Compucase Enterprise Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2024 and 2023 and Independent Auditors' Review Report

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**This version is prepared in the original Chinese language and has not been reviewed by the CPA.

INDEPENDENT AUDITORS' REVIEW REPORT

Compucase Enterprise Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Compucase Enterprise Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conduct our reviews in accordance with the Standards on Review Engagements of Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT$2,262,911 thousand and NT$2,492,610 thousand, representing 27% and 31%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT$1,013,114 thousand and NT$1,145,273 thousand, representing 25% and 28%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of the combined comprehensive income of these non-significant subsidiaries were loss NT$5,418 thousand and profit NT$25,615 thousand, representing 2% and 18% of the consolidated total comprehensive income, respectively.

In addition, as disclosed in Note 13 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT$22,671 thousand and NT$23,888 thousand as of March 31, 2024 and 2023, respectively. The share of profit of associates accounted for using the equity method were NT$271 thousand and NT$334 thousand for the three months ended March 31, 2024 and 2023, respectively. The amounts of the related equity-method investments as well as the additional disclosures to the consolidated financial statements were based on the equity-method investees' unreviewed financial statements

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte Taiwan

CPA Wang Teng-Wei	CPA Li Chi-Chen
No. of Approval Document from the Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 1100356048	No. of Approval Document from the Securities and Futures Commission Tai-Cai-Zheng-Liu-Zi No. 0920123784

May 10, 2024

Compucase Enterprise Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
Unit: NTD thousand

Code	Asset	March 31, 2024（Reviewed） Amount	%	December 31, 2023（Audited） Amount	%	March 31, 2023（Reviewed） Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 2,186,593	26	$ 1,861,795	22	$ 2,010,972	25
1110	Financial assets measured at fair value through profit/loss – current (Note 7)	-	-	10,532	-	11	-
1136	Financial assets measured at amortized cost – current (Notes 8 and 30)	209,055	3	142,250	2	37,122	-
1150	Notes receivable (Notes 9 and 23)	387	-	1,272	-	873	-
1170	Accounts receivable (Notes 9 and 23)	2,312,056	27	2,340,198	28	1,959,242	25
1200	Other receivables	34,279	-	54,965	1	85,371	1
1220	Current income tax assets	255	-	131	-	-	-
130X	Inventory (Note 10)	1,488,394	18	1,540,088	19	1,397,320	17
1410	Prepayments (Note 11)	359,497	4	377,173	4	449,095	6
1479	Other current assets	6,670	-	4,723	-	7,715	-
11XX	Total current assets	6,597,186	78	6,333,127	76	5,947,721	74
	Non-current assets						
1535	Financial assets measured at amortized cost – non-current (Note 8)	399,229	5	476,241	6	443,122	6
1550	Investment under the equity method (Note 13)	22,671	-	22,942	-	23,888	-
1600	Property, plant and equipment (Note 14)	1,134,182	13	1,138,576	14	1,232,020	15
1755	Right-of-use assets (Note 15)	160,391	2	164,340	2	196,134	3
1760	Net investment property (Notes 16 and 30)	53,018	1	53,018	1	53,514	1
1805	Goodwill	638	-	638	-	638	-
1821	Intangible assets (Note 17)	11,735	-	10,780	-	11,325	-
1840	Deferred income tax assets (Notes 4 and 25)	37,660	1	35,892	1	35,606	1
1915	Prepayments for equipment	11,555	-	7,017	-	16,058	-
1920	Deposits paid	6,471	-	6,389	-	6,629	-
1975	Net defined benefit assets – non-current (Notes 4 and 21)	25,182	-	25,112	-	24,737	-
1990	Other non-current assets	12,257	-	12,635	-	12,521	-
15XX	Total non-current assets	1,874,989	22	1,953,580	24	2,056,192	26
1XXX	Total assets	$ 8,472,175	100	$ 8,286,707	100	$ 8,003,913	100
Code	**Liabilities and equity**						
	Current liabilities						
2100	Short-term loans (Notes 18 and 30)	$ 1,172,500	14	$ 1,268,500	15	$ 1,620,500	20
2110	Short-term bills payable (Note 18)	-	-	-	-	9,997	-
2120	Financial liabilities measured at fair value through profit/loss – current (Note 7)	9,746	-	-	-	5,490	-
2130	Contract liabilities – current (Note 23)	133,715	2	83,193	1	67,550	1
2150	Notes payable (Note 19)	792	-	-	-	754	-
2170	Accounts payable (Note 19)	1,543,709	18	1,656,907	20	1,208,952	15
2180	Accounts payable – related parties (Notes 19 and 29)	10,102	-	8,816	-	10,863	-
2219	Other payables (Note 20)	634,087	8	641,339	8	704,170	9
2230	Current income tax liabilities (Notes 4 and 25)	336,841	4	296,178	4	263,581	3
2250	Liability provision – current	12,239	-	12,791	-	7,069	-
2280	Lease liabilities – current (Note 15)	30,889	-	31,584	-	33,300	-
2399	Other current liabilities (Note 20)	69,734	1	47,606	1	41,868	1
21XX	Total current liabilities	3,954,354	47	4,046,914	49	3,974,094	49
	Non-current liabilities						
2570	Deferred income tax liabilities (Notes 4 and 25)	6,629	-	6,629	-	6,323	-
2580	Lease liabilities – non-current (Note 15)	14,139	-	18,696	-	42,649	1
2640	Net defined benefit liabilities – non-current (Notes 4 and 21)	6,048	-	6,570	-	6,351	-
2645	Deposits received	813	-	807	-	809	-
25XX	Total non-current liabilities	27,629	-	32,702	-	56,132	1
2XXX	Total liabilities	3,981,983	47	4,079,616	49	4,030,226	50
	Equity attributable to shareholders of the parent (Notes 22 and 27)						
3100	Share capital	1,132,856	13	1,132,856	14	1,132,856	14
3200	Capital reserves	441,767	5	441,767	5	425,456	5
	Retained earnings						
3310	Legal reserves	498,004	6	498,004	6	462,810	6
3320	Special reserves	254,240	3	254,240	3	325,826	4
3350	Undistributed earnings	1,164,031	14	1,007,323	12	687,009	9
3300	Total retained earnings	1,916,275	23	1,759,567	21	1,475,645	19
3400	Other equity	(234,509)	(3)	(316,025)	(4)	(245,135)	(3)
3500	Treasury stocks	(29,532)	-	(29,532)	-	(59,102)	(1)
31XX	Equity attributable to shareholders of the parent	3,226,857	38	2,988,633	36	2,729,720	34
36XX	Non-controlling interest (Note 22)	1,263,335	15	1,218,458	15	1,243,967	16
3XXX	Total equity	4,490,192	53	4,207,091	51	3,973,687	50
	Total liabilities and equity	$ 8,472,175	100	$ 8,286,707	100	$ 8,003,913	100

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung　　President: Wang Chun-Tung　　Accounting Manager: Chen Hui-Shan

Compucase Enterprise Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the Three Months Ended March 31			
		2024		2023	
Code		Amount	%	Amount	%
4100	Operating revenue (Note 23)	$ 2,026,146	100	$ 1,856,275	100
5110	Operating cost (Notes 10, 24 and 29)	1,599,917	79	1,462,681	79
5900	Gross operating profit	426,229	21	393,594	21
	Operating expense (Notes 9 and 24)				
6100	Marketing expense	100,298	5	97,254	5
6200	Management expense	106,777	5	88,467	5
6300	R&D expense	37,997	2	29,828	1
6450	Expected credit impairment loss (reversed gain)	16,771	1	(295)	-
6000	Total operating expenses	261,843	13	215,254	11
6900	Net operating profit	164,386	8	178,340	10
	Non-operating revenues and expenses (Notes 13 and 24)				
7100	Interest income	22,220	1	14,401	1
7010	Other incomes	7,451	-	10,092	-
7020	Other profits and losses	50,173	3	(26,313)	(2)
7050	Financial cost	(7,883)	-	(6,903)	-
7060	Share of losses of associates accounted for using the equity method	(876)	-	(435)	-
7000	Total non-operating revenues and expenses	71,085	4	(9,158)	(1)
7900	Pre-tax net profit	235,471	12	169,182	9
7950	Income tax expenses (Notes 4 and 25)	52,641	3	39,566	2
8200	Net profit	182,830	9	129,616	7

Code		For the Three Months Ended March 31			
		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income (Note 22)				
8360	Items likely to be subsequently reclassified as profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	$ 99,357	5	$ 13,879	1
8370	Share of other comprehensive income of associates accounted for using the equity method	605	-	101	-
8300	Other after-tax comprehensive income (net)	99,962	5	13,980	1
8500	Total comprehensive income	$ 282,792	14	$ 143,596	8
	Net profit attributable to:				
8610	Shareholders of the parent	$ 156,708	8	$ 95,343	5
8620	Non-controlling interests	26,122	1	34,273	2
8600		$ 182,830	9	$ 129,616	7
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	$ 238,224	12	$ 104,448	6
8720	Non-controlling interests	44,568	2	39,148	2
8700		$ 282,792	14	$ 143,596	8
	EPS (Note 26)				
9750	Basic	$ 1.40		$ 0.86	
9850	Diluted	1.39		0.85	

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Hui-Shan

Compucase Enterprise Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity
(Reviewed, Not Audited)
Unit: NTD thousand

		Equity Attributable to Shareholders of the Parent											
				Retained earnings			Other equity						
Code		Share capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized profit/loss on financial assets measured at fair value through other comprehensive income	Total	Treasury stocks	Total	Non-controlling interest	Total equity
A1	January 1, 2023	$ 1,132,856	$ 425,456	$ 462,810	$ 325,826	$ 591,666	($ 188,836)	($ 65,404)	($ 254,240)	($ 59,102)	$ 2,625,272	$ 1,203,967	$ 3,829,239
D1	Net Income	-	-	-	-	95,343	-	-	-	-	95,343	34,273	129,616
D3	Other comprehensive income, net of income tax (Note 22)	-	-	-	-	-	9,105	-	9,105	-	9,105	4,875	13,980
D5	Total comprehensive income	-	-	-	-	95,343	9,105	-	9,105	-	104,448	39,148	143,596
C17	Remuneration cost for share-based payment (Note 27)	-	-	-	-	-	-	-	-	-	-	852	852
Z1	March 31, 2023	$ 1,132,856	$ 425,456	$ 462,810	$ 325,826	$ 687,009	($ 179,731)	($ 65,404)	($ 245,135)	($ 59,102)	$ 2,729,720	$ 1,243,967	$ 3,973,687
A1	January 1, 2024	$ 1,132,856	$ 441,767	$ 498,004	$ 254,240	$ 1,007,323	($ 250,621)	($ 65,404)	($ 316,025)	($ 29,532)	$ 2,988,633	$ 1,218,458	$ 4,207,091
D1	Net Income	-	-	-	-	156,708	-	-	-	-	156,708	26,122	182,830
D3	Other comprehensive income, net of income tax (Note 22)	-	-	-	-	-	81,516	-	81,516	-	81,516	18,446	99,962
D5	Total comprehensive income	-	-	-	-	156,708	81,516	-	81,516	-	238,224	44,568	282,792
C17	Remuneration cost for share-based payment (Note 27)	-	-	-	-	-	-	-	-	-	-	309	309
Z1	March 31, 2024	$ 1,132,856	$ 441,767	$ 498,004	$ 254,240	$ 1,164,031	($ 169,105)	($ 65,404)	($ 234,509)	($ 29,532)	$ 3,226,857	$ 1,263,335	$ 4,490,192

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Hui-Shan

Compucase Enterprise Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

Code		For the three Months Ended March 31 2024	2023
	Cash flow from operating activities		
A10000	Pre-tax net profit	$ 235,471	$ 169,182
A20000	Profits, expenses and losses:		
A20100	Depreciation expense	52,940	66,832
A20200	Amortization expense	672	528
A20300	Expected credit impairment loss (reversed gain)	16,771	(295)
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	20,471	22,192
A20900	Financial cost	7,883	6,903
A21200	Interest income	(22,220)	(14,401)
A21900	Share-based payments	309	852
A22300	Share of losses of associates accounted for using the equity method	876	435
A22500	Loss (gain) on disposal of property, plant and equipment	23	(996)
A23700	Provision of refund liabilities	10,980	2,937
A29900	Others	3,041	888
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	885	(763)
A31150	Accounts receivable	8,272	8,353
A31180	Other receivables	18,007	33,019
A31200	Inventory	63,927	172,477
A31230	Prepayments	17,676	(104,067)
A31240	Other current assets	(1,947)	3,382
A32125	Contract liabilities	50,522	(70,016)
A32130	Notes payable	792	754
A32150	Accounts payable (including related parties)	(78,879)	29,005
A32180	Other payables	(7,124)	13,944
A32230	Other current liabilities	11,148	331
A32240	Net defined benefit liabilities	(592)	(1,509)
A33000	Cash generated from operations	409,904	339,967
A33100	Interest received	24,899	18,308
A33300	Interest paid	(8,140)	(6,204)
A33500	Income tax paid	(13,870)	(22,281)
AAAA	Net cash inflow from operating activities	412,793	329,790

Code		For the three Months Ended March 31 2024	2023
	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	($ 107,561)	($ 1,314)
B00050	Disposal of financial assets measured at amortized cost	131,486	12,165
B02700	Acquisition of property, plant and equipment	(21,055)	(9,752)
B02800	Proceeds from disposal of property, plant and equipment	20	3,209
B03800	Decrease in refundable deposits	100	284
B04500	Acquisition of intangible assets	(1,610)	-
B06800	Decrease in other non-current assets	378	568
B07100	Increase in prepayments for business facilities	(4,976)	(3,673)
BBBB	Net cash flows from (used in) investing activities	(3,218)	1,487
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	1,239,000	925,500
C00200	Decrease in short-term loans	(1,335,000)	(935,000)
C00500	Increase in short-term bills payable	-	10,987
C00600	Decrease in short-term bills payable	-	(990)
C03100	Increase in guarantee deposits received	(66)	(391)
C04020	Payments of lease liabilities	(8,078)	(8,542)
CCCC	Net cash used in financing activities	(104,144)	(8,436)
DDDD	Effect of exchange rate changes on cash and cash equivalents	19,367	1,424
EEEE	Increase in cash and cash equivalents in the current year	324,798	324,265
E00100	Starting balance of cash and cash equivalents	1,861,795	1,686,707
E00200	Ending balance of cash and cash equivalents	$ 2,186,593	$ 2,010,972

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Hui-Shan

Compucase Enterprise Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements
For the Three Months Ended March 31, 2024 and 2023
(Reviewed, Not Audited)
(All amounts are in NTD thousand unless otherwise specified)

I. History of HEC

Compucase Enterprise Co., Ltd. (hereinafter "HEC") was founded in February 1979. Originally named Compucase Enterprise Company, it changed to the current name in August 2000. The scope of its primary business includes the manufacturing, processing, sales, import and export of power supplies, computer and gaming products and related components.

In April 2001, the stocks of HEC were approved for listing and trading at the Taipei Exchange. In August 2002, they were approved for transferring to the Taiwan Stock Exchange for listing and trading.

This consolidated financial report is presented in NTD, our functional currency.

II. Date and procedures of approval of the financial report

This consolidated financial report was approved by the Board of Directors on May 10, 2024.

III. Application of new and amended standards and interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries' accounting policies.

(II) IFRSs published by the IASB which have not been approved and published by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB(Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in the equity.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment completed.

IV. Summary of material accounting policies

(I) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(II) Basis of preparation

Except for financial instruments measured at fair value and net defined benefit assets recognized at the present value of defined benefit obligations less the fair value of plan assets, this consolidated financial report has been prepared on the basis of historical cost.

For fair value measurements, the inputs are categorized into Level 1, 2, and 3 based on their observability and priority:

1. Level 1 inputs: Quoted prices in active markets for identical assets or liabilities accessible on the measurement date (unadjusted).
2. Level 2 inputs: Inputs other than quoted prices within Level 1 that are

observable for the asset or liability, either directly (i.e. the price) or indirectly (i.e. deriving from the price).

3. Level 3 inputs: Unobservable inputs for the asset or liability.

(III) Basis of consolidation

This consolidated financial report includes the financial reports of HEC and the entities controlled by HEC (subsidiaries). The financial reports of subsidiaries have been adjusted to ensure their accounting policies are consistent with those of the consolidated company. All transactions, account balances, profits, expenses and losses between entities have been eliminated during preparation of the consolidated financial report. The total comprehensive income of a subsidiary is attributable to the owners of HEC and non-controlling interests, even when non-controlling interests become a loss balance as a result.

Changes in the ownership interest of the consolidated company in a subsidiary that do not result in a loss of control are treated as equity transactions. The carrying amount of the consolidated company and non-controlling interests have been adjusted to reflect changes in their relative equity in the subsidiary. The difference between the adjusted amount of non-controlling interests and the fair value of considerations paid or received is directly recognized in equity and attributable to the owners of HEC.

For the details, shareholdings and scope of business of subsidiaries, see Note 12 and Tables 6 and 7.

(IV) Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2023.

1.Classification of current and non-current assets and liabilities

Current assets include:

a) Assets held primarily for the purpose of trading;

b) Assets expected to be realized within 12 months after the reporting period; and

c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a) Liabilities held primarily for the purpose of trading;

b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2.Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3.Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings

V. Main sources of uncertainty of material accounting judgments, estimates and assumptions

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

VI. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and working capital	$ 979	$ 1,037	$ 1,071
Bank checks and demand deposits	1,966,361	1,419,302	1,581,895
Cash equivalents			
Time deposits at banks with an original date of maturity within 3 months	84,253	117,956	262,006
Bonds with conditions for repurchase	135,000	323,500	166,000
	$ 2,186,593	$ 1,861,795	$ 2,010,972

The following are the interest rate ranges of cash equivalents on the balance sheet date:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits at banks with an original date of maturity within 3 months	1.35%～5.37%	1.35%～5.3%	2%～4.75%
Bonds with conditions for repurchase	1.2%～1.3%	1.15%～1.18%	1.06%～1.07%

VII. Financial instruments measured at fair value through profit/loss

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets – current			
Held for transactions			
Derivative instrument – forward foreign exchange contract	$ -	$ 10,532	$ 11
Financial liabilities – current			
Held for transactions			
Derivative instrument – forward foreign exchange contract	$ 9,746	$ -	$ 5,490

The following are forward foreign exchange contracts which do not apply hedge accounting and are yet to mature on the balance sheet date:

March 31, 2024

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	2024.04～2024.07	USD 42,650/ CNY 304,204

December 31, 2023

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	2024.01～2024.03	USD 30,100/CNY 215,323

March 31, 2023

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	2023.04～2023.07	USD 33,150/ CNY 225,703

VIII. Financial assets measured at amortized cost

	March 31, 2024	December 31 2023	March 31, 2023
Current			
Time deposits with an original date of maturity beyond 3 months	$ 81,979	$ 35,000	$ -
Restricted bank deposits	127,076	107,250	37,122
	$ 209,055	$ 142,250	$ 37,122
Non-current			
Time deposits with an original date of maturity beyond 3 months	$ 399,229	$ 476,241	$ 443,122

(I) On March 31 2024, December 31 2023 and March 31 2023, the interest rate ranges of time deposits with an original date of maturity beyond 3 months were 1.35%~5.17%, 1.4% and 3.1%~3.5%.

(II) For the information of pledges, see Note 30.

IX. Notes and accounts receivable

	March 31, 2024	December 31 2023	March 31, 2023
Notes receivable			
Measured at amortized cost	$ 387	$ 1,272	$ 873
Accounts receivable			
Measured at amortized cost			
Total carrying amount	$2,404,514	$2,412,786	$1,999,634
Less: Loss allowance	92,458	72,588	40,392
	$2,312,056	$2,340,198	$1,959,242

The average loan period of the consolidated company for sales of goods is 1 to 4 months, with zero accrued on accounts receivable. In order to mitigate credit risk, the management of the consolidated company has designated special teams for determination of credit lines, approval of loans and other monitoring procedures to ensure that appropriate actions are taken to recover overdue payments receivable. Furthermore, the consolidated company reviews the recoverable amounts of payments receivable separately on the balance sheet date to ensure that irrecoverable payments receivable have been accounted for in appropriate impairment losses. Accordingly, the management of the consolidated company considers that its credit risks have reduced significantly.

The consolidated company recognizes the loss allowance for accounts receivable based on the full lifetime expected credit losses. The full lifetime expected credit losses are calculated using a provision matrix with consideration of the default history and current financial condition of a customer and the economic trend of the industry. Since the historical experience of the consolidated company in credit losses has shown no significant difference in the types of loss between distinct customer bases, the provision matrix has made no further distinction between the customer bases and has only set the expected credit loss rate based on the age of accounting of accounts receivable.

If there is any evidence indicating that the counterparty is faced with severe financial difficulties and that the consolidated company is not able to reasonably expect any recoverable amount, e.g. the counterparty is undergoing liquidation, the consolidated company directly writes off the relevant accounts receivable, and it will continue to pursue recourse actions. All amounts recovered through recourse are recognized in profit/loss.

Notes receivable

As of December 31, 2023 and 2022, none of the Notes receivable of the consolidated company were overdue, and no expected credit losses were set aside for notes receivable.

Accounts receivable

The consolidated company’s loss allowances for accounts receivable measured using the provision matrix are as follows:

March 31, 2024

	0 to 90 days	91 to 180 days	181 to 365 days	366 or more days	Total
Credit loss rate	0%～1%	0%～28%	11%～98%	79%～100%	
Total carrying amount	$ 2,003,742	$ 285,642	$ 10,500	$ 104,630	$ 2,404,514
Loss allowance (full lifetime expected credit losses)	(2,882)	(4,159)	(1,937)	(83,480)	(92,458)
Amortized cost	$ 2,000,860	$ 281,483	$ 8,563	$ 21,150	$ 2,312,056

December 31, 2023

	0 to 90 days	91 to 180 days	181 to 365 days	366 or more days	Total
Credit loss rate	0%～2%	0%～33%	15%～74%	54%～100%	
Total carrying amount	$ 1,855,553	$ 406,239	$ 51,823	$ 99,171	$ 2,412,786
Loss allowance (full lifetime expected credit losses)	(3,382)	(6,062)	(2,475)	(60,669)	(72,588)
Amortized cost	$ 1,852,171	$ 400,177	$ 49,348	$ 38,502	$ 2,340,198

March 31, 2023

	0 to 90 days	91 to 180 days	181 to 365 days	366 or more days	Total
Credit loss rate	0%～1%	0%～19%	8%～68%	30%～100%	
Total carrying amount	$ 1,567,906	$ 299,364	$ 33,604	$ 98,760	$ 1,999,634
Loss allowance (full lifetime expected credit losses)	(2,126)	(3,951)	(306)	(34,009)	(40,392)
Amortized cost	$ 1,565,780	$ 295,413	$ 33,298	$ 64,751	$ 1,959,242

The information of changes in loss allowance for accounts receivable is as follows:

	For the Three Months Ended March 31	
	2024	2023
Starting balance	$ 72,588	$ 40,737
Expected credit impairment loss (reversed gain)	16,771	(295)
Differences on foreign currency translation	3,099	(50)
Ending balance	$ 92,458	$ 40,392

X. Inventory

	March 31, 2024	December 31 2023	March 31, 2023
Goods	$ 177,504	$ 144,186	$ 200,166
Finished goods	407,119	519,635	326,572
Work in process	197,419	162,455	148,105
Semi-finished products	260,195	223,340	259,300
Raw materials	446,157	490,472	463,177
	$ 1,488,394	$ 1,540,088	$ 1,397,320

The costs of inventories recognized as operating costs for the three months ended March 31, 2024 and 2023 were NT$1,599,917 thousand and NT$1,462,681 thousand, respectively, including loss on inventories of NT$3,593 thousand for the three months ended March 31, 2024.

XI. Prepayments

	March 31, 2024	December 31 2023	March 31, 2023
Retained for tax	$ 243,307	$ 237,661	$ 43,392
Prepayments for goods	56,165	86,875	38,148
Prepaid expenses	53,462	47,568	40,154
Purchase tax	6,563	5,069	327,401
	$ 359,497	$ 377,173	$ 449,095

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial report

Entities in the consolidated financial report prepared are as follows:

Name of investor company	Name of subsidiary	Nature of business	Shareholding (%) March 31, 2024	Shareholding (%) December 31, 2023	Shareholding (%) March 31, 2023	Description
HEC	Wei Shun Int'l Investments Co., Ltd. (WII)	General investment and international trade	100	100	100	Note 1
	Great Success Group Ltd. (GSG)	General investment and international trade	100	100	100	Note 1
	Heroichi International Trading Co., Limited (HIT)	International trade	-	-	100	Note 1、3
	Power Master Co., Ltd. (FCC)	Sales of computer components	60	60	60	Note 1
	Compucase Corporation（UCC）	Sales of computer components	100	100	100	Note 1
	Compucase Japan Co., Ltd.（JCC）	Sales of computer components	100	100	100	Note 1
	Cougar Korea Co., Ltd.（KCC）	Sales of computer components	100	100	100	Note 1
	OPT	Manufacturing and sales of medical devices and equipment	59.49	59.49	59.49	Note 1
	Loyalty Founder Enterprise Co., Ltd. (LFE)	Manufacturing, processing and trade of computer and server chassis	50.62	50.62	50.62	
WII	Global Treasure Holdings Co., Limited (GTH)	General investment	100	100	100	Note 1
GSG	Global Plenum Holdings Co., Limited (GPH)	General investment	100	100	100	Note 1
GTH	Wei Chang Xing Electronics (Shen Zhen) Co., Ltd. (WCX)	Computer parts and accessories and cutting and processing of iron materials	100	100	100	Note 1
	Wei Yu International Trading (Shenzhen) Co., Ltd. (WYT)	International and re-export trade	100	100	100	Note 1

Name of investor company	Name of subsidiary	Nature of business	Shareholding (%) March 31, 2024	Shareholding (%) December 31, 2023	Shareholding (%) March 31, 2023	Description
GTH	Anyuan Weichangfeng Electronic Co., Ltd. (WCF)	Manufacturing of power supplies and computer parts and accessories	12.55	12.55	-	Note 1、4
GPH	Wei Shuo Electronics (Shen Zhen) Co., Ltd. (WSE)	Manufacturing of power supplies and computer parts and accessories	100	100	100	Note 1
	Wei Sheng Feng Technology (Ji An) Co., Ltd. (WSF)	Manufacturing of power supplies and computer parts and accessories	100	100	100	Note 1
	Dongguan Weichiao Electronics Co., Ltd. (DWC)	Manufacturing of power supplies and computer parts and accessories	100	100	100	Note 1
	Anyuan Weijia Electronic Co., Ltd. (WJA)	Manufacturing of power supplies and computer parts and accessories	100	100	100	Note 1
WCX	Loyalty Founder Enterprise Company (D.G) Ltd. (LFDG)	Manufacturing, import and export of electronics, optoelectronic products, precision dies and precision plastic injectors	20.13	20.13	20.13	
	Anyuan Weichangfeng Electronic Co., Ltd. (WCF)	Manufacturing of power supplies and computer parts and accessories	87.45	87.45	100	Note 1、4
LFE	Axxion Group Corp. （Axxion）	Import and sales of computers, server chassis and their associated components	100	100	100	
	Loyalty Founder Enterprise Corp. Ltd. (LFKY)	General investment	100	100	100	Note 5
	OPT	Manufacturing and sales of medical devices and equipment	35.07	35.07	35.07	Note 1
	Axxion Mexico - LFE S.A. de C.V. （Axxion Mexico）	Manufacturing of computers, server chassis and their associated components	99	99	99	
LLFKY	Loyalty Founder Enterprise Co. (H.K.) Ltd. (LFHK)	Import and export of computers, server chassis, keyboards, scanners, dies and other components	100	100	100	Note 5
LFHK	LFDG	Manufacturing, import and export of electronics, optoelectronic products, precision dies and precision plastic injectors	79.87	79.87	79.87	
OPT	Global Star（H.K.） Holding Limited （Global Star）	General investment	100	100	100	Note 1
Global Star	Harmonic Star Investment Limited （Harmonic Star）	General investment	100	100	100	Note 1
Harmonic Star	Optima Healthcare Inc. (Gd) (FD)	Manufacturing and sales of medical devices and equipment	100	100	100	Note 1

Note 1： This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.

Note2 ： GVG has completed the liquidation procedure in February 2023。

Note3 ： HIT has completed the liquidation procedure in December 2023。

Note4 ： In November 2023, the subsidiary WII made a capital increase of USD1,000 thousand in the subsidiary GTH；In November 2023, the subsidiary GTH made a capital increase of USD1,000 thousand in the subsidiary WCF.

Note5：In June 2023, the subsidiary LFE made a capital increase of USD1,000 thousand in the subsidiary LFKY；In November 2023, the subsidiary LFKY made a capital increase of USD900 thousand in the subsidiary LFHK.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT$2,262,911 thousand and NT$2,492,610 thousand, respectively, the combined total liabilities of these non-significant subsidiaries were NT$1,013,114 thousand and NT$1,145,273 thousand, respectively. For the three months ended March 31, 2024 and 2023, the amounts of the combined comprehensive income of these non-significant subsidiaries were loss NT$5,418 thousand and profit NT$25,615 thousand, respectively.

(II) Information of subsidiaries with material non-controlling interests

Name of subsidiary	Shareholding and voting rights of non-controlling interests (%) March 31, 2024	December 31 2023	March 31, 2023
LFE	49.38%	49.38%	49.38%

For information regarding the principal place of business and the country of registration of the subsidiary, see Table 6.

Name of subsidiary	Profit/Loss distributed to non-controlling interests For the Three Months Ended March 31 2024	2023
LFE	$ 28,937	$ 34,370

Name of subsidiary	Non-controlling interest March 31, 2024	December 31 2023	March 31, 2023
LFE	$1,240,152	$1,191,866	$1,216,415

The consolidated financial information of LFE is prepared based on the amounts of inter-company transactions prior to write-off:

LFE

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	$ 4,175,701	$ 3,998,117	$ 3,248,023
Non-current assets	930,933	944,806	1,054,963
Current liabilities	(2,084,689)	(2,039,514)	(1,372,409)
Non-current liabilities	(19,679)	(23,318)	(39,385)
Equity	$ 3,002,266	$ 2,880,091	$ 2,891,192
Equity attributable to:			
Owners of HEC	$ 1,761,556	$ 1,688,217	$ 1,674,399
Non-controlling interests of LFE	1,240,710	1,191,874	1,216,793
	$ 3,002,266	$ 2,880,091	$ 2,891,192

	For the Three Months Ended March 31	
	2024	2023
Operating revenue	$ 1,299,794	$ 1,265,428
Net profit	$ 71,282	$ 82,429
Other comprehensive income	50,795	11,131
Total comprehensive income	$ 122,077	$ 93,560
Net profit attributable to:		
Owners of HEC	$ 42,653	$ 48,059
Non-controlling interests of LFE	28,629	34,370
	$ 71,282	$ 82,429
Total comprehensive income attributable to:		
Owners of HEC	$ 73,437	$ 54,335
Non-controlling interests of LFE	48,640	39,225
	$ 122,077	$ 93,560
Cash flow		
Operating activities	$ 18,268	$ 52,962
Investing activities	(29,831)	6,323
Fundraising activities	(5,152)	(5,039)
Effect of changes in exchange rate on cash and cash equivalents	12,564	865
Net cash inflows (outflows)	($ 4,151)	$ 55,111

XIII. Investments accounted for using the equity method

	March 31, 2024	December 31, 2023	March 31, 2023
Individual immaterial associates			
Super Laser Precision Machinery Ltd. (Super Laser)	$ 22,671	$ 22,942	$ 23,888

The investment of the consolidated company using the equity method and its share of profit and loss and other comprehensive profit and loss are recognized in accordance with the financial statements of each affiliated enterprise for the same period that have not been reviewed by an accountant.

XIV. Property, plant and equipment

For the statement of changes in property, plant and equipment, see Table 11.

The depreciation expense is accounted for on a straight-line basis over the following useful lives:

Premises and buildings	
Main factory buildings	20 to 50 years
Mechanical, electrical and power equipment	20 years
Engineering system	15 to 20 years
Others	2 to 21 years
Machine/Equipment	2 to 26 years
Transport equipment	5 to 18 years
Office equipment	2 to 18 years
Other equipment	2 to 20 years

For the three months ended March 31, 2024 and 2023, the consolidated company engaged in the following investment activities with transactions in cash:

	For the Three Months Ended March 31	
	2024	2023
Increase in property, plant and equipment	$ 21,390	$ 14,633
Reclassification of prepayments for equipment	(255)	(12,384)
Decrease (Increase) in equipment payments payable	(80)	7,503
Cash paid for property, plant and equipment	$ 21,055	$ 9,752

XV. Lease agreement

(I) Right-of-use assets

	March 31, 2024	December 31 2023	March 31, 2023
Carrying amount of Right-of-use assets			
Land	$ 118,866	$ 117,975	$ 125,035
Buildings	41,218	45,983	70,733
Office equipment	148	169	234
Transport equipment	46	66	132
Other equipment	113	147	-
	$ 160,391	$ 164,340	$ 196,134

	For the Three Months Ended March 31	
	2024	2023
Increase of right-of-use assets	$ 1,943	$ -
Depreciation expense of right-of-use assets		
Land	$ 1,404	$ 1,422
Buildings	7,586	8,309
Office equipment	17	19
Transport equipment	19	21
Other equipment	34	11
	$ 9,060	$ 9,782

For the three months ended March 31, 2024 and 2023, the right-of-use assets of the consolidated company were not subject to any material sublease or impairment except for the expenses for addition and recognition of depreciation listed above.

(II) Lease liabilities

	March 31, 2024	December 31 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	$ 30,889	$ 31,584	$ 33,300
Non-current	$ 14,139	$ 18,696	$ 42,649

The discount rate ranges for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.04%～1.3%	1.04%～1.3%	1.04%～1.3%
Buildings	0.98%～2.21%	0.81%～2.21%	0.81%～2.21%
Transport equipment	0.82%～0.92%	0.82%～0.92%	0.82%～0.92%
Office equipment	1.53%	1.53%	1.53%
Other equipment	1.51%	1.1%～1.51%	1.10%

(III) Material lease activities and terms

The consolidated company has rented land and buildings for warehousing and office purposes with a lease term of 2 to 50 years. The rights of the subsidiaries LFDG and WCF to use their land in Mainland China will expire during 2055 to 2060.

(IV) Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses of short-term and low-value leases	$ 1,962	$ 1,092
Total cash outflow from lease	$ 10,199	$ 9,893

The consolidated company opts to apply the recognition exemption to leases of certain equipment constituting short-term leases and leases of low-value assets, and do not recognize right-of-use assets and lease liabilities relevant to such leases.

XVI. Investment property

Except for the recognized depreciation expenses, there were no major additions, disposals and impairments of the investment real estate of the merged company for the three months ended March 31, 2024 and 2023.

The premises and buildings of investment property were depreciated on the straight-line basis over a 55-year useful life.

Based on the valuations conducted by an independent valuator on December 31, 2023, and 2021, the fair value of the investment property amounted to NTD 87,434 thousand and NTD 77,528 thousand, respectively. The management of the consolidated company has assessed that there was no material change in the fair value as of March 31, 2024 and 2023.

As of March 31, 2024 and 2023, the accumulated amounts of impairment were both NTD23,180 thousand.

All of the investment property of the consolidated company is private equity. For the amount of the investment property of the consolidated company pledged as collateral for loans, see Note 30.

XVII. Intangible assets

	Trademark rights	Patent rights	Computer software	Total
Cost				
Balance on January 1, 2024	$ 1,992	$ 40,221	$ 42,641	$ 84,854
Individual acquisition	-	-	1,610	1,610
Net exchange differences	-	5	28	33
Balance on March 31, 2024	$ 1,992	$ 40,226	$ 44,279	$ 86,497
Accumulated amortization				
Balance on January 1, 2024	$ 1,070	$ 40,074	$ 32,930	$ 74,074
Amortization expense	39	7	626	672
Net exchange differences	-	3	13	16
Balance on March 31, 2024	$ 1,109	$ 40,084	$ 33,569	$ 74,762
Net amount on December 31, 2023 and January 1, 2024	$ 922	$ 147	$ 9,711	$ 10,780
Net amount on Marh 31, 2024	$ 883	$ 142	$ 10,710	$ 11,735
Cost				
Balance on January 1, 2023	$ 1,992	$ 40,225	$ 39,145	$ 81,362
Reclassification	-	-	2,349	2,349
Net exchange differences	-	1	(36)	(35)
Balance on March 31, 2023	$ 1,992	$ 40,226	$ 41,458	$ 83,676
Accumulated amortization				
Balance on January 1, 2023	$ 915	$ 40,045	$ 30,860	$ 71,820
Amortization expense	39	8	481	528
Net exchange differences	-	-	3	3
Balance on March 31, 2023	$ 954	$ 40,053	$ 31,344	$ 72,351
Net amount on March 31, 2023	$ 1,038	$ 173	$ 10,114	$ 11,325

The amortization expense is accounted for on a straight-line basis over a useful life of 2 to 20 years.

XVIII. Loans

(I) Short-term loans

	March 31, 2024	December 31 2023	March 31, 2023
Bank loans			
Unsecured loans	$1,137,500	$1,233,500	$1,620,500
Secured loans	35,000	35,000	-
Total	$1,172,500	$1,268,500	$1,620,500

The annual interest rate for short-term loans is as follows：

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured loans	0.5%～1.65%	0.5%～1.65%	1.58%～1.88%
Secured loans	0.5%	0.5%	-

(II) Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper	$ -	$ -	$ 10,000
Less: Unamortized discounts	-	-	3
	$ -	$ -	$ 9,997
Annual interest rate	-	-	1.73%

XIX. Notes and Accounts payable (including related parties)

The notes and accounts payable (including related parties) of the consolidated company have all arisen from its operations. For purchases, the average credit period is 1 to 3 months on a basis of monthly settlement. The consolidated company has established financial risk management policies to ensure that all accounts payable are paid off within the pre-agreed credit period.

XX. Other current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Other payables			
Salaries and bonuses payable	$ 96,854	$ 138,124	$ 77,047
Tax payable	147,600	154,496	166,900
Equipment and construction payments payable	15,720	15,640	2,849
Remuneration payable to employees, directors and supervisors	123,980	95,814	83,806
Contribution payable to housing funds	48,197	47,145	48,315
Sales tax payable	365	196	145,447
Others	201,371	189,924	179,806
	$ 634,087	$ 641,339	$ 704,170

	March 31, 2024	December 31, 2023	March 31, 2023
Other current liabilities-Others			
Provision of refund liabilities	$ 50,562	$ 39,582	$ 35,437
Others	19,172	8,024	6,431
	$ 69,734	$ 47,606	$ 41,868

XXI. Post-employment benefit plans

Employee benefits expense in respect of the consolidated company’s defined retirement benefit plans was $70 thousand and $69 thousand for the three months ended March 31, 2024 and 2023, respectively, and were calculated using the prior year’s actuarially determined pension cost discount rate as of December 31, 2023 and 2022, respectively.

XXII. Equity

(I) Common share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Number of authorized shares (thousand shares)	150,000	150,000	150,000
Authorized share capital	$ 1,500,000	$ 1,500,000	$ 1,500,000
Number of issued shares with full payment received (thousand shares)	113,286	113,286	113,286
Issued share capital	$ 1,132,856	$ 1,132,856	$ 1,132,856
Publicly issued common shares	$ 1,032,856	$ 1,032,856	$ 1,032,856
Privately placed common shares	100,000	100,000	100,000
	$ 1,132,856	$ 1,132,856	$ 1,132,856

Common shares are issued at a par value of NTD10, with each share entitled to one voting right and the right to receive dividends.

On September 28, 2016, our annual shareholders’ meeting adopted a resolution for capital increase by cash via private placement. On September 30, 2016, the Board of Directors adopted a resolution for private placement of 10,000 thousand common shares at NTD32.8 per share totaling NTD328,000 thousand.

The foregoing privately placed common shares are, in accordance with the Securities and Exchange Act, subject to restrictions on circulation and transfer, and an application for their public listing and trading may be filed only after a lapse of 3 years from the date of their delivery and following their public listing. The rights and obligations of privately placed common shares are same as those of our outstanding common shares.

The share capital retained from the authorized share capital for the issuance of employees’ stock warrants is 6,000 thousand shares.

(II) Capital reserves

	March 31, 2024	December 31, 2023	March 31, 2023
Usable for offsetting of losses, distribution of cash or contribution to share capital (Note 1)			
Shares issued in excess of par value	$ 357,543	$ 357,543	$ 357,543
Trading of treasury stocks	77,277	77,277	60,966
Consolidated surplus	254	254	254
Usable only for offsetting of losses (Note 2)			
Recognized changes in ownership equity in subsidiaries	6,693	6,693	6,693
	$ 441,767	$ 441,767	$ 425,456

Note 1: This category of capital reserves may be used to offset losses, or to distribute cash dividends or be contributed to the share capital if HEC has no losses, provided that such contribution to the share capital does not exceed a certain percentage of the paid-in share capital each year.

Note 2: This category of capital reserves are the effects of equity transactions recognized due to changes in the equity of subsidiaries where HEC has not actually acquired or disposed of the equity of subsidiaries.

(III) Retained earnings and dividend policy

According to the earnings distribution policy under the Articles of Incorporation, where HEC has earnings in the final accounts of a fiscal year, it shall set aside 10% thereof as legal reserves after paying taxes and offsetting losses as legally required, unless the amount of such legal reserves equals or exceeds HEC's paid-in capital. The remaining amount of the foregoing earnings shall be set aside or reversed as special reserves in accordance with the law. If there are still any remaining earnings, the Board of Directors shall, depending on the operating performance, retain such earnings plus the accumulated undistributed earnings, and shall prepare a proposal for distribution of earnings and submit the proposal to a shareholders' meeting for a resolution on distribution of bonuses to shareholders. For the policy of distribution of the remuneration for employees and directors in the Articles of Incorporation, see Note 24(7) "Remuneration for employees and directors."

In consideration of its future investment funding needs and its financial structure, HEC has adopted a balanced and stable dividend policy for the purposes of sustainable management and long-term development, with shareholders' interests and other factors taken into account. Each year, no less than 10% of the distributable earnings shall be appropriated for distribution of bonuses to shareholders. No such distribution is required if the cumulative distributable earnings amount to less than 2% of the paid-in share capital. For distribution of dividends in any future year, it is expected that the amount of cash dividends distributed will be no less than 10% of the total dividends distributed in that year, and that such dividends will, based on the investment funding needs and the level of dilution of earnings per share, be distributed in stock or cash, as appropriate.

Legal reserves may be used to offset losses. Where HEC has no losses and if legal reserves exceed the total paid-in capital by 25%, the excess amount may be contributed to the share capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 had been proposed by the board of directors in March 2024 and approved in the shareholders' meeting in June 2023, respectively. The appropriations and dividends per share were as follows:

	2023	2022
Legal reserves	$ 60,584	$ 35,194
Special reserves set aside (reversed)	$ 61,785	($ 71,586)
Cash dividends	$ 393,000	$ 226,571
Dividends per share (NTD)	$ 3.5	$ 2.03

The appropriations of earnings for 2023 are subject to the resolution of the shareholder's meeting to be held in June 2024.

(IV) Special reserves

At the time of our first adoption of IFRSs, we had set aside special reserves from the increase of NTD103,094 thousand in retained earnings generated due to conversion.

(V) Other equity

Exchange differences on translation of financial statements of foreign operations

	For the Three Months ended March 31	
	2024	2023
Starting balance	($ 250,621)	($ 188,836)
Incurred in the current year		
Net exchange on translation of financial statements of foreign operations	81,210	9,054
Share of associates accounted for using the equity method	306	51
Ending balance	($ 169,105)	($ 179,731)

(VI) Non-controlling interest

	For the Three Months ended March 31	
	2024	2023
Starting balance	$ 1,218,458	$ 1,203,967
Net profit	26,122	34,273
Other comprehensive income		
Exchange differences on translation of financial statements of foreign operations	18,147	4,825
Share of other comprehensive income of associates accounted for using the equity method	299	50
Non-controlling interests related to outstanding vested stock options held by the employees of the subsidiary OPT (Note 27)	309	852
Ending balance	$ 1,263,335	$ 1,243,967

(VII) Treasury stocks

	For the Three Months Ended March 31	
Reason for repurchase	2024	2023
Transferred to employees		
Number of shares at start and end of periods (thousand shares)	1,000	2,000

In accordance with the Securities and Exchange Act, treasury stocks held by HEC may not be pledged and are not entitled to any dividends distributed or voting rights.

XXIII. Revenue

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers		
Sales revenue	$ 2,026,146	$ 1,856,275

(I) Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	$ 387	$ 1,272	$ 873	$ 110
Accounts receivable	$ 2,312,056	$ 2,340,198	$ 1,959,242	$ 1,967,250
Contract liabilities				
Sales of goods	$ 133,715	$ 83,193	$ 67,550	$ 137,566

(II) Sub-items of revenue from contracts with customers

	For the Three Months Ended March 31	
	2024	2023
Power supplies	$ 1,100,840	$ 541,584
Computers, server chassis and their components	562,272	629,821
Private brands of computer and gaming peripherals	249,776	374,815
Medical and home beds	37,050	69,473
Others	76,208	240,582
	$ 2,026,146	$ 1,856,275

XXIV. Pre-tax net profit

(I) Interest income

	For the Three Months Ended March 31	
	2024	2023
Interest on bank deposits	$ 22,220	$ 14,401

(II) Other incomes

	For the Three Months Ended March 31	
	2024	2023
Rent revenue	$ 673	$ 545
Revenue from shipping fees	693	5,143
Others	6,085	4,404
	$ 7,451	$ 10,092

(III) Other profits and losses

	For the Three Months Ended March 31	
	2024	2023
Net profit on foreign currency exchange	$ 63,298	($ 13,085)
Profit on disposal of property, plant and equipment	(23)	996
Depreciation of investment property	-	(227)
Net loss on financial assets and liabilities measured at fair value through profit/loss	(12,688)	(13,877)
Others	(414)	(120)
	$ 50,173	($ 26,313)

(IV) Financial cost

	For the Three Months Ended March 31	
	2024	2023
Interest of bank loans	$ 7,724	$ 6,644
Interest of lease liabilities	159	259
	$ 7,883	$ 6,903

(V) Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	$ 43,880	$ 56,823
Right-of-use assets	9,060	9,782
Investment property	-	227
Other intangible assets	672	528
	$ 53,612	$ 67,360
Summary of depreciation expenses by purpose		
Operating costs	$ 29,957	$ 44,638
Operating expense	22,983	21,967
Other profits and losses	-	227
	$ 52,940	$ 66,832

	For the Three Months Ended March 31	
	2024	2023
Summary of amortization expenses by purpose		
Operating costs	$ 4	$ 3
Operating expense	668	525
	$ 672	$ 528

(VI) Employee benefit expenses

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	$ 280,981	$ 236,535
Post-employment benefits		
Defined contribution plan	11,420	10,576
Defined benefit plan (Note 21)	(70)	(69)
	11,350	10,507
Share-based payment		
Equity settlement (Note 27)	309	852
	$ 292,640	$ 247,894
Summarized by purpose		
Operating costs	$ 158,415	$ 135,982
Operating expense	134,225	111,912
	$ 292,640	$ 247,894

(VII) Remuneration for employees and directors

We allocate 2%–10% and no more than 4% of the pre-tax profit in the current year before subtracting the remuneration distributed to employees and directors as the remuneration for employees and for directors, respectively. The remuneration for employees and directors for the three months ended March 31, 2024 and 2023 were as follows:

Estimated percentage

	For the Three Months ended March 31	
	2024	2023
Remuneration for employees	8.0%	8.0%
Remuneration for directors	4.0%	2.0%

Amount

	For the Three Months ended March 31	
	2024	2023
Remuneration for employees	$ 16,276	$ 9,145
Remuneration for directors	$ 8,138	$ 2,286

Any change in the amount after the date of approval and publication of the annual consolidated financial report is treated as a change in accounting estimates and will be adjusted to be accounted for in the next year.

The remuneration for employees and directors in 2023 and 2022 was approved by the Board of Directors in March 2024 and 2023, respectively, as follows:

	2023	2022
Remuneration for employees	$ 60,910	$ 36,041
Remuneration for directors	$ 15,227	$ 9,010

There is no difference between the actually distributed amounts of the remuneration for employees, directors and supervisors in 2023 and 2022 and the amounts recognized in the consolidated financial report of each year.

For information of the remuneration for employees, directors and supervisors as approved by the Board of Directors, visit the “Market Observation Post System” of the Taiwan Stock Exchange.

(VIII) Profit/Loss on foreign currency exchange

	For the Three Months ended March 31	
	2024	2023
Total profit on foreign currency exchange	$ 69,697	$ 56,187
Total loss on foreign currency exchange	(6,399)	(69,272)
Net profit (loss)	$ 63,298	($ 13,085)

XXV. Income tax

(I) Income taxes recognized in profit/loss

Income tax expenses consist of the following main items:

	For the Three Months ended March 31	
	2024	2023
Current income tax		
Incurred in the current period	$ 54,205	$ 36,181
Adjusted from prior years	-	4,114
	54,205	40,295
Deferred income tax		
Incurred in the current period	(1,564)	(729)
	$ 52,641	$ 39,566

(II) Approval of income tax

The returns of profit-seeking enterprise income tax of HEC and the domestic subsidiaries LFE, FCC and OPT up until 2022 were approved by the tax authority.

XXVI. Earnings per share

The earning and the weighted average number of common shares used for calculation of EPS are as follows:

Net profit

	For the Three Months ended March 31	
	2024	2023
Net profit attributable to the owners of HEC	$ 156,708	$ 95,343

Number of shares

Unit: thousand shares

	For the Three Months ended March 31	
	2024	2023
Basic EPS		
Starting number of outstanding common shares	113,286	113,286
Less: Weighted average number of treasury shares	1,000	2,000
Weighted average number of common shares used for calculation of basic EPS	112,286	111,286
Effect of dilutive potential common shares:		
Remuneration for employees	823	1,044
Weighted average number of common shares used for calculation of diluted EPS	113,109	112,330

Where the consolidated company chooses to distribute the remuneration for employees in shares or cash, the diluted EPS is calculated by adding the number of dilutive potential common shares to the weighted average number of outstanding shares under the assumption that the remuneration for employees will be distributed in shares. The dilutive effect of the potential common shares will continue to be taken into account when calculating the diluted EPS before a resolution is adopted in the next year on the number of shares distributable as the remuneration for employees.

XXVII. Agreement on share-based payment

In June 2022, the subsidiary OPT issued employees' stock options for 2,870 thousand shares, the recipients of which included the employees of HEC and OPT. The stock options are valid for three years, and a holder of their warrants may, on each anniversary of the date of their issuance, exercise a certain percentage of such options granted.

	For the Three Months Ended March 31			
	2024		2023	
Employees' stock options	Unit (thousand shares)	Weighted average price of issue (NTD)	Unit (thousand shares)	Weighted average price of issue (NTD)
Outstanding at start and end of the period	2,870	$ 11.7	2,870	$ 11.7

Regarding the employees' stock options granted by OPT to the employees of HEC and OPT in June 2022, OPT used the Black-Scholes pricing model adopting the following parameters:

Price on the grant date	NTD 11.7
Expected lifetime	2 to 2.5years
Expected dividend yield	0%
Risk-free interest rate	1.212%～1.216%

For the three months ended March 31, 2024 and 2023, the consolidated company recognized NTD309 thousand and NTD852 thousand, respectively, as remuneration cost.

XXVIII. Financial instruments

(I) Fair value information – financial instruments not measured at fair value

The management of the consolidated company considers the carrying value of financial assets and liabilities not measured at fair value to be near its fair value.

(II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit/loss				
Derivative instruments	$ -	$ 9,746	$ -	$ 9,746

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/loss				
Derivative instruments	$ -	$ 10,532	$ -	$ 10,532

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/loss				
Derivative instruments	$ -	$ 11	$ -	$ 11
Financial liabilities measured at fair value through profit/loss				
Derivative instruments	$ -	$ 5,490	$ -	$ 5,490

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2024 and 2023.

2. Valuation techniques and inputs for Level 2 fair value measurement

Type of financial instruments	Valuation techniques and inputs
Derivative instrument – forward foreign exchange contract	Method of discounted cash flow: Future cash flows are estimated using observable forward exchange rates at the end of period and the exchange rates determined in contracts, and are discounted at a discount rate able to reflect the credit risk of each counterparty.

(III) Types of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Measured at fair value through profit/loss - held for transactions	$ -	$ 10,532	$ 11
Measured at amortized cost (Note 1)	5,148,070	4,883,110	4,499,882
Financial liabilities			
Measured at fair value through profit/loss – held for transactions	9,746	-	5,490
Measured at amortized cost (Note 2)	3,362,003	3,576,369	3,556,045

Note 1: The balance included the financial assets measured at amortized cost, such as cash and cash equivalents, notes and accounts receivable, other receivables (excluding refundable taxes receivable), financial assets measured at amortized cost and guarantee deposits paid.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, short-term bills payable, notes and accounts payable (including related parties), other payables and deposits received.

(IV) Purposes and policies of financial risk management

The primary financial instruments of the consolidated company include cash and cash equivalents, payments receivable, payments, loans payable and bills payable. The financial management department of the consolidated company is responsible for providing services to business units, planning and coordinating operations for entry into domestic and international financial markets, and monitoring and managing financial risks in relation to the operations of the consolidated company using internal risk reports that analyze risk exposure based on the level and scope of risks. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risks

   The risks of change in foreign exchange rates (see (1) "Exchange rate risk" below) and in interest rates (see (2) below) are the major financial risks borne by the consolidated company as a result of its operating activities.

   There has been no change in exposure of the consolidated company to the market risks of financial instruments or our methods for management and measurement of such exposure.

   (1) Exchange rate risk

   The consolidated company engages in transactions of the sale and purchase of goods denominated in foreign currencies, exposing it to the risk of change in foreign exchange rates. For the management of exposure of the consolidated company to exchange rate risk, forward foreign exchange contracts are used to manage risks to the extent permitted by policies.

   For the carrying amounts of monetary assets and liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including the monetary items denominated in non-functional currencies and written off in the consolidated financial statements), see Note 32.

   Sensitivity analysis

   Sensitivity analysis mainly focuses on calculation of the monetary items of foreign currencies on the end date of the financial reporting period. The consolidated company is affected primarily by fluctuations in the exchange rates of USD.

   The following table describes in detail the sensitivity analysis of the consolidated company in the event where the exchange rate of the functional currency to USD increases or decreases by 1%. 1% is the sensitivity rate used in an internal report to the primary management of the group regarding exchange rate risk, and also represents the range of reasonable possible change in foreign exchange rates as assessed by its management. Sensitivity analysis only focuses on the outstanding monetary items of foreign currencies and makes adjustment to their translation at end of year with an exchange rate change of 1%. The positive number in the following table means the amount of increase in the pre-tax net profit when the functional currency depreciates by 1% against each foreign currency. When the functional currency appreciates by 1% against each foreign currency, the effect on the pre-tax net profit is a negative number of the same amount.

	For the three Months Ended March 31	
Foreign currencies	2024	2023
USD	$ 27,099	$ 26,578
RMB	(39)	491

(2) Interest rate risk

The interest rate risk exposure occurs due to the borrowing of funds by the consolidated company at both fixed and floating interest rates. The consolidated company manages interest rate risks by maintaining a proper combination of fixed and floating interest rates.

The carrying amounts of the financial assets and liabilities of the consolidated company exposed to the interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
With cash flow interest rate risk			
Financial assets	$ 1,966,353	$ 1,394,342	$ 1,569,644
Financial liabilities	170,500	700,500	1,179,000

Assessment by the consolidated company has indicated no significant fair value risk with regard to the time deposits with fixed interest rate, bonds with conditions for repurchase, short-term loan, short-term bills payable and lease liabilities held by it.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments on the balance sheet date. The analysis focuses on assets with floating interest rates under the assumption that the amounts of outstanding assets on the balance sheet date are outstanding over the reporting period. A 1% increase or decrease in interest rate is the rate of change used in an internal report to the group’s primary management regarding interest rate, and also represents the range of reasonable possible change in interest rate as assessed by its management.

If the interest rate increases/decrease by 1% with all other variables remaining constant, the pre-tax net profits of the consolidated company for the three months ended March 31, 2024 and 2023 would increase/decrease by $4,490 thousand and $977 thousand respectively, mainly due to the interest rate risk exposure of the cash flows of its deposits with floating interest rate.

2. Credit risk

Credit risk means the risk of financial loss incurred by the consolidated company as a result of a delay by the counterparty in fulfilling contractual obligations. The greatest credit risk exposure of financial losses the consolidated company is likely to incur as of the balance sheet date due to failure of the counterparty to fulfill its obligations and provision of financial guarantees by the consolidated company primarily arises from the carrying amount of financial assets recognized in the consolidated balance sheet.

The counterparties of the consolidated company are all companies with good credit, so there is unlikely to be any significant credit risk. The consolidated company will continue to assess the financial conditions of the customers from which accounts are receivable.

In the balance of accounts receivable, the total accounts receivable from customers with a significant concentration are as follows:

	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Group A	$1,042,273	43	$1,075,824	45	$ 627,519	32
Company B	279,446	12	295,942	12	176,190	9

3. Liquidity risk

The consolidated company manages and maintains cash and cash equivalents for sufficient positions to sustain the group's operations and mitigate the effects of fluctuations in cash flows, and it continues to maintain sufficient undisbursed amounts for loan commitments.

Bank loans are an important source of liquidity for the consolidated company. For undisbursed financing amounts of the consolidated company, see the description in "(3) Financing limit" below.

(1) Table of liquidity and interest rate risks of non-derivative financial liabilities

The analysis of maturity of the remaining contracts of non-derivative financial liabilities is prepared based on the earliest date when the consolidated company is likely to be required to make repayment and the undiscounted cash flow of financial liabilities (including principal and estimated interest). Thus, any bank loan for which the consolidated company is likely to be required to make immediate repayment is listed within the earliest period in the following table, regardless of the probability of the bank enforcing its rights immediately, and the analysis of maturity of other non-derivative financial liabilities is prepared based on the agreed repayment date.

For the cash flow of interest paid at a floating interest rate, the undiscounted amount of interest is derived according to the yield curve on the balance sheet date.

March 31, 2024

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 2,128,729	$ 59,961	$ 813
Instruments with floating interest rate	691	691	171,800
Instruments with fixed interest rate	864,274	70,108	70,118
Lease liabilities	8,361	8,406	28,760
	$ 3,002,055	$ 139,166	$ 271,491

Further information for analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1 to 5 years
Lease liabilities	$ 31,283	$ 14,244

December 31, 2023

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 2,283,877	$ 23,185	$ 807
Instruments with floating interest rate	601,649	100,282	504
Instruments with fixed interest rate	279,449	150,492	140,285
Lease liabilities	8,115	7,947	34,836
	$ 3,173,090	$ 281,906	$ 176,432

Further information for analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1 to 5 years
Lease liabilities	$ 32,053	$ 18,845

March 31, 2023

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,851,755	$ 72,984	$ 809
Instruments with floating interest rate	1,031,514	150,316	-
Instruments with fixed interest rate	452,229	-	-
Lease liabilities	8,738	8,779	59,696
	$ 3,344,236	$ 232,079	$ 60,505

Further information for analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1 to 5 years
Lease liabilities	$ 34,100	$ 43,113

(2) Table of liquidity and interest rate risks of derivative financial assets and liabilities

In terms of derivative instruments settled on a gross basis, the analysis of the liquidity of derivative financial instruments is prepared based on the total undiscounted cash inflows and outflows.

March 31, 2024

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
－inflow	$ 1,269,009	$ 79,327
－outflow	1,278,357	79,725
	($ 9,348)	($ 398)

December 31, 2023

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
－inflow	$ 932,193	$ -
－outflow	921,661	-
	$ 10,532	$ -

March 31, 2023

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
－inflow	$ 773,338	$ 226,779
－outflow	777,877	227,719
	($ 4,539)	($ 940)

(3) Financing limit

	March 31, 2024	December 31, 2023	March 31, 2023
Limit of credit loan			
Disbursed amount	$ 1,141,500	$ 1,236,170	$ 1,631,180
Undisbursed amount	4,484,500	4,239,829	4,106,820
	$ 5,626,000	$ 5,475,999	$ 5,738,000
Limit of mortgaged and secured loans			
Disbursed amount	$ 2,723,880	$ 2,116,287	$ -
Undisbursed amount	4,419,360	1,871,533	654,480
	$ 7,143,240	$ 3,987,820	$ 654,480

(V) Offsetting of Financial Assets and Financial Liabilities

Some financial assets and financial liabilities of the group between PingAn Bank are eligible for mutual offsetting, so the net financial assets after the total financial liabilities are offset from the total financial assets are presented in the balance sheet.

The following table lists the above-mentioned quantitative information on financial assets and financial liabilities that are regulated by the above-mentioned mutual offset, enforceable net delivery agreement or similar agreement.

March 31, 2024

Financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
Financial assets measured at amortized cost	$2,688,880	$2,688,880	$ -

Financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Financial liabilities measured at amortized cost	$2,688,880	$2,688,880	$ -

December 31, 2023

Financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
Financial assets measured at amortized cost	$2,081,287	$2,081,287	$ -

Financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Financial liabilities measured at amortized cost	$2,081,287	$2,081,287	$ -

XXIX. Related party transactions

The following are material transactions between the consolidated company and related parties:

(I) Names of related parties and their relationship with the consolidated company

Name of related party	Relationship with the consolidated company
Dongguan Chaofeng Laser Precision Machinery Co., Ltd. (Dongguan Chaofeng)	Associate

(II) Purchase

	For the Three Months Ended March 31	
Type of related party	2024	2023
Associate	$ 4,295	$ 3,592

In terms of the transaction price and payment period of the consolidated company's purchase from a related party, there is no comparable case of transaction with a non-related party. The payment and loan period for a related party is approximately 3 months, while the payment period for a regular customer is approximately 2–3 months.

(III) Payments payable to related parties

Account item	Type/Name of related party	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable – related parties	Associate	$ 10,102	$ 8,816	$ 10,863

(IV) Remuneration for key management

	For The Three Months Ended March 31	
	2024	2023
Short-term employee benefits	$ 23,331	$ 14,396
Post-employment benefits	140	78
Share-based payment	168	733
	$ 23,639	$ 15,207

The remuneration for directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXX. Pledged and mortgaged assets

The following assets have been provided to financial institutions as collateral for the forward foreign exchange guarantees and consolidated credit line of the consolidated company:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets measured at amortized cost – current	$ 127,076	$ 107,250	$ 37,122
Investment property	17,130	17,204	17,503
	$ 144,206	$ 124,454	$ 54,625

XXXI. Material contingent liabilities and unrecognized contractual commitments

The following are the material commitments and contingencies of the consolidated company on the balance sheet date, other than those already described in other notes:

(I) In 2021, ASCION, LLC dba REVERIE (ASCION) initiated commercial arbitration at the American Arbitration Association against the subsidiary OPT regarding product defects and shipping delays, claiming damages of more than USD18,000 thousand. In the fiscal year 2021, the subsidiary OPT also initiated an arbitration claim against ASCION Company for breach of the trade agreement. Additionally, in the fiscal year 2023, it filed joint claims against Xienci Leads Inc. and Dah Sheng International Co., Ltd., as well as FUNET TECHNOLOGY INC., totaling approximately USD 35,700 thousand and NTD12,852 thousand. As of March 31, 2024, the arbitration hearing had not yet commenced, thus the potential impact cannot be estimated.

(II) As of March 31 2024, December 31 2023 and March 31 2023, the letters of guarantee issued by banks for imported goods as requested by the consolidated company amounted to NTD4,000 thousand, NTD2,500 thousand and NTD500 thousand, respectively.

(III) As of March 31 2024, December 31 2023 and March 31 2023, the balance of unused letters of credit issued by the consolidated company for purchase of raw materials was NTD0 thousand, NTD170 thousand and NTD176 thousand.

XXXII. Information of foreign currency assets and liabilities with significant effect

The following information is summarized and presented based on foreign currencies other than the functional currencies of the entities in the consolidated company. The disclosed exchange rate represents the rate at which each such foreign currency is translated to the functional currency. The following are foreign currency assets and liabilities with significant effect:

Unit: Foreign currency thousand /NTD thousand

March 31, 2024

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 103,063	32 （USD：NTD）	$ 3,294,483
USD	75,071	7.2139 （USD：RMB）	2,398,903
USD	704	151.30 （USD：JPY）	22,542
RMB	470	4.408 （RMB：NTD）	2,071
Non-monetary item			
Associates accounted for using the equity method			
USD	708	32 （USD：NTD）	22,671
Foreign currency liabilities			
Monetary item			
USD	86,024	32 （USD：NTD）	2,752,549
USD	7,307	7.2139 （USD：RMB）	232,370
USD	659	151.30 （USD：JPY）	21,082
RMB	1,356	4.408 （RMB：NTD）	5,978

December 31, 2023

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 91,427	30.705 （USD：NTD）	$ 2,807,282
USD	69,173	7.0921 （USD：RMB）	2,123,740
USD	758	0.2173 （NTD：JPY）	23,280
Non-monetary item			
Associates accounted for using the equity method			
USD	747	30.705 （USD：NTD）	22,942

Foreign currency liabilities	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	80,327	30.705 （USD：NTD）	2,466,972
USD	7,564	7.0921 （USD：RMB）	232,131
USD	785	0.2172 （NTD：JPY）	24,103

March 31, 2024

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 105,566	30.45 （USD：NTD）	$ 3,214,820
USD	55,959	6.8717 （USD：RMB）	1,703,908
USD	958	134.46 （USD：JPY）	29,472
RMB	35,122	4.431 （RMB：NTD）	155,625
Non-monetary item			
Associates accounted for using the equity method			
USD	784	30.45 （USD：NTD）	23,888
Foreign currency liabilities			
Monetary item			
USD	68,565	30.45 （USD：NTD）	2,087,842
USD	5,667	6.8717 （USD：RMB）	172,577
USD	975	134.24 （USD：JPY）	29,960
RMB	24,034	4.4317 （RMB：NTD）	106,499

The net (realized and unrealized) foreign exchange profits of the consolidated company for the three months ended March 31, 2024 and 2023 amounted to a profit of NTD63,298 thousand and a loss of NTD13,085 thousand, respectively. Due to the great number of foreign currencies used for transactions and functional currencies of the entities under our group, it is not possible to disclose the exchange profit/loss of each foreign currency with significant effect.

XXXIII. Note disclosures

(I) Information of material transactions:

1. Funds loaned to others. (Table 1)
2. Endorsements/guarantees to others. (Table 2)
3. Securities held at end of period (excluding those controlled by investee subsidiaries and associates). (Table 3)
4. Cumulative amount of purchase or sale of the same securities equaling or exceeding NTD300 million or 20% of the paid-up capital. (None)
5. Amount of acquisition of real property equaling or exceeding NTD300 million or 20% of the paid-up capital. (None)
6. Amount of disposal of real property equaling or exceeding NTD300 million or 20% of the paid-up capital. (None)
7. Amount of purchase/sale of goods from/to related parties equaling or exceeding NTD100 million or 20% of the paid-up capital. (Table 4)
8. Payments receivable from related parties equaling or exceeding NTD100 million or 20% of the paid-up capital. (Table 5)
9. Transactions of derivative instruments. (Note 7)
10. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries. (Table 8)

(II) Information of investee companies (Table 6)

(III) Information of investments in Mainland China:

1. The names, scope of primary business and amounts of paid-in capital of the investee companies in Mainland China, the methods of investment, funds remitted inwardly and outwardly, shareholdings, profits/losses of current period and investment profits/losses recognized, the carrying amounts of investment at end of period, remitted investment profits/losses, and limits on the amount of investments in Mainland China. (Table 7)
2. The following material transactions with the investee companies in Mainland China directly or indirectly through a third area, and the prices, payment terms and unrealized profits/losses of such transactions:
   (1) The amount and percentage of purchases, and the ending balance and percentage of the relevant payments payable. (Table 9)
   (2) The amount and percentage of sales, and the ending balance and percentage of the relevant payments receivable. (Table 9)

(3) The amount of property transactions and the resulting amount of profits or losses. (None)

(4) The ending balance and purposes of note endorsements/guarantees or collateral provided. (Table 2)

(5) The maximum balance, ending balance, interest rate range and total current interest for financing of funds. (None)

(6) Other transactions with material effect on current profits or losses or on the financial conditions, such as the rendering or receiving of services. (None)

(IV) Information of major shareholders: The names of shareholders with a shareholding of no less than 5%, and the number and percentage of shares held by each of them. (Table 10)

XXXIV. Segment information

(I) Description of the operating segment

Information provided to the chief operating decision-maker for allocating resources and evaluating segment performance focuses on the operating management model of the managing body, with the primary functions of the operational headquarters, the departments for production and sales of medical devices and the department for server chassis as its basis of identification. The following are the reportable segments of the consolidated company:

Operational headquarters – Mainly HEC, where the primary functions are performed by the business, administrative, manufacturing and R&D departments.

Manufacturing – Mainly the subsidiaries of the consolidated company in Mainland China, including WCX, WSE, WSF, DWC, WJA and WCF, where the primary functions include production, manufacturing and R&D.

Channels – Mainly the subsidiaries of the domestic and foreign sales channels of the consolidated company, including FCC, WYT, JCC, UCC and KCC, where the primary functions include marketing and sales.

Department for medical devices – Mainly OPT and the subsidiaries of the consolidated company, where the primary functions include the manufacturing, sales and purchase of medical devices and equipment.

Department for server chassis – Mainly LFE and the subsidiaries of the consolidated company, where the primary functions include the manufacturing, sales and purchase of server chassis.

Other – Mainly other holding or trading companies of the consolidated company, including GVG, WII, GSG, HIT, GPH and GTH, where the primary functions include shareholdings in investee companies, order management and funding management.

(II) Segment revenues and operating results

The following is an analysis of the revenues and operating results of the consolidated company by reportable segment:

	Operational headquarters	Manufacturing	Channels	Department for medical devices	Department for server chassis	Others	Adjustment and write-off	Amount after adjustment
For the Three Months Ended March 31, 2024								
Segment revenue from customers other than the company	$ 1,615,683	$ 173,777	$ 87,905	$ 64,640	$ 84,141	$ -	$ -	$ 2,026,146
Segment revenue from other segments in the company	31,664	1,169,958	2,942	30,503	1,215,653	-	(2,450,720)	-
Total revenue	$ 1,647,347	$ 1,343,735	$ 90,847	$ 95,143	$ 1,299,794	$ -	($ 2,450,720)	$ 2,026,146
Segment profit/loss	$ 80,983	$ 47,758	($ 6,644)	($ 36,810)	$ 73,131	($ 3,271)	$ 9,239	$ 164,386
Interest income								22,220
Other incomes								7,451
Other profits and losses								50,173
Financial cost								(7,883)
Share of profits/losses of associates accounted for using the equity method								(876)
Pre-tax net profit								$ 235,471
For the Three Months Ended March 31, 2023								
Segment revenue from customers other than the company	$ 1,308,092	$ 138,930	$ 132,293	$ 87,689	$ 189,271	$ -	$ -	$ 1,856,275
Segment revenue from other segments in the company	38,834	1,149,537	4,541	40,428	1,076,157	-	(2,309,497)	-
Total revenue	$ 1,346,926	$ 1,288,467	$ 136,834	$ 128,117	$ 1,265,428	$ -	($ 2,309,497)	$ 1,856,275
Segment profit/loss	$ 29,333	$ 43,862	($ 1,080)	$ 5,874	$ 95,967	($ 2,006)	$ 6,390	$ 178,340
Interest income								14,401
Other incomes								10,092
Other profits and losses								(26,313)
Financial cost								(6,903)
Share of profits/losses of associates accounted for using the equity method								(435)
Pre-tax net profit								$ 169,182

Segment profit means the profit earned by each segment. The consolidated company has not allocated non-operating revenues and expenses (including interest income and expense, profit on disposal of investments and exchange profit/loss) and income tax expense to the reportable segments. The measured amount is provided to the chief operating decision-maker for allocating resources to a segment and evaluating its performance.

The chief operating decision-maker of the consolidated company makes a decision based on the operating result of each segment and does not evaluate the information of classified assets and liabilities for the performance of different business activities. Therefore, only the operating results of the reportable segments are presented.

Compucase Enterprise Co., Ltd. And Subsidiaries

Financing provided
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 1

No.	Lending company	Borrower	Transaction	A related party	Max. amount for the current period	Ending balance	Actual amount disbursed (Note 6)	Interest rate range (%)	Nature of funds loaned (Note 5)	Amount of business transaction	Reason for need of short-term financing	Amount of allowance set aside for bad debts	Collateral		Limit of loan to individual borrower	Total limit of loans	Remarks
													Name	Value			
0	HEC	UCC	Other receivables – related parties	YES	$ 16,000	$ 16,000	$ 16,000	2.9	(1)	$ 36,396	Operational financing	$ -	—	$ -	$ 36,396 (Note 2)	$ 645,371 (Note 2)	
		UCC	〃	〃	9,600	$9,600	3,990	2.9	(2)	-	Operational financing	-	—	-	161,343 (Note 3)	322,686 (Note 3)	
		OPT	〃	〃	96,000	96,000	-	6.238	(2)	-	Financial planning for the group	-	—	-	161,343 (Note 3)	322,686 (Note 3)	
1	WCX	WYT	〃	〃	44,080	44,080	-	-	(2)	-	Financial planning for the group	-	—	-	1,060,124 (Note 4)	1,060,124 (Note 4)	
		WSE	〃	〃	220,400	220,400	127,832	-	(2)	-	Financial planning for the group	-	—	-	1,060,124 (Note 4)	1,060,124 (Note 4)	
2	WII	HEC	〃	〃	96,000	96,000	89,600	-	(2)	-	Financial planning for the group	-	—	-	1,385,916 (Note 4)	1,385,916 (Note 4)	
		HEC	〃	〃	192,000	192,000	104,192	-	(2)	-	Financial planning for the group	-	—	-	1,385,916 (Note 4)	1,385,916 (Note 4)	
3	WJA	WCF	〃	〃	132,240	132,240	123,424	-	(2)	-	Financial planning for the group	-	—	-	436,190 (Note 4)	436,190 (Note 4)	
		WSE	〃	〃	132,240	132,240	119,016	-	(2)	-	Financial planning for the group	-	—	-	436,190 (Note 4)	436,190 (Note 4)	
4	LFE	HEC	〃	〃	90,000	90,000	90,000	1.56～1.61	(2)	-	Financial planning for the group	-	—	-	121,877 (Note 3)	243,753 (Note 3)	

Note 1: 0 in the field of "No." indicates an issuer. Investee companies are numbered, in order, from 1 by company type.

Note 2: The amount of any individual loan to a company engaging in business transactions with HEC may not exceed the amount of business transactions between both parties during the most recent year. The total amount of loans may not exceed 20% of the net value of the lending company.

Note 3: The amount of any individual loan to a company or business in need of short-term financing may not exceed 5% of the net value of the lending company, and the total amount of loans may not exceed 10% of the net value of the lending company.

Note 4: The amount of any individual loan between the parent company of HEC engaging in business transactions with HEC or in need of short-term financing and a foreign company where the parent company directly and indirectly holds 100% of the voting shares may not exceed 100% of the net value of that company, and the total amount of loans may not exceed 100% of the net value of that company.

Note 5: (1) Engaging in business transactions with HEC.
(2) In need of short-term financing.

Note 6: The amount was written off during preparation of the consolidated financial report.

Compucase Enterprise Co., Ltd. And Subsidiaries

Endorsements/guarantees provided
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 2

No.	Name of company providing endorsement / guarantee	Endorsement/Guarantee recipient		Limit of endorsement/ guarantee to a single company	Max. balance of endorsement/ guarantee for the current period	Balance of endorsement/ guarantee at end of the period	Actual amount disbursed	Amount of endorsement/ guarantee secured by property	Cumulative amount of endorsements/ guarantees as a share of the net value of the financial statements for the most recent period (%)	Max. amount of endorsement/ guarantee	Endorsement /guarantee from the parent company to a subsidiary	Endorsement/guarantee from a subsidiary to the parent company	Endorsement/guarantee to Mainland China	Remarks
		Company name	Relationship (Note 3)											
0	HEC	LFDG	(2)	$ 2,097,457 (Note 1)	$ 160,000	$ 160,000	$ -	$ -	4.96	$ 2,581,486 (Note 2)	Y	N	Y	—
		FD	(2)	2,097,457 (Note 1)	120,160	120,160	-	-	3.72	2,581,486 (Note 2)	Y	N	Y	—
1	LFE	LFDG	(2)	1,584,396 (Note 1)	445,440	445,440	1,692	-	18.27	1,950,026 (Note 2)	Y	N	Y	—

Note 1: The limit of endorsement/guarantee to a single company is 65% of the net equity of HEC.

Note 2: The maximum amount of endorsement/guarantee is 80% of the net equity of HEC.

Note 3: It is sufficient to indicate only the number of one of the following types of relationships between the provider and recipient of an endorsement/guarantee:

(1) A company engaging in business transactions with HEC.

(2) A company where HEC directly and indirectly holds more than 50% of the voting shares.

(3) A company directly and indirectly holding more than 50% of the voting shares of HEC.

(4) Between companies where HEC directly and indirectly holds no less than 90% of the voting shares.

(5) A company mutually guaranteed according to a contract between peer companies or joint applicants due to the need for project contracting.

(6) A company receiving endorsements/guarantees from all contributing shareholders in proportion to their shareholdings due to a relationship of joint investment.

(7) Joint guarantee for the performance of a pre-sale home sales contract between peer companies in accordance with the Consumer Protection Act.

Compucase Enterprise Co., Ltd. And Subsidiaries

Securities held at end of the period
March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 3

Holding company	Type and name of securities	Relationship with the securities issuer	Account title	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding (%)	plan assets	
GSG	Shares Unity Industrial Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income – non-current	9,000,000	$ -	13.79	$ -	

Compucase Enterprise Co., Ltd. And Subsidiaries

Amounts of purchase/sales transactions from/to related parties equaling or exceeding NTD100 million or 20% of the paid-up capital
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 4

Purchasing (Selling) company	Name of counterparty	Relationship	Transaction details				Difference of the transaction terms with those of ordinary transactions and reason for such difference		Notes or accounts receivable (payable)		Remarks
			Purchase (Sale)	Amount	Share of total purchase (sale) (%)	Loan period	Unit price	Loan period	Balance	Share of total notes or accounts receivable (payable) (%)	
LFDG	HEC	Parent company	(Sales)	($ 220,601)	(17)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	$ 275,044	13	—
	WSE	Brother corporation	(Sales)	(821,582)	(65)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1,492,912	72	—
	LFE	Parent company	(Sales)	(172,237)	(14)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	239,818	12	—
WSE	HEC	Parent company	(Sales)	(998,851)	(90)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1,763,238	98	—

Compucase Enterprise Co., Ltd. And Subsidiaries

Payments receivable from related parties equaling or exceeding NTD100 million or 20% of the paid-up capital
March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 5

Company accounted for from which payments are receivable	Counterparty	Relationship	Balance of payment receivable from the related party	Turnover	Overdue payment receivable from the related party		Subsequently recovered amount of payments receivable from the related party	Amount of allowance set aside for bad debts
					Amount	Treatment		
LFDG	HEC	Parent company	$ 277,283 （Note 1）	3.66	$ -	—	$ 41,262	$ -
	LFE	Parent company	240,130 （Note 2）	3.38	-	—	51,357	-
	WSE	Brother corporation	1,493,112 （Note 3）	2.30	-	—	396,920	-
WSE	HEC	Parent company	1,763,528 （Note 4）	2.4	-	—	384,000	-
WJA	WCF	Brother corporation	123,424 （Note 6）	-	-	—	-	-
	WSE	Brother corporation	119,016 （Note 6）	-	-	—	-	-
WCF	LFDG	Brother corporation	402,303 （Note 5）	0.87	-	—	63,916	-
WCX	WSE	Brother corporation	127,832 （Note 6）	-	-	—	22,040	-
WII	HEC	Parent company	193,792 （Note 6）	-	-	—	-	-

Note 1: Including accounts receivable of NTD275,044 thousand and other receivables of NTD2,239 thousand. Calculation of the turnover does not include other receivables.

Note 2: Including accounts receivable of NTD239,818 thousand and other receivables of NTD312 thousand. Calculation of the turnover does not include other receivables.

Note 3: Including accounts receivable of NTD1,492,912 thousand and other receivables of NTD200 thousand. Calculation of the turnover does not include other receivables.

Note 4: Including accounts receivable of NTD1,763,238 thousand and other receivables of NTD290 thousand. Calculation of the turnover does not include other receivables.

Note 5: Including accounts receivable of NTD402,260 thousand and other receivables of NTD43 thousand. Calculation of the turnover does not include other receivables.

Note 6: The amount of loan, to which calculation of the turnover is not applicable.

Compucase Enterprise Co., Ltd. And Subsidiaries

Information of investee companies, their locations, etc., and other relevant information
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
(A foreign currency is in dollar)
Table 6

Name of investor company	Name of investee company	Location	Scope of primary business	Initial amount of investment		Held at end of the period			Profit (Loss) of investee company in the current period	Profit (Loss) on investments recognized in the current period	Remarks
				End of the current period	End of the previous period	Number of shares	Percentage (%)	Carrying amount			
HEC	WII	BVI	Reinvestment and international trade	$ 24,840 (USD 900,000)	$ 24,840 (USD 900,000)	4,500	100	$ 1,385,386	$ 29,817	$ 36,367	The difference is an unrealized profit/loss from sales.
	GSG	BVI	Reinvestment and international trade	211,592 (USD 6,800,000)	211,592 (USD 6,800,000)	20,000	100	927,334	36,926	32,745	The difference is an unrealized profit/loss from sales.
	FCC	Taiwan	Sales of computer components	1,800	1,800	180,000	60	7,569	249	149	
	UCC	California, U.S.	Sales of computer components	8,556 (USD 267,075)	8,556 (USD 267,075)	1,150	100	(2,838)	(6,020)	(5,994)	The difference is an unrealized profit/loss from sales.
	KCC	South Korea	Sales of computer components	13,444 (USD 408,000)	13,444 (USD 408,000)	748,800	100	156	(3)	(3)	
	JCC	Japan	Sales of computer components	13,949 (JPY 39,609,400)	13,949 (JPY 39,609,400)	200	100	63,308	(1,672)	(1,667)	The difference is an unrealized profit/loss from sales.
	LFE	Taiwan	Sales of computer components	933,893	933,893	74,755,773	50.62	1,267,463	57,976	28,791	The difference is an unrealized profit/loss from sales.
	OPT	Taiwan	Manufacturing and sales of medical devices and equipment	301,063	301,063	19,229,750	59.49	210,069	(34,146)	(20,313)	The difference is an unrealized profit/loss from sales.
WII	GTH	Hong Kong	Investee company	157,156 (USD 4,850,000)	125,596 (USD 3,850,000)	4,850,000	100	1,191,094	29,817		
GSG	GPH	Hong Kong	Investee company	382,493 (USD 12,100,000)	382,493 (USD 12,100,000)	12,100,000	100	935,831	36,926		
LFE	Axxion	Texas, U.S.	Sales of computer components	43,342 (USD 1,078,206)	43,342 (USD 1,078,206)	354	100	45,451	870		
	Axxion Mexico-LFE S.A. de C.V.	Mexico	Sales of computer components	2,765 (USD 99,000)	2,765 (USD 99,000)	99,000	99	2,295	(542)		
	LFKY	Cayman Islands	General investments	1,172,785 (USD 36,270,000)	1,172,785 (USD 36,270,000)	36,270,000	100	1,964,846	54,940		
	Super Laser Precision Machinery Ltd.	Samoa	General investments	43,513 (USD 1,260,000)	43,513 (USD 1,260,000)	1,260,000	47.64	22,671	(1,839)		
	OPT	Taiwan	Manufacturing and sales of medical devices and equipment	187,804	187,804	11,336,500	35.07	125,385	(34,146)		
LFKY	LFHK	Hong Kong	Sales of computer components	1,116,405 (USD 36,946,466)	1,116,405 (USD 36,946,466)	288,204,719	100	1,959,307	54,546		
OPT	Global Star	Hong Kong	Investee company	200,349 (USD 6,700,000)	200,349 (USD 6,700,000)	6,700,000	100	293,809	3,167		
Global Star	Harmonic Star	Samoa	General investments	200,349 (USD 6,700,000)	200,349 (USD 6,700,000)	6,700,000	100	295,849	3,167		

Note: For information related to the investee companies in Mainland China, see Table 7.

Compucase Enterprise Co., Ltd. And Subsidiaries

Information of investments in Mainland China
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
(A foreign currency is in dollar)
Table 7

Name of investee company in Mainland China	Scope of primary business	Paid-in capital (Note 4)	Form of investment (Note 1)	Cumulative amount of investments remitted from Taiwan at beginning of the current period (Note 4)	Amount of investments remitted outward or recovered in the current period		Cumulative amount of investments remitted from Taiwan at end of the current period (Note 4)	Profit (Loss) of investee company in the current period	HEC's shareholding in direct or indirect investments (%)	Profit (Loss) on investments recognized in the current period	Carrying amount of investments at end of the period	Profit on investments remitted inward as of end of the current period
					Remitted outward	Recovered						
WSE	Production of power supplies and computer parts and accessories	$ 121,600 (USD 3,800,000) (Note 7)	(2) GPH	$ 57,600 (USD 1,800,000)	$ -	$ -	$ 57,600 (USD 1,800,000)	$ 31,979	100	$ 31,979 (Note 3)	$ 267,351	$ -
WSF	Production of power supplies and computer parts and accessories	48,000 (USD 1,500,000) (Note 10)	(2) GPH	-	-	-	-	1,451	100	1,451 (Note 3)	131,846	-
WCX	Production of computer parts and accessories and plastic products, and cutting and processing of iron materials	70,400 (USD 2,200,000) (Note 6)	(2) GTH	28,800 (USD 900,000)	-	-	28,800 (USD 900,000)	30,906	100	30,906 (Note 3)	1,074,728	-
WYT	International trade, re-export trade, and trade and trade agency between businesses in bonded areas	20,800 (USD 650,000) (Note 8)	(2) GTH	-	-	-	-	(175)	100	(175) (Note 3)	67,823	-
DWC	Production of power supplies and computer parts and accessories	57,600 (USD 1,800,000) (Note 11)	(2) GPH	-	-	-	-	2,509	100	2,533 (Note 3)	99,959	-
WJA	Production of power supplies and computer parts and accessories	320,000 (USD 10,000,000) (Note 12)	(2) GPH	160,000 (USD 5,000,000)	-	-	160,000 (USD 5,000,000)	964	100	964 (Note 3)	436,190	-
WCF	Production of power supplies and computer parts and accessories	252,018 (RMB 57,172,800) (Note 15)	(3) WCX (2) GTH	-	-	-	-	17,546	100	17,546 (Note 3)	350,882	-
Taikang Precision (Zhongshan) Limited Company	Production of chips, memory modules and the precision connectors of expansion cards used exclusively by the information and communication industries, precision structures for special purposes, and the dies of the aforementioned products	160,000 (USD 5,000,000) (Note 9)	(2) WII	-	-	-	-	-	-	-	-	-
LFDG	Manufacturing, import and export of electronics, optoelectronic products, precision dies and precision plastic injectors	1,586,431 (USD 49,575,978) (Note 13)	(2) LFHK	1,140,671 (USD 35,645,978)	-	-	1,140,671 (USD 35,645,978)	71,764	60.56	43,660 (Note 2)	1,478,150	-
Dongguan Chaofeng Laser Precision Machinery Co., Ltd.	Production of computer-aided manufacturing and application systems, tools and dies	89,600 (USD 2,800,000) (Note 13)	(2) Super Laser Precision Machinery Ltd.	40,000 (USD 1,250,000)	-	-	40,000 (USD 1,250,000)	1,624	47.64	774 (Note 3)	26,659	-
FD	Manufacturing and sales of medical devices and equipment	256,000 (USD 8,000,000) (Note 14)	(2) Harmonic Star	214,400 (USD 6,700,000)	-	-	214,400 (USD 6,700,000)	3,208	77.24	2,478 (Note 3)	226,607	-

Company name	Cumulative amount of investments remitted from Taiwan to Mainland China at end of the current period	Amount of investments approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China required by the Investment Commission, MOEA (Note 5)
HEC	$ 246,400 (Note4) (USD 7,700,000)	$ 433,536 (Note4) (USD 13,548,000)	$ 1,936,114
OPT	$ 214,400 (Note 4) (USD 6,700,000)	$ 214,400 (Note 4) (USD 6,700,000)	$ 212,521

Note 1: It is sufficient to indicate only the number of one of the following three forms of investment:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through any company in a third area (please indicate the investor company in the third area).

(3) Any other form (direct investment by WCX).

Note 2: The profit on investments is recognized according to the financial statements audited and certified by a CPA of the parent company in Taiwan.

Note 3: The profit on investments is recognized according to the financial statements not reviewed by any CPA during the same period.

Note 4: The related amount is translated at the exchange rates of USD1 = NTD32 and RMB1 = NTD4.408 at end of the period.

Note 5: The limit on the amount of direct investment in Mainland China is calculated as follows:

HEC: NTD3,226,857×60%＝1,936,114

OPT: NTD354,202×60%＝212,521

Note 6: Including the capital increases from earnings of prior years of WCX and Wei Shun Computers (Shenzhen) Co., Ltd. (the company merged with WCX on September 1, 2009, and the merger was approved for reference by the Investment Commission on April 6, 2010) and the own funds of WII, totaling USD10,200,000. In 2021, share payments from capital reduction amounting to USD8,000,000 were remitted outward by WCX, of which an amount of USD3,000,000 was remitted to Taiwan and submitted to the Investment Commission for approval for reference.

Note 7: WSE is an indirect investee company of GSG, a foreign subsidiary of HEC. In 2008, WSE engaged in a capital increase from undistributed earnings amounting to USD2,000,000.

Note 8: WYT is an investee company with the own funds of GVG, a foreign subsidiary of HEC. As a result of adjustment to the organizational structure of its group, GVG sold the shares of WYT held by it to GTH.

Note 9: Taikang Precision (Zhongshan) Limited Company is an investee company with the own funds of WII, a foreign subsidiary of HEC, via Super Elite Ltd., a third-area company. On April 10, 2010, WII sold all of the shares it held, and the sale was approved for reference by the Investment Commission on June 28, 2010. Since its proceeds have yet to be remitted to Taiwan, there has been no decrease in the amount of investment approved by the Investment Commission.

Note 10: WSF is an indirect investee company with the own funds of GSG, a foreign subsidiary of HEC.

Note 11: DWC is a re-investment by GSG, an overseas subsidiary of HEC, through GPH using its own funds.

Note 12: WJA is an investee company directly through GPH with the distributed earnings of USD5,000,000 approved by the board of directors of WSE, and is also an investee company with the own funds of GSG amounting to USD5,000,000. In June 2023, WJA canceled a resolution made in 2022 for a capital reduction of USD5,000,000. The cancellation of capital reduction change has been completed.

Note 13: It is held by LFE. The cumulative amount of investments remitted from Taiwan to Mainland China at end of the current period is NTD1,180,671 thousand (USD36,895,978), and the amount of investments approved by the Investment Commission is NTD1,629,632 thousand (USD50,926,000). LFE is not subject to any maximum limit on investments in Mainland China since it has acquired a certificate of the scope of business of its operational headquarters.

Note 14: It is held by OPT. Established in June 2017 with an investment of USD 4,000,000 through Harmonic Star, and further capital injections of USD 700,000 in March 2021 and USD 2,000,000 in June 2020 were made through Harmonic Star. Both amounts have been submitted to the Investment Commission for approval for reference.

Note 15: WCF is an investee company, established with CNY 50,000,000 of its own funds by WCX, a subsidiary of HEC in Mainland China. In November 2023, GTH further injected CNY 7,172,800 of its own funds as additional capital.

Compucase Enterprise Co., Ltd. And Subsidiaries

The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 8

No (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Transaction details: Title	Transaction details: Amount	Transaction details: Transaction terms	Transaction details: Share of consolidated total revenue or total assets (%)
0	HEC	JCC	1	Operating revenue	$ 22,621	Through price negotiation	1.00
	HEC	JCC	1	Accounts receivable – related parties	23,067	Payment is received 2 months after settlement for each month	-
	HEC	UCC	1	Operating revenue	4,083	Through price negotiation	-
	HEC	UCC	1	Accounts receivable – related parties	17,912	Payment is received 60 days after shipment	-
	HEC	UCC	1	Other receivables – related parties	21,788	—	-
	HEC	FCC	1	Operating revenue	3,279	Through price negotiation	-
	HEC	FCC	1	Accounts receivable – related parties	11,049	Payment is received 60 days after shipment	-
	HEC	LFE	1	Other receivables – related parties	2,266	—	-
	HEC	LFDG	1	Operating revenue	1,680	Through price negotiation	-
	HEC	LFDG	1	Other receivables – related parties	1,074	—	-
	HEC	OPT	1	Other receivables – related parties	1,728	—	-
1	WYT	HEC	2	Accounts receivable – related parties	2,784	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	WYT	WSF	3	Service Revenue	1,350	Through price negotiation	-
2	WSF	LFDG	3	Operating revenue	15,848	Through price negotiation	1.00
	WSF	LFDG	3	Accounts receivable – related parties	51,530	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1.00
3	DWC	LFDG	3	Operating revenue	23,490	Through price negotiation	1.00
	DWC	LFDG	3	Accounts receivable – related parties	86,085	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1.00
4	WJA	WSE	3	Other receivables – related parties	119,016	—	1.00
	WJA	WCF	3	Other receivables – related parties	123,424	—	1.00
5	WII	HEC	2	Other receivables – related parties	193,792	—	2.00
6	WSE	HEC	2	Operating revenue	998,851	Through price negotiation	49.00
	WSE	HEC	2	Accounts receivable – related parties	1,763,238	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	21.00
	WSE	WCF	3	Other receivables – related parties	3,004	—	-
7	WCX	LFDG	3	Other receivables – related parties	2,062	—	-
	WCX	WSE	3	Other receivables – related parties	127,832	—	2.00
8	WCX	LFDG	3	Operating revenue	83,018	Through price negotiation	4.00
	WCF	LFDG	3	Accounts receivable – related parties	402,260	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	5.00
9	LFDG	HEC	2	Operating revenue	220,601	Through price negotiation	11.00
	LFDG	HEC	2	Accounts receivable – related parties	275,044	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	3.00
	LFDG	HEC	2	Other receivables – related parties	2,239	—	-
	LFDG	LFE	2	Operating revenue	172,237	Through price negotiation	9.00
	LFDG	LFE	2	Accounts receivable – related parties	239,818	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	3.00
	LFDG	WYT	3	Operating revenue	35,123	Through price negotiation	2.00
	LFDG	WYT	3	Accounts receivable – related parties	40,070	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	LFDG	WSE	3	Operating revenue	821,582	Through price negotiation	41.00

No (Note 1)	Name of transactor	Counterparty	Relationship with the transactor (Note 2)	Transaction details			
				Title	Amount	Transaction terms	Share of consolidated total revenue or total assets (%)
	LFDG	WSE	3	Accounts receivable – related parties	$ 1,492,912	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	18.00
	LFDG	DWC	3	Other receivables – related parties	1,554	—	-
	LFDG	FD	3	Operating revenue	2,224	Through price negotiation	-
	LFDG	FD	3	Service Revenue	1,819	Through price negotiation	-
	LFDG	FD	3	Accounts receivable – related parties	2,537	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	LFDG	FD	3	Other receivables – related parties	9,260	—	-
10	LFE	HEC	2	Operating revenue	2,158	Through price negotiation	-
	LFE	HEC	2	Accounts receivable – related parties	2,985	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	LFE	HEC	2	Other receivables – related parties	90,563	—	1.00
	LFE	Axxion	1	Commission expense	9,487	The price is agreed based on internal transfer pricing.	-
	LFE	Axxion	1	Other payables – related parties	19,200	Payment is received 1 months after settlement for each month and depending on the overall funding condition.	-
	LFE	LFDG	1	Operating revenue	1,063	Through price negotiation	-
	LFE	LFDG	1	Accounts receivable – related parties	1,082	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
11	FD	OPT	2	Operating revenue	78,348	Through price negotiation	4.00
	FD	OPT	2	Accounts receivable – related parties	90,204	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1.00
	FD	OPT	2	Other receivables – related parties	3,964	—	-
12	OPT	HEC	2	Operating revenue	25,285	Through price negotiation	1.00
	OPT	HEC	2	Accounts receivable – related parties	35,246	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	OPT	LFE	3	Operating revenue	4,668	Through price negotiation	-
	OPT	LFE	3	Accounts receivable – related parties	4,756	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-
	OPT	FD	1	Operating revenue	1,970	Through price negotiation	-
	OPT	FD	1	Accounts receivable – related parties	4,802	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	-

Note 1: There are three types of relationship with the transactor, indicated as follows:

1. The parent company to a subsidiary.
2. A subsidiary to the parent company.
3. A subsidiary to another subsidiary.

Note 2: The amount was written off during preparation of the consolidated financial statements.

Compucase Enterprise Co., Ltd. And Subsidiaries

The material transactions with the investee companies in Mainland China directly or indirectly through a third area, and the prices, payment terms and unrealized profits/losses of such transactions
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand unless otherwise specified)
Table 9

			Transaction details				Difference of the transaction amount with that of an ordinary transaction, and reason for such difference		Notes or accounts receivable (payable)		
Purchasing (Selling) company	Counterparty	Relationship	Purchase (Sale)	Amount (Note)	Share of total purchase (sale) (%)	Loan period	Unit price	Loan period	Balance (Note)	Share of total notes or accounts receivable (payable) (%)	Unrealized profit (loss) (Note)
HEC	WYT	Subsidiary	Purchase	$ 553	-	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	($ 2,784)	-	$ 22
	LFDG	Subsidiary	Purchase	220,601	15	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	(275,044)	(13)	(18)
	LFDG	Subsidiary	(Sales)	(1,680)	-	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	991	-	-
	WSE	Subsidiary	Purchase	998,851	70	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	(1,763,238)	(81)	10,649
LFE	LFDG	Subsidiary	Purchase	172,237	96	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	(239,818)	(97)	2,513
	LFDG	Subsidiary	(Sales)	(1,063)	-	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	1,082	-	-
OPT	FD	Subsidiary	Purchase	78,348	95	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	(90,204)	(93)	5
	FD	Subsidiary	(Sales)	(1,970)	2	Payment is made 3 months after settlement for each month and depending on the overall funding condition.	No comparable transaction	Same	4,802	4	-

Note: Written off during preparation of the consolidated financial report.

Compucase Enterprise Co., Ltd. And Subsidiaries

Information of major shareholders

March 31, 2024

Table 10

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding (%)
Compucase Investment Co., Ltd.	23,835,605	21.04%
MiTAC International Corporation	10,000,000	8.82%
Cheng Li Investment Co., Ltd.	6,638,193	5.85%

Note: The information of major shareholders in this table is based on the data where the total number of common shares held by a shareholder which have been registered and delivered on a non-physical basis (including treasury stocks) by HEC on the final business day at the end of the current quarter, as calculated by the Taiwan Depository and Clearing Corporation, equals or exceeds 5%. The share capital recorded in HEC's consolidated financial report may differ from the actual number of shares registered and delivered on a non-physical basis due to different bases of preparation and calculation.

Compucase Enterprise Co., Ltd. And Subsidiaries

Statement of changes in property, plant and equipment
For the Three Months Ended March 31, 2024
(All amounts are in NTD thousand)
Table 11

	Land	Premises and buildings	Machine/ Equipment	Transport equipment	Office equipment	Other equipment	Property under construction	Total
Cost								
Balance on January 1, 2024	$ 146,241	$ 1,149,448	$ 1,351,358	$ 21,274	$ 67,021	$ 1,504,060	$ 16,229	$ 4,255,631
Increase	-	-	23,533	-	1,709	6,998	(10,850)	21,390
Disposal	-	-	(656)	(2,038)	(1,850)	(6,899)	-	(11,443)
Reclassification	-	-	-	-	-	(699)	-	(699)
Net exchange differences	-	20,776	19,155	89	920	17,430	201	58,571
Balance on March 31, 2024	$ 146,241	$ 1,170,224	$ 1,393,390	$ 19,325	$ 67,800	$ 1,520,890	$ 5,580	$ 4,323,450
Accumulated depreciation								
Balance on January 1, 2024	$ -	$ 604,328	$ 1,140,562	$ 16,584	$ 52,234	$ 1,303,347	$ -	$ 3,117,055
Depreciation expense	-	14,816	10,070	357	1,088	17,549	-	43,880
Disposal	-	-	(633)	(2,033)	(1,850)	(6,884)	-	(11,400)
Reclassification	-	-	-	-	-	(132)	-	(132)
Net exchange differences	-	10,374	14,643	59	769	14,020	-	39,865
Balance on March 31, 2024	$ -	$ 629,518	$ 1,164,642	$ 14,967	$ 52,241	$ 1,327,900	$ -	$ 3,189,268
Net amount on December 31, 2023 and January 1, 2024	$ 146,241	$ 545,120	$ 210,796	$ 4,690	$ 14,787	$ 200,713	$ 16,229	$ 1,138,576
Net amount on March 31, 2024	$ 146,241	$ 540,706	$ 228,748	$ 4,358	$ 15,559	$ 192,990	$ 5,580	$ 1,134,182
Cost								
Balance on January 1, 2023	$ 146,343	$ 1,168,534	$ 1,341,999	$ 23,365	$ 63,413	$ 1,561,618	$ 36,363	$ 4,341,635
Increase	-	-	6,324	-	132	13,046	(4,869)	14,633
Disposal	-	-	(13,402)	(2,328)	(1,952)	(2,649)	-	(20,331)
Reclassification	-	-	(228)	366	(52)	(58,969)	(480)	(59,363)
Net exchange differences	1	5,602	4,931	(7)	253	4,882	186	15,848
Balance on March 31, 2023	$ 146,344	$ 1,174,136	$ 1,339,624	$ 21,396	$ 61,794	$ 1,517,928	$ 31,200	$ 4,292,422
Accumulated depreciation								
Balance on January 1, 2023	$ 66	$ 554,151	$ 1,120,493	$ 17,581	$ 52,500	$ 1,290,425	$ -	$ 3,035,216
Depreciation expense	3	15,197	16,163	364	1,087	24,009	-	56,823
Disposal	-	-	(11,769)	(2,328)	(1,914)	(2,107)	-	(18,118)
Reclassification	-	-	(216)	366	(52)	(23,514)	-	(23,416)
Net exchange differences	-	2,485	3,777	(121)	193	3,563	-	9,897
Balance on March 31, 2023	$ 69	$ 571,833	$ 1,128,448	$ 15,862	$ 51,814	$ 1,292,376	$ -	$ 3,060,402
Net amount on March 31, 2023	$ 146,275	$ 602,303	$ 211,176	$ 5,534	$ 9,980	$ 225,552	$ 31,200	$ 1,232,020