**	**2**	**7,491,484**	**2**
	Earnings per share (Notes (4) and (6)(q))				
9750	**Basic earnings per share (NT dollars)**	**$**	**1.71**		**1.71**
9850	**Diluted earnings per share (NT dollars)**	**$**	**1.70**		**1.70**

The accompanying notes are an integral part of the financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings			Other Equity		
	Oradinary Shares	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity
Balance at January 1, 2022	$ 35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704
Profit for the period	-	-	-	-	6,128,786	-	-	6,128,786
Other comprehensive income (loss) for the period	-	-	-	-	95,889	2,530,252	(1,263,443)	1,362,698
Total comprehensive income (loss) for the period	-	-	-	-	6,224,675	2,530,252	(1,263,443)	7,491,484
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,022,465)	-	-	(5,022,465)
Changes in equity of associates and joint ventures accounted for using equity method	-	335	-	-	-	-	-	335
Balance at December 31, 2022	35,874,751	2,899,927	12,747,957	2,714,597	6,764,615	(506,716)	(941,073)	59,554,058
Profit the period	-	-	-	-	6,130,732	-	-	6,130,732
Other comprehensive income (loss) for the period	-	-	-	-	9,139	(468,778)	1,264,417	804,778
Total comprehensive income (loss) for the period	-	-	-	-	6,139,871	(468,778)	1,264,417	6,935,510
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	622,467	-	(622,467)	-	-	-
Revevsal of special reserve	-	-	-	(1,266,808)	1,266,808	-	-	-
Cash dividends on ordinary share	-	-	-	-	(5,381,213)	-	-	(5,381,213)
Changes in equity of associates and joint ventures accounted for using equity method	-	11,188	-	-	-	-	-	11,188
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,471)	-	3,471	-
Disposal of investment in equity instruments by subsidiaries designated at fair value through other comprehensive income	-	-	-	-	(191)	-	191	-
Balance at December 31, 2023	**$ 35,874,751**	**2,911,115**	**13,370,424**	**1,447,789**	**8,163,952**	**(975,494)**	**327,006**	**61,119,543**

The accompanying notes are an integral part of the financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 6,702,469	7,008,878
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	659,924	637,720
Amortization expense	755,414	418,421
Expected credit loss (reversal gain)	10,597	(10,318)
Interest expense	2,345,589	1,609,256
Interest income	(311,716)	(176,060)
Dividend income	(102,406)	(32,504)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	(2,016,192)	114,293
Gain on disposal of property, plant and equipment	(96)	(2,779)
Unrealized foreign exchange loss	655,324	309,392
Other adjustments	(213)	31
Total adjustments to reconcile profit	1,996,225	2,867,452
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	199,735	(158,733)
(Increase) decrease in accounts receivable	(16,144,556)	22,591,072
Decrease (increase) in other receivable	19,909,449	(10,013,756)
Increase in inventories	(8,696,128)	(468,806)
Increase in other current assets	(644,358)	(193,977)
Total changes in operating assets	(5,375,858)	11,755,800
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(257,465)	180,250
Increase in contract liabilities	1,049,419	4,949,840
Decrease in accounts payable	(4,546,173)	(4,382,524)
(Decrease) increase in other payables	(359,632)	407,269
Increase in other current liabilities	262,628	2,600,268
Decrease in net defined benefit liabilities	(54,130)	(52,443)
Total changes in operating liabilities	(3,905,353)	3,702,660
Total changes in operating assets and liabilities	(9,281,211)	15,458,460
Total adjustments	(7,284,986)	18,325,912
Cash (outflow) inflow generated from operations	(582,517)	25,334,790
Interest received	303,426	173,590
Dividends received	102,406	176,447
Interest paid	(2,222,167)	(1,313,524)
Income taxes paid	(978,581)	(548,076)
Net cash flows (outflow) from operating activities	(3,377,433)	23,823,227

The accompanying notes are an integral part of the financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(60,750)	(300,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	30,188	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	578,443
Acquisition of investments accounted for using equity method	(3,277,759)	(3,031,400)
Acquisition of property, plant and equipment	(433,126)	(661,000)
Proceeds from disposal of property, plant and equipment	2,348	3,483
Acquisition of intangible assets	(260,017)	(193,856)
Increase in other financial assets	(913,947)	(12,903)
Increase in other non-current assets	(271,165)	(616,128)
Net cash flows used in investing activities	(5,184,228)	(4,233,361)
Cash flows used in financing activities:		
Increase (decrease) in short-term borrowings	7,954,667	(10,509,979)
Proceeds from long-term borrowings	3,464,352	10,509,400
Repayments of long-term borrowings	(11,242,000)	(8,809,900)
Increase (decrease) in other non-current liabilities	11,822	(5,166)
Cash dividends paid	(5,381,213)	(5,022,465)
Payment of lease liabilities	(8,199)	(5,802)
Net cash flows (used in) from financing activities	(5,200,571)	(13,843,912)
Net (decrease) increase in cash and cash equivalents	(13,762,232)	5,745,954
Cash and cash equivalents at beginning of period	17,934,207	12,188,253
Cash and cash equivalents at end of period	$ **4,171,975**	**17,934,207**

The accompanying notes are an integral part of the financial statements.

(1) Company History

Inventec Corporation (the "Company") was organized in 1975. The Company engages primarily in the developing, manufacturing, processing and trading of computers and related products. The Company's registered office address is located at No.66 Hougang Street, Shilin District, Taipei City, Taiwan, R.O.C. The shares of the Company became officially listed and traded on the Taiwan Stock Exchange in November 1996.

(2) Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

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

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

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

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

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

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

(4) Summary of material policies

The accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language parent company only financial statements, the Chinese version shall prevail.

The material accounting policies presented in the financial statements are summarized below. Except for the explanation of Note (3), the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1.Basis of measurement

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

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

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

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note (4)(p).

2.Functional and presentation currency

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

(c) Foreign currencies

1.Foreign currency transaction

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

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

2.Foreign operations

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

1.Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables deriving from the collection of contractual cash flows and sales made by the Company are measured at FVOCI, and recognized as ‘trade receivables’ line item.

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

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

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

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

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

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 1 year past due;

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

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

·the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

2.Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

3.Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Investment in associates

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

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

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate shave.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

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

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

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1.Recognition and measurement

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

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

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

2.Subsequent expenditure

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

3.Depreciation

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

Land is not depreciated.

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

Buildings	10 ~ 50 years
Machinery	2 ~ 11 years
Transportation equipment	3 ~ 6 years
Furniture and office facilities	2 ~ 14 years
Power equipment	2 ~ 16 years
Renovation and leasehold improvements	2 ~ 20 years
Miscellaneous equipment	2 ~ 16 years
Leasehold improvements	10 years

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

(k) Leases

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

(i) As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or
2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
4) there is a change of its assessment on whether it will exercise an extension or termination option; or
5) there are any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(ii) As a lessor

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

(l) Intangible assets

1.Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

2.Subsequent expenditure

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

3.Amortization

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

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

Computer software cost	1year~ 6 years

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

(m) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(n) Provisions

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

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

1.Revenue from contracts with customers

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

1) Sale of goods

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

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Services

The Company recognizes revenue when the performance obligation is completed.

3) Financing components

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

(p) Employee benefits

1.Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2.Defined benefit plans

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

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

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

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

3.Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4.Short-term employee benefits

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

(q) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   1) the same taxable entity; or
   2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company disclose the Company’s basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

Please refer to the consolidated financial report of Inventec Corporation for the years ended December 31, 2023 and 2022 for operating segments information.

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

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

The Company does not have any accounting policies which involve significant judgment which have significant influence to the annual financial statements.

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

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note (6)(e) for further description of the valuation of inventories.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 704	738
Demand deposits and checking accounts	4,170,271	17,193,469
Time deposits	1,000	740,000
Cash and cash equivalents in statement of cash flows	**$ 4,171,975**	**17,934,207**

Refer to Note (6)(u) for the currency risk of the financial assets of the Company.

(b) Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income

1.Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 81,373	316,300
Foreign exchange swap	131,559	119,565
Non-derivative financial assets		
Emerging stock	69,014	65,461
Unquoted financial instruments	78,880	67,161
Unsecured convertible bonds	18,483	10,557
Total	**$ 379,309**	**579,044**

The liquidation of E-TON SOLAR TECH. CO., LTD. on November 24, 2022 resulted in the Company to receive the residual property amounting to $578,443.

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	$ 34,655	30,966
Foreign exchange swap	263	261,417
Total	**$ 34,918**	**292,383**

The Company uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities on December 31, 2023 and 2022:

1) Financial assets:

	December 31, 2023			
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	210,000	USD to TWD	2024.01.05~2024.01.18
Forward	USD	40,000	USD to TWD	2024.01.12~2024.01.29
Forward	USD	20,000	USD to THB	2024.03.12

	December 31, 2022			
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	190,000	USD to TWD	2023.01.05~2023.05.30
Forward	USD	415,000	USD to TWD	2023.01.06~2023.06.16

2) Financial liabilities:

	December 31, 2023			
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	10,000	USD to TWD	2024.01.12
Forward	USD	20,000	USD to TWD	2024.01.12
Forward	USD	47,000	USD to CNY	2024.02.21

	December 31, 2022			
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	355,000	USD to TWD	2023.01.06~2023.06.16
Forward	USD	130,000	USD to TWD	2023.01.05~2023.05.30

2.Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	$ 707,694	614,445
Stocks of unlisted companies	4,129,024	2,556,636
Total	**$ 4,836,718**	**3,171,081**

1) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

For strategic purposes, the Company has sold its equity investments at fair value through other comprehensive income of $30,188 in 2023, resulting in the Company to realize a loss of $3,471, which was recognized as other comprehensive income, then later on, reclassified to retained earnings.

2) For credit risk and market risk, please refer to Note (6)(u).

3) As of December 31, 2023 and 2022, the aforesaid financial assets were not pledged as collateral.

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

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable - related parties	$ 25,425,794	29,383,904
Accounts receivable - non-related parties	66,523,123	50,181,605
Less: Loss allowance	(45,475)	(34,878)
	$ 91,903,442	**79,530,631**

The Company assessed that some accounts receivable were derived from the collection of contractual cash flows and sales. Therefore, those accounts receivable were measured at fair value through other comprehensive income. As of December 31, 2023 and 2022, the amount of accounts receivable measured at fair value through other comprehensive income was $6,455,185 and $1,328,208, respectively.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 88,419,446	0.00%~0.50%	43,725
1 to 180 days past due	3,529,379	0.04%~0.50%	1,750
More than 180 days past due	92	0.04%~100%	-
	$ 91,948,917		**45,475**

As of February 27, 2024, the amount received in subsequent period by the Company is $53,817,771.

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 76,502,388	0.00%~0.50%	34,016
1 to 180 days past due	3,063,121	0.04%~0.50%	862
	$ 79,565,509		**34,878**

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

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

	For the years ended December 31, 2023	2022
Balance at January 1	$ 34,878	67,033
Impairment losses recognized (reversed)	10,597	(5,567)
Amounts written off	-	(26,588)
Balance at December 31	**$ 45,475**	**34,878**

The allowance for impairment account is used to record expected credit losses. If the Company believes that it may not be able to collect the receivables. The accumulated impairment was used to offset the receivables when it is certain they are unrecoverable, after related legal actions were taken by the Company.

As of December 31, 2023 and 2022, none of the receivables above are pledged as collateral for loans and borrowings.

As of December 31, 2023 and 2022, the Company sold its accounts receivable without recourse as follows:

December 31, 2023

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	$ 16,362,250	USD 613,201	USD 532,799	-	6.38%~6.43%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2022

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	$ 20,338,289	USD 483,515	USD 662,485	-	4.99%~5.59%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

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

(d) Other receivables

	December 31, 2023	December 31, 2022
Other accounts receivable－related parties	$ 45,582,076	66,877,754
Other accounts receivable－non-related parties	321,863	250,823
Less: Loss allowance	(37,065)	(71,592)
	$ 45,866,874	**67,056,985**

The movement in the allowance for impairment with respect to other receivables was as follows:

	For the years ended December 31, 2023	2022
Balance at January 1	$ 71,592	76,343
Impairment losses reversed	-	(4,751)
Amounts written off	(34,527)	-
Balance at December 31	**$ 37,065**	**71,592**

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials and consumables	$ 13,815,717	6,740,808
Work in process	1,464,282	2,476,998
Finished goods	5,231,069	2,605,230
	$ 20,511,068	**11,823,036**

For the years ended December 31, 2023 and 2022, the write-down of inventories amounted to $8,671 and $90,312, respectively. Write-down of inventory valuation is due to obsdecene or out of use, which causes the net realizable value of inventory to be lower than the cost and is recognized as operating costs. For the years ended December 31, 2023 and 2022, idle capacity loss amounted to $2,974 and $2,302, respectively.

As of December 31, 2023 and 2022, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 47,075,283	42,572,062
Associates	194,236	222,154
	$ 47,269,519	**42,794,216**

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

The credit balance of investments accounted for using equity method at the reporting date (recognized as other non-current liabilities) were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 661,196	661,071

1.Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

2.Associates

The Company' s financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the financial statements.

	December 31, 2023	December 31, 2022
Individually insignificant associates	$ 194,236	221,154

	For the years ended December 31,	
	2023	2022
The Company's share of (loss) profit of the associates		
Loss from continuing operations	$ (26,499)	(32,607)
Other comprehensive (loss) income	(1,419)	3,030
Total comprehensive loss	$ (27,918)	(29,577)

As of December 31, 2023 and 2022, the Company's investments under equity method has not been pledged as collaterals.

3.Judgment on whether the invested company has substantial control

The Company holds 37.528% of the outstanding voting shares of Inventec Besta Co., Ltd. (Besta) and obtains only one seat among all seven board directors. Therefore, the Company does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Company does not have control over Besta.

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Cost or deemed cost:								
Balance at January 1, 2023	$ 7,811,588	5,267,711	1,164,369	17,656	2,263,835	1,523,405	4,070	18,052,634
Additions	-	-	196,559	-	140,013	78,124	48,213	462,909
Disposals	-	-	(14,276)	-	(107,621)	(220)	-	(122,117)
Others	-	-	33,586	-	11,843	4,547	(4,070)	45,906
Balance at December 31, 2023	$ 7,811,588	5,267,711	1,380,238	17,656	2,308,070	1,605,856	48,213	18,439,332
Balance at January 1, 2022	$ 7,641,024	5,134,289	1,089,220	23,676	2,230,016	1,382,858	11,719	17,512,802
Additions	170,564	133,422	80,987	6,010	105,699	150,646	4,070	651,398
Disposals	-	-	(9,146)	(12,030)	(77,832)	(20,739)	-	(119,747)
Others	-	-	3,308	-	5,952	10,640	(11,719)	8,181
Balance at December 31, 2022	$ 7,811,588	5,267,711	1,164,369	17,656	2,263,835	1,523,405	4,070	18,052,634
Depreciation and impairment losses:								
Balance at January 1, 2023	$ -	1,194,718	679,084	11,216	2,075,860	983,234	-	4,944,112
Depreciation for the period	-	122,705	235,906	1,743	140,275	149,287	-	649,916
Disposals	-	-	(14,276)	-	(106,443)	(220)	-	(120,939)
Balance at December 31, 2023	$ -	1,317,423	900,714	12,959	2,109,692	1,132,301	-	5,473,089
Balance at January 1, 2022	$ -	1,072,614	482,045	19,859	1,990,680	865,983	-	4,431,181
Depreciation for the period	-	122,104	206,185	3,387	162,375	137,964	-	632,015
Disposals	-	-	(9,146)	(12,030)	(77,195)	(20,713)	-	(119,084)
Balance at December 31, 2022	$ -	1,194,718	679,084	11,216	2,075,860	983,234	-	4,944,112
Carrying amounts:								
Balance at December 31, 2023	$ 7,811,588	3,950,288	479,524	4,697	198,378	473,555	48,213	12,966,243
Balance at December 31, 2022	$ 7,811,588	4,072,993	485,285	6,440	187,975	540,171	4,070	13,108,522
Balance at January 1, 2022	$ 7,641,024	4,061,675	607,175	3,817	239,336	516,875	11,719	13,081,621

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

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

(h) Right-of-use assets

The Company leases many assets including land and vehicles. Information about leases for which the Company as a lessee is presented below:

	Land	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2023	$ 6,454	-	13,911	20,365
Additions	3,946	44,581	3,680	52,207
Reductions	-	-	(1,863)	(1,863)
Balance as of December 31, 2023	**$ 10,400**	**44,581**	**15,728**	**70,709**
Balance at January 1, 2022	$ 6,508	-	13,598	20,106
Additions	-	-	7,038	7,038
Reductions	(54)	-	(6,725)	(6,779)
Balance at December 31, 2022	**$ 6,454**	**-**	**13,911**	**20,365**
Accumulated depreciation and impairment losses:				
Balance at January 1, 2023	$ 5,132	-	5,602	10,734
Depreciation for the period	1,400	3,715	4,893	10,008
Reductions	-	-	(1,863)	(1,863)
Balance at December 31, 2023	**$ 6,532**	**3,715**	**8,632**	**18,879**
Balance at January 1, 2022	$ 3,841	-	7,913	11,754
Depreciation for the period	1,291	-	4,414	5,705
Reductions	-	-	(6,725)	(6,725)
Balance at December 31, 2022	**$ 5,132**	**-**	**5,602**	**10,734**
Carrying amounts:				
Balance at December 31, 2023	**$ 3,868**	**40,866**	**7,096**	**51,830**
Balance at December 31, 2022	**$ 1,322**	**-**	**8,309**	**9,631**
Balance at January 1, 2022	**$ 2,667**	**-**	**5,685**	**8,352**

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

(i) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Software cost
Cost:	
Balance at January 1, 2023	$ 1,142,161
Additions	260,017
Disposals	(146,254)
Others	6,067
Balance at December 31, 2023	**$ 1,261,991**
Balance at January 1, 2022	$ 1,290,413
Additions	193,856
Other	(346,600)
Disposals	4,492
Balance at December 31, 2022	**$ 1,142,161**
Amortization and impairment losses:	
Balance at January 1, 2023	$ 980,041
Amortization for the period	258,468
Disposals	(146,254)
Balance at December 31, 2023	**$ 1,092,255**
Balance at January 1, 2022	$ 1,134,874
Amortization for the period	191,767
Disposals	(346,600)
Balance at December 31, 2022	**$ 980,041**
Carrying amounts:	
Balance at December 31, 2023	**$ 169,736**
Balance at December 31, 2022	**$ 162,120**
Balance at January 1, 2022	**$ 155,539**

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

The amortization of intangible assets is respectively included in the statement of comprehensive income:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 839	984
Operating expenses	257,629	190,783
Total	**$ 258,468**	**191,767**

As of December 31, 2023 and 2022, none of the aforesaid intangible assets were pledged as collateral.

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

The other current assets-others and other non-current assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Refundable deposits	$ 31,936	183,264
Current asset recognized as right to recover products from customers	370,385	300,998
Restricted assets	173,905	130,735
Deferred tax assets	1,668,938	1,210,223
Payments on behalf of others	998,867	373,540
Others	1,480,528	774,226
	$ 4,724,559	**2,972,986**

The Company determines the substance of the transaction in terms of sales and production, as well as production of the same target, to complete its sales contract. The Company has the nature of an agent, and so the transaction is reflected as the net amount after the purchases and sales are written off. The unused inventory of purchases is listed as payments on behalf of others.

As of December 31, 2023 and 2022, other assets, which were pledged as collateral, were discussed further in Note (8).

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

(k) Long-term and short-term borrowings

The significant terms and conditions of long-term and short-term borrowings were as follows:

	December 31, 2023			
	Interest Rate	**Currency**	**Maturity Date**	**Amount**
Unsecured bank loans	5.69%~6.66%	USD	2024.01.03~2028.07.07	$ 26,149,315
	1.63%~1.85%	TWD	2024.01.08~2024.01.26	3,200,000
Secured bank loans	1.94%	TWD	2031.02.26	2,150,000
Total				**$ 31,499,315**
Current				$ 28,506,903
Non-current				2,992,412
Total				**$ 31,499,315**
Unused credit line				**$ 40,504,137**

	December 31, 2022			
	Interest Rate	**Currency**	**Maturity Date**	**Amount**
Unsecured bank loans	4.40%~5.81%	USD	2023.01.06~2025.10.14	$ 30,049,196
Secured bank loans	1.82%	TWD	2031.02.26	2,450,000
Total				**$ 32,499,196**
Current				$ 21,753,196
Non-current				10,746,000
Total				**$ 32,499,196**
Unused credit line				**$ 36,947,603**

1.Please refer to Note (8) for details of the related assets pledged as collateral.

2.Important borrowing restrictions

The Company entered into syndicated credit agreements with a number of financial institutions. Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2023 and 2022, the Company was in compliance with the above financial covenants.

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

(l) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 27,935	5,723
Non-current	$ 25,747	3,951

For the maturities analysis, please refer to Note (6)(u) of "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	$ 221	86
Expenses relating to short-term leases	$ 4,822	2,760
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 147	225

The amounts recognized in the statements of cash flows for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ 13,389	8,873

1. Real estate leases

The Company leases land for its office and plants. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

The Company leases vehicles, with lease terms of two to three years. In some cases, the Company has option to guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases other equipment with contract terms of one to three years. These leases are short-term and or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

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

(m) Operating Leases

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

	December 31, 2023	December 31, 2022
Less than one year	$ 18,921	4,493
One to two years	2,734	1,801
Two to three years	1,828	1,417
Three to four years	998	1,417
Four to five years	403	591
More than five years	5,585	-
Total undiscounted lease receivables	**$ 30,469**	**9,719**

The rental revenues incurred by leasing land, offices and plants were $32,447 and $31,390 for the years ended December 31, 2023 and 2022, respectively.

(n) Employee benefits

1.Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 1,314,702	1,318,757
Fair value of plan assets	(890,216)	(840,563)
Net defined benefit liabilities	**$ 424,486**	**478,194**

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

1) Composition of plan assets

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

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

The Company's pension reserve account in Bank of Taiwan amounted to $890,216 at the end of December 31, 2023. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligation at January 1	$ 1,318,757	1,356,731
Current service costs and interest cost	27,481	18,079
Remeasurement on the net defined benefit liability		
－Experience adjustments arising on the actuarial gain or loss	(7,993)	17,717
－Actuarial loss (gain) arising from changes in financial assumptions	14,357	(17,547)
Benefits paid by the plan assets	(37,900)	(56,223)
Defined benefit obligation at December 31	**$ 1,314,702**	**1,318,757**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets at January 1	$ 840,563	766,812
Interest income	12,029	4,995
Remeasurement on the net defined benefit liability		
－Return on plan assets (excluding current interest)	5,942	59,452
Contributions made	69,582	65,527
Benefits paid by the plan assets	(37,900)	(56,223)
Fair value of plan assets at December 31	**$ 890,216**	**840,563**

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

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Current service costs	$ 9,348	9,599
Net interest of net liabilities for defined benefit obligations	6,104	3,485
	$ 15,452	**13,084**
Operating cost	$ 1,461	1,253
Selling expenses	1,874	1,613
Administration expenses	3,611	3,094
Research and development expenses	8,506	7,124
	$ 15,452	**13,084**

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	For the years ended December 31, 2023	2022
Discount rate	1.250%	1.375%
Future salary increases rate	2.250%	2.250%

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was $72,182.

The weighted-average duration of the defined benefit obligation is 9.3 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2023 and 2022 shall be as follows:

	Influences of defined benefit obligations: Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	$ (28,478)	29,438

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

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(30,343)	31,410

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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

2.Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company contribute an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $270,321 and $236,032 for the years ended December 31, 2023 and 2022, respectively. Except for the accounts payable of $67,107 and $62,696 respectively, the Company have been contributed to the Bureau of Labor Insurance.

(o) Income taxes

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

	For the years ended December 31,	
	2023	2022
Current tax expense		
Current period	$ 535,536	942,652
Others	-	(17,317)
	535,536	925,335
Deferred tax expense		
Origination and reversal of temporary differences	36,201	(45,243)
Income tax expense from continuing operations	**$ 571,737**	**880,092**

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

The amounts of income tax (expense) benefit recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 84	(11,856)

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Profit before tax	$ 6,702,469	7,008,878
Income tax using the statutory tax rate	1,340,494	1,401,775
Permanent differences	(139,041)	(147,960)
Tax incentives	(228,167)	(403,994)
Changes in unrecognized temporary differences	(401,549)	47,588
Others	-	(17,317)
Income tax expense	$ 571,737	880,092

Others are mainly overestimate in the prior periods, which was the estimated difference between the approved amounts by the Tax Authority and the declared amounts.

2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 672,127	1,073,676

2) Recognized deferred tax assets and liabilities

Changes in the amount of in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Gain (loss) on investment	Other	Total
Deferred Tax Liabilities:			
Balance at January 1, 2023	$ 4,038,732	-	4,038,732
Recognized in profit or loss	494,832	-	494,832
Balance at December 31, 2023	$ 4,533,564		4,533,564

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

	Gain (loss) on investment	Other	Total
Balance at January 1, 2022	$ 3,923,776	66,452	3,990,228
Recognized in profit or loss	114,956	(66,452)	48,504
Balance at December 31, 2022	**$ 4,038,732**	**-**	**4,038,732**

	Deferred Income	Defined Benefit Plans	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2023	$ 1,031,165	39,295	139,763	1,210,223
Recognized in profit or loss	155,234	(10,826)	314,223	458,631
Recognized in other comprehensive income	-	84	-	84
Balance at December 31, 2023	**$ 1,186,399**	**28,553**	**453,986**	**1,668,938**
Balance at January 1, 2022	$ 859,826	61,640	206,866	1,128,332
Recognized in profit or loss	171,339	(10,489)	(67,103)	93,747
Recognized in other comprehensive income	-	(11,856)	-	(11,856)
Balance at December 31, 2022	**$ 1,031,165**	**39,295**	**139,763**	**1,210,223**

3.Assessment of tax

The Company's income tax returns for the years through 2020 have been examined and approved by the Tax Authority.

(p) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth $36,500,000, with par value of $10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1.Capital surplus

The balances of the capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	$ 2,891,959	2,891,959
Other	19,156	7,968
	$ 2,911,115	**2,899,927**

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

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

2.Retained earnings

The Company' s Articles of Incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; then such distribution shall be submitted to the shareholder's meeting.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with the Ruling issued by the Financial Supervisory Commission, for the contra account of other shareholders' equity incurred in the current year, a special reserve is appropriated from the current profit, plus, the amount of items other than the current profit included in the current undistributed earnings and prior period's undistributed earnings. For the amount of contra accounts in other shareholders' equity accumulated in the prior period, a special reserve which was appropriated from the prior period's undistributed earnings can no longer be allocated. When the debit balance of any of the contra account in other shareholders' equity is reversed, the related special reserve can also be reversed. The subsequent reversals of the contra accounts in other shareholders' equity shall qualify for any additional distributions.

3) Earnings Distribution

On March 14, 2023, and on March 15, 2022, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2022 and 2021. These earnings were appropriated for distribution as follows:

	2022		2021	
	Dividend per share ($)	**Amount**	**Dividend per share ($)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 1.50	5,381,213	1.40	5,022,465

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

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System website.

On March 12, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings as follows:

	2023	
	Dividend per share ($)	**Amount**
Dividends distributed to ordinary shareholders		
Cash	$ 1.50	**5,381,213**

3.Other equity (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	$ (506,716)	(941,073)
Exchange differences on foreign operations	(100,879)	-
Exchange differences on associates accounted for using equity method	(367,899)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,635,076
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(370,659)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	3,471
Disposal of investments in equity instruments by subsidiaries designated at fair value through other comprehensive income	-	191
Balance at December 31, 2023	**$ (975,494)**	**327,006**
Balance at January 1, 2022	$ (3,036,968)	322,370
Exchange differences on foreign operations	286,241	-
Exchange differences on associates accounted for using equity method	2,244,011	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(802,122)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(461,321)
Balance at December 31, 2022	**$ (506,716)**	**(941,073)**

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

(q) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share:

	For the years ended December 31, 2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders	$ **6,130,732**	**6,128,786**
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Basic earnings per share (NT dollars)	$ **1.71**	**1.71**
Diluted earnings per share:		
Profit attributable to ordinary shareholders (adjusted for the effects of all dilutive potential ordinary shares)	$ **6,130,732**	**6,128,786**
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	13,318	26,851
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	3,600,793	3,614,326
Diluted earnings per share (NT dollars)	$ **1.70**	**1.70**

(r) Revenue from contracts with customers

1.Disaggregation of revenue

	For the years ended December 31, 2023	2022
Primary geographical markets		
Taiwan	$ 83,803,531	46,955,703
USA	327,425,699	370,084,543
Japan	3,928,427	3,693,134
Hong Kong, Macao and Mainland China	5,794,472	9,219,173
Other countries	21,734,165	22,413,046
	$ **442,686,294**	**452,365,599**

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

	For the years ended December 31, 2023	2022
Major products		
Computer products	$ 442,388,041	452,095,616
Services	298,253	269,983
	$ 442,686,294	**452,365,599**

2.Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	**$ 12,691,621**	**11,642,202**	**6,692,362**

For details on accounts receivable and allowance for impairment, please refer to Note (6)(c).

The amount of revenue recognized for the year ended December 31, 2023 and 2022 were $3,760,059 and $2,289,025, respectively.

The contract liabilities primarily relate to deferred recognition of warranty revenue, for which revenue is recognized when the warranties are redeemed or when they expire.

(s) Remunerations of employees and directors

The Company's Articles of Incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration. If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the Board of Directors.

The remuneration of employees amounted to $501,595 and $516,364 and the remuneration of directors amounted to $65,425 and $68,342 for the years ended December 31, 2023 and 2022, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2023 and 2022. Related information would be available at the Market Observation Post System website.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2023 and 2022 and the amounts stated in the individual reports.

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

(t) Non-operating income and expenses

1.Interest income

The details of interest income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ **311,716**	**176,060**

2.Other income

The details of other income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Rent income	$ 32,447	31,390
Dividend income	102,406	32,504
	$ **134,853**	**63,894**

3.Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Foreign exchange (losses) gains	$ (17,404)	1,500,512
Net gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	(237,567)	374,119
Other gains and losses	254,215	84,948
	$ **(756)**	**1,959,579**

4.Finance costs

The details of finance expenses for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Interest expenses		
Bank borrowings	$ 1,415,482	1,008,729
Others	930,107	600,527
	$ **2,345,589**	**1,609,256**

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

(u) Financial instruments

1.Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Company.

2) Concentration of credit risk

Implicit credit risk of the Company is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Company are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting trade receivables.

Besides, the Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the executives evaluate the Company's credit risk to be limited.

As of December 31, 2023 and 2022, 81% and 84% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, including estimation of interest, but excluding the impact of netting arrangements:

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Unsecured bank loans	$ 29,349,315	29,552,167	28,304,480	34,883	1,030,841	181,963	-
Secured bank loans	2,150,000	2,301,198	170,249	168,794	333,222	964,747	664,186
Accounts payable	103,270,054	103,270,054	103,270,054	-	-	-	-
Other payables	5,982,299	5,982,299	5,982,299	-	-	-	-
Lease liabilities	53,682	54,516	13,625	14,964	23,866	2,061	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	34,655	(2,124,600)	(2,124,600)	-	-	-	-
Inflow	-	2,089,945	2,089,945	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	263	(306,720)	(306,720)	-	-	-	-
Inflow	-	306,457	306,457	-	-	-	-
	$ 140,840,268	141,125,316	137,705,789	218,641	1,387,929	1,148,771	664,186

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

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	$ 30,049,196	31,404,343	21,736,670	239,205	471,946	8,956,522	-
Secured bank loans	2,450,000	2,638,429	176,667	170,305	336,527	976,911	978,019
Accounts payable	111,034,104	111,034,104	111,034,104	-	-	-	-
Other payables	6,188,727	6,188,727	6,188,727	-	-	-	-
Lease liabilities	9,674	9,787	2,347	3,449	2,389	1,602	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging :							
Outflow	30,966	(3,976,530)	(3,976,530)	-	-	-	-
Inflow	-	3,945,564	3,945,564	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	261,417	(10,565,140)	(10,565,140)	-	-	-	-
Inflow	-	10,303,723	10,303,723	-	-	-	-
	$ 150,024,084	150,983,007	138,846,132	412,959	810,862	9,935,035	978,019

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

3.Currency risks

1) Exposure to currency risks

The Company' s significant exposure to foreign currency risk from its foreign currency denominated financial assets and liabilities were as follows:

	December 31, 2023		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 4,626,384	USD：TWD 30.71	142,076,253
Non-monetary items			
USD	280,035	USD：TWD 30.71	8,599,864
Financial Liabilities			
Monetary items			
USD	4,254,831	USD：TWD 30.71	130,665,860

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

	December 31, 2022		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 5,324,936	USD：TWD 30.70	163,475,535
Non-monetary items			
USD	173,135	USD：TWD 30.70	5,315,234
Financial Liabilities			
Monetary items			
USD	4,644,759	USD：TWD 30.70	142,594,101

2) Sensitivity analysis

The Company's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2023 and 2022 would have increased or decreased the net profit after tax by $45,642 and $83,526, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

For the years ended December 31, 2023 and 2022, the foreign exchange (loss) gain, including realized and unrealized, amounted to $(17,404) and $1,500,512, respectively. As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange cannot be fully disclosed by its materiality.

4.Interest rate analysis

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

The following sensitivity analysis is based on the exposure to interest rates risk on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's profit will decrease or increase by $62,999 and$64,998 for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate in borrowings.

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

5.Fair value of financial instruments

1) Fair value hierarchy

The Company uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

·Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

·Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

·Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. However, for financial instruments not measured at fair value whose carrying amount is estimated reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 212,932	-	212,932	-	212,932
Non-derivative financial assets mandatorily measured at fair value through profit or loss	166,377	69,014	-	97,363	166,377
Subtotal	379,309	69,014	212,932	97,363	379,309
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	707,694	694,983	12,711	-	707,694
Accounts receivable	6,455,185	-	-	-	-
Unquoted equity instruments measured at fair value	4,129,024	-	-	4,129,024	4,129,024
Subtotal	11,291,903	694,983	12,711	4,129,024	4,836,718
Financial assets measured at amortized cost					
Cash and cash equivalents	4,171,975	-	-	-	-
Accounts receivable and other receivables	131,315,131	-	-	-	-
Other financial assets and refundable deposits	1,076,618	-	-	-	-
Subtotal	136,563,724	-	-	-	-
Total	**$ 148,234,936**	**763,997**	**225,643**	**4,226,387**	**5,216,027**

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

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 34,918	-	34,918	-	34,918
Financial liabilities measured at amortized cost					
Bank loans	31,499,315	-	-	-	-
Notes payable and accounts payable	103,270,054	-	-	-	-
Other payables	5,982,299	-	-	-	-
Lease liabilities	53,682	-	-	-	-
Subtotal	140,805,350	-	-	-	-
Total	**$ 140,840,268**	**-**	**34,918**	**-**	**34,918**

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 435,865	-	435,865	-	435,865
Non-derivative financial assets mandatorily measured at fair value through profit or loss	143,179	65,461	-	77,718	143,179
Subtotal	579,044	65,461	435,865	77,718	579,044
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	614,445	576,756	37,689	-	614,445
Accounts receivable	1,328,208	-	-	-	-
Unquoted equity instruments measured at fair value	2,556,636	-	-	2,556,636	2,556,636
Subtotal	4,499,289	576,756	37,689	2,556,636	3,171,081
Financial assets measured at amortized cost					
Cash and cash equivalents	17,934,207	-	-	-	-
Accounts receivable and other receivables	145,259,408	-	-	-	-
Other financial assets and refundable deposits	313,999	-	-	-	-
Subtotal	163,507,614	-	-	-	-
Total	**$ 168,585,947**	**642,217**	**473,554**	**2,634,354**	**3,750,125**

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

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 292,383	-	292,383	-	292,383
Financial liabilities measured at amortized cost					
Bank loans	32,499,196	-	-	-	-
Notes payable and accounts payable	111,034,104	-	-	-	-
Other payables	6,188,727	-	-	-	-
Lease liabilities	9,674	-	-	-	-
Subtotal	149,731,701	-	-	-	-
Total	**$ 150,024,084**	**-**	**292,383**	**-**	**292,383**

2) Valuation techniques and assumptions for financial instruments measured at fair value:

The fair value of financial assets and liabilities were decided in accordance with the solutions as follows:

(2.1)Non-derivative financial instruments

A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.

B. The fair value of private equity is based on standard terms and quoted market prices.

C. The fair value of unquoted instruments were estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the investees on the measurement day.

(2.2)Derivative financial instruments

Foreign exchange swap and forward exchange were usually evaluated in the latest forward rate.

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2023 and 2022.

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

4) The following table shows the movements in fair value measurements under level 3 of the fair value hierarchy:

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2023	$ 77,718	2,556,636
Total gains and losses recognized in		
Profit or loss	19,645	-
Other comprehensive income	-	1,541,826
Purchase	-	60,750
Disposals	-	(30,188)
Balance as of December 31, 2023	**$ 97,363**	**4,129,024**
Balance as of January 1, 2022	$ 692,469	2,134,253
Total gains and losses recognized in		
Profit or loss	(36,308)	-
Other comprehensive income	-	122,383
Purchase	-	300,000
Proceeds from capital reduction	(578,443)	-
Balance as of December 31, 2022	**$ 656,161**	**2,556,636**

The aforementioned total gains and losses was recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income". The detailed of the assets which the Comapny still held as of December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
Total gains and losses recognized in:		
In profit or loss, and presented in “other gains and losses”	$ 19,645	(73,886)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”)	1,542,243	122,383

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

The Company uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets.

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through profit or loss－financial instruments without an active market	Comparable Listed Companies Method	· Market Multiple (1.32~2.67) · Discount due to Lack of Market liquidity (30%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through profit or loss－equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (0.60~3.84) · Discount due to Lack of Market liquidity (30%~50%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income －equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· No applicable

6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Net income or loss: Favorable Change	Impact on Fair Value Change on Net income or loss: Unfavorable Change	Impact on Fair Value Change on Other Comprehensive income or loss: Favorable Change	Impact on Fair Value Change on Other Comprehensive income or loss: Unfavorable Change
December 31, 2023						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Market Multiple	0.5%	$ 487	(487)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	20,645	(20,645)
December 31, 2022						
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Discount Rate	0.5%	$ 389	(389)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	12,783	(12,783)

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

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

6.Offsetting financial assets and financial liabilities

The Company has financial instruments transactions, applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC, which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The Company also performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Company has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

	December 31, 2023					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 176,130	-	176,130	-	-	176,130
Accounts receivable and payable	13,001,678	3,112,830	9,888,848	-	-	9,888,848
Total	$ 13,177,808	3,112,830	10,064,978	-	-	10,064,978

	December 31, 2023					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 34,918	-	34,918	-	-	34,918
Accounts receivable and payable	10,606,730	3,112,830	7,493,900	-	-	7,493,900
	$ 10,641,648	3,112,830	7,528,818	-	-	7,528,818

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

	December 31, 2022					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 410,110	-	410,110	-	-	410,110
Accounts receivable and payable	5,037,453	3,854,667	1,182,786	-	-	1,182,786
Total	**$ 5,447,563**	**3,854,667**	**1,592,896**	**-**	**-**	**1,592,896**

	December 31, 2022					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 197,718	-	197,718	-	-	197,718
Accounts receivable and payable	4,529,802	3,854,667	675,135	-	-	675,135
Total	**$ 4,727,520**	**3,854,667**	**872,853**	**-**	**-**	**872,853**

Note: Master netting arrangements are included.

(v) Financial risk management

1.Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent company only financial statements.

2.Risk management framework

The Company are exposed to credit risk, market risk, operating risk and liquidity risk due to its operating activities. To lower the latent unfavorable effects of changing market to the Company’s financial performance, the Company have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The financial units follow the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3.Credit risk

Please refer to Note (6)(u) for the analysis of credit risk of cash, cash equivalent and accounts receivable.

4.Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company use actual cost to estimate the cost of its products and services to better assist the Company's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2023, the capital and working funds of the Company are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $40,504,137 and $36,947,603, respectively.

5.Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Company.

1) Exchange rate risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company primarily the New Taiwan Dollars (TWD). The currencies used in these transactions are denominated in TWD and USD.

The Company often uses the principle of natural hedging as its basis, and proceed supplemented by derivative instruments for hedging exchange rate risk.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's interest rate risk arises from long-term borrowings bearing floating interest rates. The fluctuation of the market interest rate changes the floating interest rates of the long-term borrowings, and thus affect the future cash flow. In order to decrease the effect of the market interest rate fluctuation on to the future cash flow, the Company periodically evaluates bank and currency borrowing rate to hedge the cash flow risk caused by the market interest rate fluctuation.

(w) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, additional paid-in capital, retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's objective for managing capitals is to maintain investor, creditor and market confidence, and to sustain future development of the business by making debts and capital the most suitable capital structure and optimizing the best of it based on industrial scales, future growth development, and capital expenditures needed for plants and equipment. Thus, the Company calculates the operating funds based on the life cycle of the products, plans for the development in the long run, and then decides the most suitable capital structure considering the business cycle.

The Company ensures the financial resources and the operating plan are sufficient to support the future needs of operating funds, capital expenditures, debt refunding and dividend distribution.

The Company's debt to equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total Liabilities	$ 171,731,730	179,588,401
Less: cash and cash equivalents	(4,171,975)	(17,934,207)
Net debt	167,559,755	161,654,194
Total Equity	**$ 61,119,543**	**59,554,058**
Debt to equity ratio	**274.15 %**	**271.44 %**

According to the Company's management, there were no changes in the Company's approach to capital management as of December 31, 2023.

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

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

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

1.For right-of-use assets under leases, please refer to Note (6)(h).

2.Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes: Reclassification	Non-cash changes: Foreign exchange movement	December 31, 2023
Long-term borrowings	$ 10,746,000	(7,477,648)	(300,000)	24,060	2,992,412
Short-term borrowings(including current portion of long-term borrowings)	21,753,196	7,654,667	300,000	(1,200,960)	28,506,903
Lease liabilities (note)	9,674	(8,199)	52,207	-	53,682
Total liabilities from financing activities	**$ 32,508,870**	**168,820**	**52,207**	**(1,176,900)**	**31,552,997**

	January 1, 2022	Cash flows	Non-cash changes: Reclassification	Non-cash changes: Foreign exchange movement	December 31, 2022
Long-term borrowings	$ 2,450,000	1,999,500	6,617,500	(321,000)	10,746,000
Short-term borrowings(including current portion of long-term borrowings)	39,895,717	(10,809,979)	(6,617,500)	(715,042)	21,753,196
Lease liabilities (Note)	8,492	(5,802)	6,984	-	9,674
Total liabilities from financing activities	**$ 42,354,209**	**(8,816,281)**	**6,984**	**(1,036,042)**	**32,508,870**

Note: Reclassification is due to additions of lease and lease modification during the periods.

(7) Related Parties Transactions

(a) Names and relationships with related parties

The followings are entities that have had transactions with related party during the periods covered in the parent company only financial statements.

Names of related party	Relationships with the Company
Inventec Besta Co., Ltd.	Associates
Testron Technology (JiangSu) Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Corporation (Hong Kong) Ltd.	Subsidiary
Inventec Holding (North America) Corp.	Subsidiary
Inventec (Czech), s.r.o	Subsidiary
Inventec Development Japan Corporation	Subsidiary
Inventec Japan Corporation	Subsidiary
IEC (Cayman) Corporation	Subsidiary

Names of related party	Relationships with the Company
Inventec (Cayman) Corp.	Subsidiary
Inventec Investment Co., Ltd.	Subsidiary
AIMobile Co., Ltd.	Subsidiary
Inventec Solar Energy Corporation	Subsidiary (Note 1)
InveneXt System Co., Ltd.	Subsidiary
Inventec Appliances Corp.	Subsidiary
Inventec Technology (Vietnam) Company Limited	Subsidiary
Inventec Electronics (Thailand) Co., Ltd.	Subsidiary
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
E-TON Solar Tech Co., Ltd.	Substantive related party (Note 3)
IEC Technologies, S. de R.L. de C.V.	Indirect holding subsidiary
Inventec Appliances (Jiangning) Corp.	Indirect holding subsidiary

Note 1: Inventec Solar Energy Corp. resolved at its broad meeting on December 1, 2021, to file the bankruptcy to the court. As of December 31, 2023, the court has not yet announced the result of the ruling.

Note 2: Inventec Manufacturing (India) Private Limited, has completed its liquidation on September 12, 2023.

Note 3: E-TON Solar Tech Co., Ltd. has completed its liquidation on November 24, 2022.

(b) Significant transactions with related parties

1.Sales

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

	For the years ended December 31,	
	2023	2022
Subsidiaries		
Inventec Holding (North America) Corp.	$ 78,943,495	90,749,638
Other subsidiaries	396,227	1,999,359
Associates	178	360
	$ 79,339,900	92,749,357

After the Company receives the orders from all regions, the production and marketing department arranges to sell semi-finished products to the subsidiaries. The price is determined in accordance with mutual agreements. Since the subsidiaries are the overseas offices providing after-sales and assembling service, there is no other comparable objects, and the average collection terms are 90~105 days for sales.

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

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of OA 90 days for sales. Receivables from related parties were not secured with collaterals.

Unrealized profit (loss) from sales to the subsidiaries of the Company for the years ended December 31, 2023 and 2022 were $39,349 and $22,319, respectively.

2.Purchases

The amounts of significant purchase transactions by the Company to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Subsidiaries		
Inventec Corporation (Hong Kong) Ltd.	$ 302,107,481	312,366,949
Other subsidiaries	1,847,734	1,224,937
	$ 303,955,215	313,591,886

For the Company’s purchase of materials used for after-sales service from subsidiaries, the price and terms were determined in accordance with mutual agreements with payment terms of 90~105 days.

3.Accounts receivable from related parties

The amounts of accounts receivable by the Company to related parties were as follows:

Account	Related Party Categories	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries		
	Inventec Holding (North America) Corp.	$ 25,373,938	28,808,753
	Other subsidiaries	51,785	575,151
	Associates	71	-
Other receivables	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	45,434,425	66,771,166
	Other subsidiaries	110,578	34,994
	Associates	8	2
		$ 70,970,805	96,190,066

Note: Other receivables from subsidiaries are mainly generated from purchasing material on behalf of subsidiaries.

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

4.Accounts payable to related parties

The amounts of accounts payables by the Company to related parties were as follows:

Account	Related Party Categories	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	$ 56,268,441	78,674,841
	Other subsidiaries	424,199	280,405
	Associates	-	292
Other payables	Subsidiaries	175,896	224,094
	Associates	80,837	19,722
		$ 56,949,373	79,199,354

Note: Other payables are mainly the payments of computer software, toolings, payment on behalf of others and software development.

5.Property transactions

1) Acquisition of property, plant, equipment and other assets

The amounts of acquisition of property, plant and equipment by the Company to related parties were as follows:

	For the years ended December 31, 2023	2022
E-TON Solar Tech Co., Ltd.	$ -	308,880
Inventec Solar Energy Corporation	-	119,822
Testron Technology (JiangSu) Co., Ltd.	110,373	-
Other subsidiaries	13,300	402
Associates	12,931	38,826
	$ 136,604	467,930

2) Disposal of property, plant and equipment and other assets

For the year edned December 31, 2023, the Company sold machinery and office equipment to subsidiaries. The total prices and gain on property disposal were $9,684 and $5,073, respectively.

For the year edned December 31, 2022, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were $3,901 and $2,269, respectively.

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

3) In 2000, the Company paid property, deferred assets, assets stated under expense to investment Inventec Appliances Corp. resulting in gain on disposal of $103,713 and other revenue of $31,693. In addition, selling of property, plant and equipment, deferred assets and assets stated under expense has generated gain on disposal of $5,829 and other revenue of $6,427. As of December 31, 2023 and 2022, the unrealized gain on property disposal were $16,599 and $17,361, respectively.

4) In 1999, the Company sold property, deferred assets, assets stated under expense and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of $51,712 and other revenue of $40,453. As of December 31, 2023 and 2022, the unrealized other revenues are both $1,211.

6.After-sale services, product processing and support services

The payments of after-sale services, product processing and support services to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Subsidiaries		
Inventec Holding (North America) Corp.	$ 352,714	323,786
Inventec Corporation (Hong Kong) Ltd.	324,378	280,450
Inventec (Czech), s.r.o.	952,813	792,717
	$ 1,629,905	**1,396,953**

7.Acquisition of investments accounted for using equity method

The Board of directors resolved to establish Inventec Electronics (Thailand) Co., Ltd. on May 12, 2023, and made a cash capital increase on August 11, 2023. The Company invested 394,999,999 shares, amounting to $1,594,163, and the shareholding ratio is 100%.

Inventec (Czech), s.r.o, through a resolution of the Board of Directors, made a cash capital increase on February 21, 2023. With July 12, 2023 as the base date for capital increase, the Company invested $282,150, and the shareholding ratio remained at 100%.

The Board of directors resolved to establish Inventec Technology (Vietnam) Company Limited on February 21, 2023. The Company invested $789,646, and the shareholding ratio is 100%.

The Board of directors resolved to establish InveneXt System Co., Ltd. on September 27, 2022. The Company invested 5,000,000 shares, amounting to $50,000, and the shareholding ratio is 100%.

Inventec Holding (North America) Corp., through a resolution of the Board of Directors, made a cash capital increase on April 26, 2022. With April 24, 2023 as the base date for capital increase, the Company invested 2,000 shares, amounting to $611,800, and the shareholding ratio remained at 100%.

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

Inventec Holding (North America) Corp., through a resolution of the Board of Directors, made a cash capital increase on November 12, 2021. With January 21, 2022, July 7, 2022, November 9, 2022 as the base date for capital increase, the Company invested 10,000 shares, amounting to $2,981,400, and the shareholding ratio remained at 100%.

8.Others

1) Rental and building management fee collected from and related parties were as follows:

	For the years ended December 31, 2023	2022
Subsidiaries	$ 6,848	6,568
Associates	1,727	1,761
Other related parties	-	13,254
	$ 8,575	**21,583**

2) For the years ended December 31, 2023 and 2022, the amount of donation to other related parties were $15,000 and $10,000, respectively.

9.Guarantees and endorsements

For the year ended December 31, 2023, the Company provided a guarantee of $772,750 for short-term bank credit facilities, foreign exchange, derivative financial instrument, and operational needs to Inventec Electronics (Thailand) Co., Ltd., with the balance of the endorsement guarantee amounting to $772,750 as of the end of the period.

For the year ended December 31, 2023, the Company provided a guarantee of $168,905 for operational needs to Inventec (Czech), s.r.o with the balance of the endorsement guarantee amounting to $168,905 as of the end of the period.

For the years ended December 31, 2023 and 2022, the Company provided a guarantee of $614,200 and $307,100, respectively, for a bank loan to IEC Technologies, S. de R.L.de C.V., with the balance of the endorsement guarantee amounting to $614,200 and $307,100, respectively, as of the end of the period.

For the year ended December 31, 2022, the Company provided a guarantee of $15,350 for the foreign exchange and derivative financial instruments to Inventec (Czech), s.r.o, with the balance of the endorsement guarantee amounting to $15,350 as of the end of the period.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31, 2023	2022
Short-term employee benefits	$ 371,588	442,810
Post-employment benefit	4,639	5,467
	$ 376,227	**448,277**

(8) Pledged Assets

The carrying amounts of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Refundable deposits (Other non-current assets)	Customs duty guarantee, membership guarantee and performance guarantee	$ 31,936	183,264
Restricted assets (Other current assets and other non-current assets)	Collateral deposits	173,905	130,735
Land, buildings, and constructions (Property, plant and equipment)	Long-term borrowings	5,680,249	5,733,610
Total		**$ 5,886,090**	**6,047,609**

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows: None.

2.Promissory notes issued for the bank credit and MOEA TDP performance guarance were as follows:

	December 31, 2023	December 31, 2022
TWD	$ 14,725,000	14,571,250
USD (in thousands)	1,811,200	1,724,000

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function / By item	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,192,749	5,844,839	7,037,588	1,042,895	5,401,458	6,444,353
Labor and health insurance	115,705	441,292	556,997	91,420	394,487	485,907
Pension	37,776	247,997	285,773	31,582	217,534	249,116
Remuneration of directors	-	75,275	75,275	-	78,182	78,182
Others	51,272	266,171	317,443	36,568	149,612	186,180
Depreciation	342,435	317,489	659,924	328,237	309,483	637,720
Amortization	170,634	584,780	755,414	58,418	360,003	418,421

The Company for the years ended December 31, 2023 and 2022 employees and employee benefits expenses were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Number of employees	6,168	5,584
Number of directors who were not employees	5	4
The average employee benefit (in thousands)	$ 1,330	1,320
The average salaries and wages (in thousands)	$ 1,142	1,155
The adjustment rate of average employee salaries	(1.13)%	7.54 %
Remuneration of by supervisors	$ -	-

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

The Company's salary and remuneration policy is committed to link with performance and future risks to implement a performance-oriented remuneration system.

The remuneration system considers the Company's operating objectives along with financial status and comprehensively evaluates various categories such as performance and makes differentiated assessments based on individual contributions.

1. Regardless operating profit or loss of the Company's business, the Company shall pay remuneration regularity to all directors. The remuneration is determined by the participation to the Company's operating performance of directors, the value of directors' contribution to the Company's operations, and peer salary levels, then are reviewed by the remuneration committee and are submitted to the board of directors for further decision.

2. The individual salary and remuneration of directors and managers shall refer to the general salary level of peers. It should also consider personal duties, contributions, performance, and conjunct with the Company's operational risk management and substainable operating performance. Policies should be reviewed by the remuneration committee and sent to the Board of Directors for further decision.

3. The employee's remuneration includes monthly salary based on job grades, bonuses in accordance to performance, and remuneration measured on the level of Company's profitability.

Note: The Company's Articles of Association specify that no less than 3% of profit shall be allocated for employees' remuneration and no more than 3% of profit shall be allocated for directors' remuneration.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2023:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XI'AN) Corporation	Other receivables	Y	61,348	21,680	13,008	3.045%	2	-	Working Capital	-	None	-	580,184	580,184
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	266,400	130,080	130,080	3.045%	2	-	〃	-	〃	-	1,554,284	1,554,284
2	〃	Inventec Appliances (Pudong) Corp.	Other receivables	Y	948,150	910,560	-	-	2	-	〃	-	〃	-	1,554,284	1,554,284
3	Inventec Appliances Corp. (Note 3)	Inventec Appliances (Malaysia) SDN.BHD.	Other receivables	Y	2,838,880	1,320,530	1,320,530	3.42%	2	-	〃	-	〃	-	1,475,843	2,951,685
3	〃	Inventec Appliances (Vietnam) Company Limited	Other receivables	Y	972,300	921,300	-	-	2	-	〃	-	〃	-	1,475,843	2,951,685

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
4	Inventec (Pudong) Corp. (Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,196,800	1,560,960	1,495,920	4.775%~ 4.875%	2	-	〃	-	〃	-	1,739,530	1,739,530
5	Inventec (Shanghai) Co., Ltd. (Note2)	Inventec QD (Shanghai) Corporation	Other receivables	Y	45,150	43,360	8,672	4.875%	2	-	〃	-	〃	-	1,797,767	1,797,767

Note 1: (1)Those with business contact, please fill in 1.

(2)Those necessary for short term financing, please fill in 2.

Note 2: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the Company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 3: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 4: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 5: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V.	2	30,559,771	648,200	614,200	307,100	-	1.00 %	30,559,771	Y	N	N
0	〃	Inventec (Czech), s.r.o.	2	30,559,771	171,875	168,905	168,905	168,905	0.28 %	30,559,771	Y	N	N
0	〃	Inventec Electronics (Thailand) Co., Ltd.	2	30,559,771	810,250	772,750	5,000	5,000	1.26 %	30,559,771	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,689,607	2,937,941	2,784,976	1,125,256	-	37.74 %	3,689,607	Y	N	N

Note 1: The relationship between the entity for which the endorsement/guarantee is made and the Company:

1.The Company has business relationship.

2.Subsidiaries in which the Company holds more than 50 percent of its voting power.

3.A investee in which the Company and subsidiary holds more than 50 percent of its voting shares.

4.Subsidiaries in which the Company holds more than 90 percent of its voting power.

5.Companies in accordance with contractual provisions established by mutual applicants or in need of project.

6.Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.

7.The performance of pre-sale house sales contract between intra-industry companies is in accordance with the Consumer Protection Law required joint guarantees.

Note 2: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by the Company's cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 3: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 4: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	645,967	0.96 %	645,967	
〃	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	49,016	0.05 %	49,016	
〃	Arima Communications Corp.	-	〃	7,390	12,711	10.15 %	12,711	
〃	Tomorrow Studio Co., Ltd	-	〃	5	64	0.06 %	64	
〃	Tai Yi Precision Corporation	-	〃	2,540	-	6.67 %	-	
〃	New E Materials Co., Ltd.	-	〃	1,760	8,166	16.00 %	8,166	
〃	Top Taiwan Xiv Venture Captial Co., Ltd.	-	〃	30,000	298,800	13.76 %	298,800	
〃	ZT Group Int'l, Inc.	-	〃	-	3,663,692	10.00 %	3,663,692	
〃	Hushan Autoparts Inc.	-	〃	500	29,200	0.73 %	29,200	
〃	Rasilient Systems, Inc. preference share	-	〃	3,632	-	6.20 %	-	
〃	SKSpruce Holding Limited preferred stock	-	〃	3,746	47,016	3.72 %	47,016	
〃	CloudMosa Technologies, Inc. preferred stock	-	〃	235	46,451	2.08 %	46,451	
〃	XMEMS LABS INC preferred stock	-	〃	1,000	10,171	0.93 %	10,171	
〃	Rescale, Inc. preferred stock	-	〃	355	20,083	1.15 %	20,083	
〃	Sensel, Inc. preferred stock	-	〃	532	-	2.42 %	-	
〃	ASOCS LTD. preferred stock	-	〃	360	-	1.43 %	-	
〃	Atayalan, Inc. preferred stock	-	〃	1,553	5,381	3.38 %	5,381	
〃	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	18,483	- %	18,483	
〃	Empass Technology	-	Non-current financial assets at fair value through profit or loss	622	17,744	6.71 %	17,744	
〃	Entire Technology Co., Ltd.	-	〃	3,260	69,014	3.34 %	69,014	
〃	Imedtac Co., Ltd.	-	〃	1,200	41,683	6.80 %	41,683	
〃	TMY Technology Inc.	-	〃	2,857	18,953	7.42 %	18,953	
〃	Enflex Corporation	-	〃	750	500	0.92 %	500	

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2023 and 2022

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	851,655	13.17 %	851,655	
Saint Investment Consulting Corporation	Guangdong StarFive Technology Co., Ltd.	-	〃	539	86,527	0.64 %	86,527	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	73,586	2.96 %	73,586	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	12,767	16.00 %	12,767	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	40,770	0.12 %	40,770	
〃	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	20,657	5.00 %	20,657	
〃	Sagacity Tech. Co., Ltd.	-	〃	79	480	15.00 %	480	
〃	Living Pattern Technology Inc.	-	〃	4	440	13.70 %	440	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	〃	84,444	76,055	7.32 %	76,055	
〃	Rong Cheng Tech. Co., Ltd.	-	〃	1,950	-	9.38 %	-	
〃	Tai Yi Precision Corporation	-	〃	635	-	1.67 %	-	
〃	Siano Mobile Silicon Inc.	-	〃	461	-	0.15 %	-	
〃	All People Health Social Enterprise Co.,Ltd.	-	〃	100	1,000	12.50 %	1,000	
〃	GCT Semiconductor, Inc.	-	〃	93	-	0.07 %	-	
〃	Pandigital Worldwide, Ltd. preferred stock	-	〃	939	-	4.80 %	-	
〃	3GTMobile Corporation	-	〃	314	-	2.88 %	-	
〃	Linc Global Inc. (Proximiant, Inc.) preferred stock	-	〃	594	-	5.30 %	-	
〃	Molekule Group, Inc.	-	〃	22	7	0.05 %	7	
〃	XMEMS LABS INC preferred stock	-	〃	3,375	57,488	3.13 %	57,488	
〃	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	20,783	- %	20,783	

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03 %	-	
〃	Leadtone Limited(Class B preferred stock)	-	〃	1,250	-	2.36 %	-	
〃	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	〃	446	-	2.08 %	-	

Note 1: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquistion		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,011	4,897,732	2	994,805	-	-	-	-	2,013	5,892,537
〃	Inventec Technology (Vietnam) Company Limited	〃	fundraising	〃	-	-	-	772,246	-	-	-	-	-	772,246
〃	Inventec Electronics (Thailand) Co., Ltd.	〃	〃	〃	-	-	395,000	1,493,519	-	-	-	-	395,000	1,493,519
Inventec Appliances Corp.	Inventec Appliances (Vietnam) Company Limited	〃	Cash Capital Increase	〃	-	89,688	-	879,090	-	-	-	-	-	968,778
Inventec Holding (North America) Corp.	IEC TECHNOLOGIES, S. DE R.L. DE C.V.	〃	〃	〃	1,660,484	3,012,792	400,000	955,754	-	-	-	-	2,060,484	3,968,547

Note 1: The ending balance includes adjustments of valuation.

Note 2: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Inventec Technology (Vietnam) Company Limited	Land use rights	2022/12/27-2023/02/21	709,881	50%	N&G Investment, LLC	Non-related parties				-	Appraisal report: Thanh Do Valuation Joint Stock Company, USD 24,879 thousands	Owner-occupied plant	From the date of obtaining the land use rights certificate to July 1, 2082.
Inventec (Czech), S.R.O	Right of use asset	2022/11/11-2023/03/17	1,510,327 (Note 1)	The deposit of EUR 300 thousands (TWD 10,143 thousands) has already been paid.	CTP Moravia South, spol. s.r.o	Non-related parties				-	The real estate appraisal report provided by professional appraiser.	Owner-occupied plant	None

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Inventec Electronics (Thiland) Co., Ltd	Land	2023/6/26	702,807	100%	VNS Property Co., Ltd.	Non-related parties				-	Appraisal report: S.L. Standard Appraisal Co., Ltd. THB 797,000 thousands.	Owner-occupied plant	None
〃	Plant	2023/8/11	(Note 2)	4.89%	New Nanyang Construction Co., LTD	Non-related parties				-	None	Owner-occupied plant	None

Note 1: The agreement entered into in April 2023 stated that the transaction amount is the estimated amount of the right-of-use asset in April,1 2024.

Note 2: The total budget does not exceed USD 151.8 million (TWD 4,661,778 thousand).

Note 3: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/ Sale	Amount	Percentage of total purchases/sale	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	78,943,495	17.83 %	105 days	Negotitated price	No general trading partner can be compared.	25,373,938	27.61 %	
〃	Inventec (Czech), s.r.o.	〃	Sales	268,531	0.06 %	105 days	〃	〃	39,573	0.04 %	
〃	Inventec Corporation (Hong Kong) Ltd.	〃	Purchases	302,107,481	69.45 %	105 days	〃	〃	(56,268,441)	54.49 %	
〃	Inventec Appliances (Nanjing) Corp.	〃	Purchases	196,325	0.05 %	90 days	〃	〃	(52,282)	0.05 %	
〃	Inventec Holding (North America) Corp.	〃	Purchases	1,291,315	0.30 %	105 days	〃	〃	(218,740)	0.21 %	
〃	Inventec (Czech), s.r.o.	〃	Purchases	314,311	0.07 %	105 days	〃	〃	(108,218)	0.10 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	78,943,495	95.68 %	105 days	〃	〃	(25,373,938)	97.94 %	
〃	The Company	〃	Sales	1,291,315	1.55 %	105 days	〃	〃	218,740	2.33 %	
〃	SQ Technology (Shanghai) Corporation	Associates	Sales	524,790	0.63 %	105 days	〃	〃	45,737	0.49 %	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	268,531	64.00 %	105 days	〃	〃	(39,573)	45.88 %	
〃	The Company	〃	Sales	314,311	32.59 %	105 days	〃	〃	108,218	55.88 %	

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

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	302,107,481	100.00 %	105 days	〃	〃	56,268,441	55.26 %	
〃	Inventec (Pudong) Technology Corp.	Associates	Purchases	21,678,206	7.18 %	105 days	〃	〃	(8,143,644)	8.00 %	
〃	SQ Technology (Shanghai) Corporation	〃	Purchases	10,991,842	3.64 %	105 days	〃	〃	(4,415,742)	4.34 %	
〃	Inventec (Chongqing) Corp.	〃	Purchases	269,437,433	89.19 %	105 days	〃	〃	(43,709,055)	42.92 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	〃	Sales	21,678,206	77.15 %	105 days	〃	〃	8,143,644	83.24 %	
〃	SQ Technology (Shanghai) Corporation	〃	Sales	3,840,036	13.67 %	105 days	〃	〃	1,203,505	12.30 %	
〃	SQ Technology (Shanghai) Corporation	〃	Purchases	232,250	1.00 %	105 days	〃	〃	(102,195)	1.23 %	
〃	Inventec (Shanghai) Corp.	〃	Sales	598,855	2.13 %	105 days	〃	〃	56,337	0.58 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	〃	Purchases	598,855	99.80 %	105 days	〃	〃	(56,337)	99.43 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	〃	Sales	269,437,433	99.73 %	105 days	〃	〃	43,709,055	99.50 %	
〃	Inventec Electronics (Thailand) Co., Ltd.	〃	Sales	154,715	0.06 %	105 days	〃	〃	152,775	0.35 %	
Inventec Electronics (Thailand) Co., Ltd.	Inventec (Chongqing) Corp.	〃	Purchases	154,715	99.91 %	105 days	〃	〃	(152,775)	92.05 %	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	〃	Sales	10,991,842	21.34 %	105 days	〃	〃	4,415,742	27.66 %	
〃	Inventec (Pudong) Technology Corp.	〃	Sales	232,250	0.45 %	105 days	〃	〃	102,195	0.64 %	
〃	Inventec (Pudong) Technology Corp.	〃	Purchases	3,840,036	6.94 %	105 days	〃	〃	(1,203,505)	5.43 %	
〃	Inventec Holding (North America) Corp.	〃	Purchases	524,790	1.01 %	105 days	〃	〃	(45,737)	0.21 %	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	〃	Purchases	11,887,896	52.40 %	110 days	〃	〃	(4,148,195)	53.63 %	
〃	Inventec Appliances (Nanjing) Corp.	〃	Purchases	422,562	1.86 %	60 days	〃	〃	(23,503)	0.30 %	
〃	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	〃	Purchases	299,281	1.32 %	60 days	〃	〃	(1,546)	0.02 %	

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

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
〃	Inventec Appliances (Malaysia) SDN. BHD.	Associates	Purchases	4,598,277	20.27 %	110 days	〃	〃	(2,271,675)	29.37 %	
〃	Inventec Appliances (Vietnam) Company Limited	〃	Purchases	1,993,410	8.79 %	60 days	〃	〃	(729,807)	9.44 %	
〃	Inventec Appliances (Nanjing) Co. Ltd.	〃	Purchases	218,714	0.96 %	60 days	〃	〃	(40,965)	0.53 %	
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	〃	Sales	363,973	1.54 %	45 days	〃	〃	(359)	(0.01)%	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	〃	Purchases	363,973	100.00 %	45 days	〃	〃	359	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	〃	Sales	11,887,896	88.62 %	110 days	〃	〃	4,148,195	80.92 %	
〃	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	〃	Sales	162,714	1.21 %	90 days	〃	〃	81,117	1.58 %	
〃	Inventec Appliances (Malaysia) SDN. BHD.	〃	Sales	267,377	1.99 %	90 days	〃	〃	213,088	4.16 %	
〃	Inventec Appliances (Vietnam) Company Limited	〃	Sales	769,035	5.73 %	90 days	〃	〃	683,082	13.32 %	
〃	Inventec Appliances (Malaysia) SDN. BHD.	〃	Purchases	293,042	2.64 %	90 days	〃	〃	(7,020)	0.22 %	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	〃	Sales	422,562	10.76 %	45 days	〃	〃	23,503	3.10 %	
〃	The Company	Parent	Sales	195,814	4.98 %	90 days	〃	〃	52,282	6.89 %	
〃	Inventec Appliances (Nanjing) Co. Ltd.	Associates	Sales	193,398	4.92 %	45 days	〃	〃	39,626	5.22 %	
〃	Inventec Appliances (Nanjing) Co. Ltd.	〃	Purchases	145,069	5.47 %	45 days	〃	〃	(25,368)	5.41 %	
Inventec Appliances (Nanjing) Co. Ltd.	Inventec Appliances Corp.	〃	Sales	218,714	47.88 %	45 days	〃	〃	40,965	40.04 %	
〃	Inventec Appliances (Nanjing) Corp.	〃	Sales	145,069	31.76 %	45 days	〃	〃	25,368	24.80 %	
〃	Inventec Appliances (Nanjing) Corp.	〃		193,398	63.49 %	45 days	〃	〃	(39,626)	55.40 %	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	299,281	98.64 %	60 days	〃	〃	1,546	64.42 %	
〃	Inventec Appliances (Pudong) Corp.	〃	Purchases	162,714	75.37 %	90 days	〃	〃	(81,117)	100.00 %	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	〃	Sales	4,598,277	94.99 %	110 days	〃	〃	2,271,675	99.69 %	
〃	Inventec Appliances (Pudong) Corp.	〃	Sales	293,042	6.05 %	90 days	〃	〃	7,020	0.31 %	
〃	Inventec Appliances (Pudong) Corp.	〃	Purchases	267,377	6.38 %	90 days	〃	〃	(213,088)	11.43 %	
Inventec Appliances (Vietnam) Company Limited	Inventec Appliances Corp.	〃	Sales	1,993,410	99.88 %	60 days	〃	〃	729,807	99.68 %	
〃	Inventec Appliances (Pudong) Corp.	〃	Purchases	769,035	39.01 %	60 days	〃	〃	(683,082)	55.56 %	

Note 1: Based on the negotiated price while trading.

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	25,373,938	2.91	968,442	Received in the subsequent period	10,597,524	-
〃	Inventec Corporation (Hong Kong) Ltd. (Note 1)	〃	45,434,425	-	9,777,313	Received in the subsequent period	26,991,390	-
Inventec Holding (North America) Corp.	The Company	Parent	218,740	6.80	-		142,715	-
Inventec Corporation (Hong Kong) Ltd.	The Company	〃	56,268,441	4.48	3,255,740	Received in the subsequent period	2,067,815	-
〃	Inventec (Pudong) Technology Corp. (Note 1)	Associates	3,363,354	-	1,230,315	Received in the subsequent period	307,953	-
〃	SQ Technology (Shanghai) Corporation (Note 1)	〃	19,001,144	-	8,546,998	Received in the subsequent period	3,613,509	-
〃	Inventec (Chongqing) Corp. (Note 1)	〃	23,069,927	-	-		23,069,927	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	〃	8,143,644	2.24	1,420,794	Received in the subsequent period	1,572,682	-
〃	SQ Technology (Shanghai) Corporation	〃	1,203,505	3.50	109,653	Received in the subsequent period	415,817	-

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	〃	43,709,055	9.13	-		37,184,047	-
〃	Inventec Electronics (Thailand) Co., Ltd.	〃	152,775	2.03	-		-	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	〃	4,415,742	1.69	1,834,946	Received in the subsequent period	495,134	-
SQ Technology (Shanghai) Corporation	Inventec (Pudong) Technology Corp.	〃	102,195	1.33	31,552	Received in the subsequent period	32,142	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	〃	4,148,195	2.10	-		1,090,722	-
〃	Inventec Appliances (Malaysia) SDN. BHD.	〃	213,088	1.62	-		54,025	-
〃	Inventec Appliances (Vietnam) Company Limited	〃	683,082	2.25	-		515,433	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	〃	2,271,675	3.01	-		1,431,759	-
Inventec Appliances (Vietnam) Company Limited	Inventec Appliances Corp.	〃	729,807	5.59	-		486,903	-
Inventec (Czech), s.r.o.	The Company	Parent	108,218	3.09	-		-	-

Note 1: The receivables were not yielded by sales or purchases; therefore there is no turnover rate.

Note 2: The aforementioned inter-company transactions did not include the loans to related parties. For the relevant amounts, please refer to note 13(a)1 "Loans to other parties".

9. Trading in derivative instruments: Please refer to notes (6)(b) and (6)(v).

(b) Information on investment:

The following is the information on investees for the year ended December 31, 2023 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53 %	194,236	(70,965)	(26,499)	Investment accounted for using equity method
〃	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	441,562	30,047	30,047	Subsidiary
〃	Inventec Holding (North America) Corp.	USA	Holding Company	3,946,943	3,335,143	2,013	100.00 %	5,892,537	381,713	381,713	〃
〃	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00 %	7,749,784	485	(398,400)	〃
〃	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	27,951,959	1,756,872	1,756,872	〃
〃	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	2,064,475	292,654	292,654	〃
〃	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	368,071	85,921	-	100.00 %	575,729	76,703	76,703	〃

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Investment Co., Ltd.	Taipei	Investment Company	62,000	1,000,000	15,000	100.00 %	75,116	1,244	1,244	Subsidiary
〃	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(661,196)	(12,012)	(125)	〃
〃	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	17,572	(627)	(627)	〃
〃	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	2,809	(153)	(153)	〃
〃	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	80,300	8,030	73.00 %	(11,614)	(77,893)	(56,862)	〃
〃	InveneXt System Co., Ltd.	Taipei	5G Services, hardware and software	50,000	50,000	5,000	100.00 %	49,589	(283)	(283)	〃
〃	Inventec Electronics (Thailand) Co., Ltd.	Thailand	Production and sales of computer products	1,594,163	-	395,000	100.00 %	1,493,519	(44,646)	(44,646)	〃
〃	Inventec Technology (Vietnam) Company Limited	Vietnam	Production and sales of computer products	789,646	-	-	100.00 %	772,246	4,554	4,554	〃
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(96,241)	(12,012)	-	Associate Company
〃	Inventec Electronics (Thailand) Co., Ltd.	Thailand	Production and sales of computer products	-	-	-	- %	-	(44,646)	-	〃
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,128,937	6,128,937	199,575	100.00 %	12,518,056	(61,417)	-	〃
〃	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,240	189	35.87 %	1,237	836	-	Investment accounted for using equity method
〃	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical divices	23,712	23,712	9,120	30.00 %	19,567	(3,589)	-	〃
〃	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(198,449)	(12,012)	-	Associate Company
〃	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	1,013,430	92,130	-	100.00 %	968,778	(42,776)	-	〃
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,568	24,568	400	100.00 %	102,992	1,052	-	〃

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances Corporation USA, Inc.	USA	Sales services	1,536	1,536	10	100.00 %	16,664	926	-	Associate Company
Inventec Appliences (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	881,769	881,769	121,000	100.00 %	(376,047)	(283,926)	-	〃
InveneXt System Co., Ltd.	Inphicomm Ltd.	Samoa	Sales of 5G equipment	-	-	-	55.00 %	-	-	-	〃 (Note 3)

Note 1: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 2: According to the regulations, the Company are not required to disclose the share of income / loss of investees.

Note 3: No capital has been injected as of December 31, 2023.

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	360,865	(2)	61,420	-	-	61,420	5,359	100.00 %	5,359	336,660	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,710	(2)	30,710	-	-	30,710	483	100.00 %	483	40,482	-
Inventec(Pudong) co.,Ltd	Sales of computer products	1,535,500	(2)	1,535,500	-	-	1,535,500	106,371	100.00 %	106,371	4,348,824	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,073,298	(2)	905,945	-	-	905,945	(258,941)	100.00 %	(276,795)	1,582,197	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,303,250	(2)	2,303,250	-	-	2,303,250	2,288,397	100.00 %	2,288,397	14,126,416	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,799,351	(2)	1,535,500	-	-	1,535,500	(269,443)	100.00 %	(278,996)	7,619,911	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	153,550	(2)	130,518	-	-	130,518	9,251	100.00 %	9,251	267,397	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,530	(2)	44,530	-	-	44,530	3,425	100.00 %	3,425	79,374	-
INVENTEC HI-TECH CORPORATION	Sales of computer products	1,535,500	(2)	1,535,500	-	-	1,535,500	70,968	100.00 %	70,968	1,734,084	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,856,655	(3)	-	-	-	-	(364,575)	78.00 %	(284,369)	1,047,135	-
Saint Investment Consulting Corporation	Business management	260,154	(3)	-	-	-	-	6,016	100.00 %	6,016	304,110	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	235,122	(3)	-	-	-	-	(89,037)	100.00 %	(89,037)	(594,376)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	130,077	(3)	-	-	-	-	(23,265)	20.00 %	(4,653)	17,739	-

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2023 and 2022

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Testron Technology(JiangSu) Co., Ltd.	Production and sales of electronic products	120,589	(3)	-	-	-	-	151,212	9.99 %	12,413	118,604	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	14,116	(3)	-	-	-	-	(3,659)	16.56 %	(1,512)	41,573	-
Dawnline (Nanjing) Intelligent Technology Co., Ltd.	Solution of intelligent transportation	6,637	(3)	-	-	-	-	(33,725)	15.00 %	(4,722)	38,725	-
INVENTEC APPLIANCES (Shanghai) Corp.	Development of intelligent devices	1,584,636	(2)	1,477,705	-	-	1,477,705	64,524	100.00 %	64,524	1,554,284	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,364,670	(2)	2,364,670	-	-	2,364,670	(603,516)	100.00 %	(500,768)	6,475,054	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,088,280	(2)	1,289,820	-	-	1,289,820	186,517	100.00 %	168,319	3,659,477	3,571,176
Inventec Appliances (Nanjing) Corp.	House leasing	153,550	(2)	275,821	-	-	275,821	194,727	100.00 %	194,727	619,149	85,353
INVENTEC APPLIANCES (XI'AN) CORPORATION	House leasing	122,840	(2)	122,840	-	-	122,840	5,225	100.00 %	5,225	78,947	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	64,491	(2)	64,491	-	-	64,491	4,575	100.00 %	4,575	4,105	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,176	(3)	-	-	-	-	6,007	100.00 %	6,007	131,255	-
Inventec Appliances (Shanghai) Enterpri	Industrial investment and investment management	34,687	(3)	-	-	-	-	(3,795)	100.00 %	(3,795)	16,213	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	260,155	(3)	-	-	-	-	(60,987)	100.00 %	(60,987)	(136,659)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices , software development	43,359	(3)	-	-	-	-	(17,750)	100.00 %	(17,750)	12,598	-
Inventec QD (Shanghai) Corporation (Note 8)	Business management and Consulting	-	(3)	-	-	-	-	(5,508)	100.00 %	(5,508)	(5,406)	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,147,363	8,147,363	-
Inventec Appliances Corp.	5,663,784	5,663,784	4,427,529

Note 1: There are three ways of investments as following:

(a) Direct investment in Mainland China.

(b) Indirect investment in Mainland china through a subsidiary in a third place.

(c) Others

Note 2: The recognition of investment income (loss) is based on the financial statements audited by CPA of the investee company.

Note 3: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

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

Note 4: The upper limit on investment of Inventec Appliances Corp. is the higher of 60% of net value or 60% of consolidated net value.

Note 5: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 6: The amount of foreign currencies was translated into New Taiwan Dollars at historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of December 31, 2023, deducted the accumulated remittance of earnings, the investment amounts of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: No capital has been injected as of December 31, 2023.

Note 9: The inter-company transactions were eliminated in the consolidated financial statements.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Taishin International Bank Co., Ltd, entrusted with custody of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	191,906,000	5.34 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The regstered non-physical stocks may be different from the capital stocks isclosed in the financial statements due to different calculation basis.

Note 2: If shares are entrusted, the above infromation regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment Information

Please refer to consolidated financial report of Inventec Corporation for the year ended December 31, 2023.

INVENTEC CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description				Amount
Cash	Petty cash				$ 450
	Foreign cash				254
	Subtotal				704
Cash in banks	Checking accounts				428
	Demand deposits				80,994
	Foreign deposits	USD	133,097	thousands	4,088,849
		JPY	1,666	thousands	
		CNY	69	thousands	
		EUR	24	thousands	
	Time deposits				1,000
	Subtotal				4,171,271
					$ 4,171,975

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income - Current

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Share or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value Unit price	Fair value Total amount	Note
WIN Semiconductors Corp.	Stock	4,063	$ 40,630	645,967	- %	113,690	-	159.00	645,967	

INVENTEC CORPORATION

Statement of Accounts Receivables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-related parties:			
A		$ 49,489,896	
B		9,894,099	
Others		7,139,128	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		66,523,123	
Less: Loss allowance		(45,475)	
Net amount		66,477,648	
Related parties:			
Inventec Holding (North America) Corp.		25,373,938	
Others		51,856	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		25,425,794	
Less: Loss allowance		-	
Net amount		25,425,794	
Total		$ **91,903,442**	

INVENTEC CORPORATION

Statement of Other Receivables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related parties	Payments on behalf of others	$ 309,855	
Related parties	Payments of materials on behalf of others	45,582,076	
Current accrued income	Interest receivable from banks	12,008	
Less: Loss allowance		(37,065)	
Total		**$ 45,866,874**	

Statement of Inventory

Item	Amount: Cost	Amount: Net realized value	Note
Raw materials	$ 14,038,248	13,815,717	
Work in process	1,473,845	1,464,282	
Finished goods	5,251,908	5,231,069	
Subtotal	20,764,001	**20,511,068**	
Less: Allowance for inventory valuation losses and obsolescence	(252,933)		
Total	**$ 20,511,068**		

INVENTEC CORPORATION

Statement of Other Current Assets

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments	Payment of materials	$ 61,420	
	Toolings	5,391	
	Others	77,944	
	Subtotal	144,755	
Other financial assets	Time deposits	870,777	
Restricted assets	Collateral deposits	173,905	
Temporary debits	Others	3,031	
Payment on behalf of others	Others	998,867	
Asset recognized as right to recover products from customers	Others	370,385	
Others	Others	45,293	
		$ 2,607,013	

Inventec Corporation

Statement of Current and Non-current Financial Assets at Fair Value Through Profit or Loss

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending balance			
Name of financial instrument	Shares/(in thousand)	Fair value	Shares/(in thousand)	Amount	Shares/(in thousand)	Amount	Shares/(in thousand)	Fair value	Collateral	Note
Common Stock										
Empass Technology Inc	560	$ 11,722	62	6,022	-	-	622	17,744	None	
Entire Technology Co., Ltd.	3,260	65,461	-	3,553	-	-	3,260	69,014	〃	
Imedtac Co., Ltd.	1,200	40,431	-	1,252	-	-	1,200	41,683	〃	
Tmy Technology Inc.	2,857	12,538	-	6,415	-	-	2,857	18,953	〃	
Enflex Corporation	750	2,470	-	-	-	1,970	750	500	〃	
Subtotal		132,622		17,242		1,970		147,894		
Convertible bonds										
SKSpruce Holding Limited	-	10,557	-	7,926	-	-	-	18,483	〃	
Total		$ **143,179**		**25,168**		**1,970**		**166,377**		

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at fair Value through Other Comprehensive Income－Non-current

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending balance			
Name of financial instrument	**Shares (in thousand)**	**Fair value**	**Shares (in thousand)**	**Amount**	**Shares (in thousand)**	**Amount**	**Shares (in thousand)**	**Fair value**	**Collateral**	**Note**
Common Stock										
Arima Communications Corp.	7,390	$ 37,689	-	-	-	24,978	7,390	12,711	None	
Tomorrow Studio Co., Ltd.	29	94	-	-	24	30	5	64	〃	
Tai Yi Precision Corporation	2,540	-	-	-	-	-	2,540	-	〃	
New E Materials Co., Ltd.	1,760	8,078	-	88	-	-	1,760	8,166	〃	
Top Taiwan Xiv Venture Capital Co., Ltd.	30,000	291,600	-	7,200	-	-	30,000	298,800	〃	
Hushan Autoparts Inc.	-	-	500	29,200	-	-	500	29,200	〃	
ZT Group Int'l, Inc.	-	2,138,373	-	1,525,319	-	-	-	3,663,692	〃	
Amphastar Pharmaceuticals Inc.	26	22,199	-	26,817	-	-	26	49,016	〃	
Subtotal		2,498,033		1,588,624		25,008		4,061,649		
Preferred Stock										
CloudMosa Technologies, Inc.	235	35,395	-	11,056	-	-	235	46,451	〃	
Rasilient Systems, Inc.	3,632	-	-	-	-	-	3,632	-	〃	
SKSpruce Holding Limited	3,746	26,852	-	20,164	-	-	3,746	47,016	〃	
QEEXO Co.	568	30,606	-	-	568	30,606	-	-	〃	
Rescale Inc.	355	6,946	-	13,137	-	-	355	20,083	〃	
Sensel Inc.	532	14,123	-	-	-	14,123	532	-	〃	
ASOCS LTD.	360	-	-	-	-	-	360	-	〃	
Atayalan, Inc.	1,553	4,569	-	812	-	-	1,553	5,381	〃	
XMEMS LABS INC	-	-	1,000	10,171	-	-	1,000	10,171	〃	
Subtotal		118,491		55,340		44,729		129,102		
Total		$ **2,616,524**		**1,643,964**		**69,737**		**4,190,751**		

INVENTEC CORPORATION

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending balance			Market Value or Net Assets Value			
Name of investee	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	Collateral	Note
Inventec Besta Co., Ltd.	23,405	$ 222,154	-	-	-	27,918	23,405	37.53 %	194,236	18.10	423,631	None	Note
Inventec Corporation (Hong Kong) Ltd.	2,500	417,502	-	24,060	-	-	2,500	100.00 %	441,562	-	441,562	″	″
Inventec Holding (North America) Corp.	2,011	4,897,732	2	994,805	-	-	2,013	100.00 %	5,892,537	-	5,892,537	″	″
Inventec Appliances Corp.	536,857	8,382,773	-	-	-	632,989	536,857	100.00 %	7,749,784	-	7,379,214	″	″
Inventec (Cayman) Corp.	301,768	26,681,541	-	1,270,418	-	-	301,768	100.00 %	27,951,959	-	27,951,959	″	″
IEC (Cayman) Corporation	25,000	1,774,967	-	289,508	-	-	25,000	100.00 %	2,064,475	-	2,064,475	″	″
Inventec (Czech), S.R.O.	-	231,522	-	344,207	-	-	-	100.00 %	575,729	-	575,729	″	″
Inventec Development Japan Corporation	45	19,943	-	-	-	2,371	45	100.00 %	17,572	-	17,572	″	″
Inventec Japan Cororation	-	3,165	-	-	-	356	-	100.00 %	2,809	-	2,809	″	″
Inventec Investment Co., Ltd.	108,800	68,239	-	6,877	93,800	-	15,000	100.00 %	75,116	-	75,116	″	″
AI Mobile Co., Ltd.	8,030	44,806	-	-	-	56,420	8,030	73.00 %	(11,614)	-	(11,614)	″	″
Manufacturing (India) Private Limited	5,000	49,872	-	-	-	283	5,000	100.00 %	49,589	-	49,589	″	″
Inventec Electronics (Thailand) co., Ltd.	-	-	395,000	1,493,519	-	-	395,000	100.00 %	1,493,519	-	1,493,519	″	″
Inventec Technology (Vietnam) Compony Limited	-	-	-	772,246	-	-	-	100.00 %	772,246	-	772,246	″	″
		$ 42,794,216		5,195,640		720,337			47,269,519		47,128,344		
Inventec Solar Energy Corporation	108,150	$ (661,071)	-	-	-	125	108,150	33.45 %	(661,196)	-	(661,196)	″	Note 1

Note : The market value of listed companies are market value, and the value of private entities are net asset value.

Note1: Recognized as "other non-current liabilities, others".

INVENTEC CORPORATION

Statement of Other Non-current Assets

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred expense	Toolings	$ 3,436,868	
Less: Accumulated depreciation		(3,186,732)	
Deferred tax assets		1,668,938	
Other assets	Refundable deposits and other assets	198,472	
		$ 2,117,546	

INVENTEC CORPORATION

Statement of Short-term Borrowings

December 31, 2023

(In Thousands of New Taiwan Dollars)

Category of loans	Description	Ending balance	Contract Period	Range of interest rate	Loan commitments		Collateral or guarantee	Note
Short-term borrowings	E.SUN Bank	$ 1,402,306	2024.01.26	6.26%	TWD	1,500,000	None	
	Citi Bank	4,169,964	2024.01.05~2024.03.05	6.09%~6.20%	TWD	229,000	〃	
	DBS Bank	9,194,149	2024.01.04~2024.01.24	1.63%~6.22%	USD	300,000	〃	
	Bank of Taiwan	3,438,824	2024.01.12~2024.01.26	6.24%~6.26%	USD	150,000	〃	
	Sumito Mitsui Bank	2,100,000	2024.01.11~2024.01.26	1.77%	USD	150,000	〃	
	Cathay United Bank	1,842,269	2024.01.05	6.10%	TWD	60,000	〃	
	Mega Bank	1,842,017	2024.01.17	5.95%	USD	60,000	〃	
	Hua Nan Bank	1,885,871	2024.01.03	6.15%	TWD	2,325,000	〃	
	HSBC Bank	500,000	2024.01.11	1.63%	USD	65,000	〃	
	Chang Hwa Bank	300,000	2024.01.08	1.85%	USD	60,000	〃	
	China Construction Bank	1,531,503	2024.01.26	5.83%	USD	50,000	〃	
		$ 28,206,903						

INVENTEC CORPORATION

Statement of Accounts Payable

December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
Non-related parties:			
V		$ 11,827,066	
W		7,493,900	
X		4,664,469	
Y		2,591,625	
Z		2,374,862	
Others		17,625,492	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		46,577,414	
Related parties:			
Inventec Corporation (Hong Kong) Ltd.		56,268,441	
Others		424,199	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		56,692,640	
Total		$ **103,270,054**	

INVENTEC CORPORATION

Statement of Other Payables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for salary, incentive and bonus	$ 3,287,915
	Inventory processing fee	670,472
	Interest payable and royalty	643,372
	Others	1,380,540
Total		**$ 5,982,299**

Statement of Other Current Liabilities

Item	Description	Amount	Note
Other current liabilities	Advance receipts	$ 590	
	Receipts under custody	99,664	
	Temporary credits	8,739,492	
	Others	2,604,035	
		$ 11,443,781	

INVENTEC CORPORATION

Statement of Long-term Borrowings

December 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Contract period	Interest rate	Collateral or guarantee	Note
Hua Nan Bank	Secured borrowings	$ 1,433,333	2031.02.26	1.94 %	Land, buildings and construction	Without financial covenant
Bank of Taiwan	〃	716,667	2031.02.26	1.94 %	〃	〃
E.SUN Commercial Bank	Unsecured borrowings	921,300	2025.07.07	6.66 %	None	〃
China Construction Bank	〃	221,112	2028.07.07	5.69 %	〃	〃
Less: Long-term Borrowings, current portion		(300,000)				
Total		**$ 2,992,412**				

INVENTEC CORPORATION

Statement of Other Non-current Liabilities

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other non-current liabilities	Deferred tax liabilities	$ 4,533,564	
	Deferred credits	57,695	
	Gaurantee deposits received	651	
	Credit balance of investments accounted for using equity method	661,196	
		$ 5,253,106	

INVENTEC CORPORATION

Statement of Operating Costs

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount Subtotal	Amount Total
Cost of goods sold from manufacturing	$	75,361,679
Direct material	64,200,718	
Add: Raw material, January 1	6,951,112	
Purchases	74,023,895	
Less: Raw material, December 31	(14,038,248)	
Transferred to expense	(191,466)	
Sales	(2,544,425)	
Loss on physical inventory	(150)	
Direct labor	658,239	
Manufacturing expenses	2,590,031	
Cost of manufacturing	67,448,988	
Add: Work in process, January 1	2,490,878	
Purchases	10,493,567	
Less: Work in process, December 31	(1,473,845)	
Transferred to expense	(415,969)	
Loss on physical inventory	(70)	
Transferred to warranty	(49,811)	
Cost of finished goods	78,493,738	
Add: Finished goods, January 1	2,625,308	
Less: Finished goods, December 31	(5,251,908)	
Transferred to expense	(500,852)	
Transferred to warranty	(4,607)	
Cost of material sold		2,544,425
Cost of merchandise sold (triangle trade)		346,139,236
Loss on inventory valuation		8,671
Cost of warranty		963,113
Expense of idle capacity		2,974
Loss on physical inventory		220
Cost of provision of sales return		(69,387)
Total operating costs		$ **424,950,931**

INVENTEC CORPORATION

Statement of Selling Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Decription	Amount	Note
Wages and salaries		$ 658,424	
Amortizations		297,257	
Freight		392,486	
Insarance expense		125,268	
Employee benefits		99,676	
Other expenses		254,946	
		$ 1,828,057	

Statement of Administrative Expenses

Item	Description	Amount	Note
Wages and salaries		$ 1,050,357	
Depreciation expense		162,513	
Repairs and maintenance expense		137,745	
Professional service fees		152,351	
Other expenses		696,939	
		$ 2,199,905	

INVENTEC CORPORATION

Statement of Research and Development Expenses

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		$ 4,449,481	
Consumable expense		997,100	
Inspection fees		362,420	
Other expenses		1,284,720	
		$ 7,093,721	