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Inventec Corporation

Inventec

2022 Annual Report

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創新

Innovation

品質

Quality

虛心

Open Mind

力行

Execution

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Letter to Shareholders

In the face of new challenges during the post-pandemic era, and global inflation upward pressure driven by soaring energy and raw material prices, along with the persistent impact of geopolitical risks, Inventec's management team continues to adopt effective contingency strategies, monitor market trends closely and adjust synchronous response plans to ensure normal operations at all plants and protect the health and safety of all employees during the coronavirus pandemic. In the meantime, Inventec has posted record annual operating revenue through providing competitive and high-quality products to our customers. We would like to thank all shareholders for their long-term support and trust.

2022 Operating Results and Technology Development

In 2022, Inventec's consolidated operating revenue reached NT\$541.7 billion, an increase of 4.24% from 2021 (the consolidated operating revenue of NT\$519.7 billion). Meanwhile, the consolidated net operating income reached NT\$6.6 billion, an increase of 41.16% from 2021. However, since non-operating income and expenses were affected by the slowdown in the revitalization pace of idle assets as well as the increase in operating costs due to the supply chain disruption, the consolidated profit before tax was NT\$7.1 billion, a decrease of 6.78% from 2021. As a result, the net profit after tax attributable to shareholders of the parent company was NT\$6.1 billion, a decrease of 6.26% from the previous year. Consolidated earnings per share after tax was NT\$1.71.

Although the demand for laptop computer products was affected by inventory adjustments of brand customers in the second half of 2022, Inventec's operating revenue from laptop computers only decreased slightly by 5% compared to the same period last year, primarily due to the boost of development of new models and the growth in gaming laptop computers. Despite supply chain disruptions, the operating revenue from server products still increased by nearly 18% year-on-year thanks to strong demand growth of large data centers. Smart device products have recovered from the slide last year and contributed NT\$35 billion in operating revenue, supported by new products.

In response to geopolitical risks, Inventec continues to expand its production capacity in Czech Republic in Europe and Mexico in the Americas, while the subsidiary Inventec Appliances Corp. is also expanding its deployment in Southeast Asia simultaneously to strengthen smart product manufacturing and meet customer needs.

In terms of new technology applications, Inventec, together with Intel and Microsoft, has launched 5G Next Lab to provide AI-integrated 5G connectivity solution built on world-class chips and industry-leading core network software, applicable to various smart scenarios such as smart factories, smart homes, smart healthcare and smart transportation to drive next-generation industrial innovation.

As for the development of emerging businesses, Inventec focuses on the application of in-vehicle products, the introduction of 5G-related integrated products, smart healthcare, cloud-based health management and precision medicine. At present, a number of products and solutions have been launched and successfully promoted into domestic and overseas markets.

Outstanding Achievements in Sustainable Development

Inventec has established the "Sustainability Committee" (hereinafter referred to as the Committee) and set up the "Sustainability Office" as a dedicated unit to assist the Committee in performing various ESG sustainability initiatives. The Committee has also set up six functional teams, including corporate governance, green innovation, sustainable environment, sustainable supply chain, risk management and social inclusion, to develop strategies and implement various projects. Through the specialized division of functional teams and cross-departmental cooperation, the Committee will lead all colleagues to work together for sustainable development and contribute to environmental protection, corporate governance, and social participation at all levels. The goal is to internalize the spirit of sustainability into the DNA of the Company, realize the value of innovation with modesty and practice, and set a new benchmark for sustainable enterprises.

Inventec has achieved outstanding results in promoting sustainable development. In view of the rapid changes in the circular economy and technology, the Company actively promotes various ESG governance indicators such as "Green Energy and Environmental Protection", "Smart Manufacturing", "5G Mobile Communication" and "Digital Transformation", so that customers, suppliers and Inventec can achieve a win-win situation for all parties. In terms of concrete results, the Company has been highly recognized by all sectors, and has won honors such as "Best Companies to Work for in Asia 2022" in Taiwan, "Excellence in Corporate Social Responsibility" Award by CommonWealth Magazine, "Taiwan Top 100 Sustainable Model Enterprise Award" and "Corporate Sustainability Report Award - Platinum".

The Business Plan for 2023 and Future Outlook

Given the impact of persistent inflation, geopolitical factors and diversified production strategies, the global economic outlook remains conservative. However, the good news is that the borders of countries are gradually reopening and the cycle of interest rate hikes in the U.S. is expected to dwindle in the future, which makes the prospect of a soft landing for the global economy more promising.

Overview of the Business Plan for 2023

- (1) The Company will enhance digital resilience and digital management mechanisms through digital transformation action plans and collaborate with partners to create global business opportunities.
- (2) The Company will focus on three key areas in its internal management to enhance profitability: 1. Establish an optimal inventory level to reduce the impact of interest rate spikes; 2. Strictly control operating expenses and saving costs; 3. Improve production efficiency and enhance automation at each plant.
- (3) The existing business groups will continue to maintain a stable market share: Laptop computers are expected to see an increase in both shipment volume and average unit price due to the addition of new gaming projects; Servers will continue to grow given the launch of new platform applications and the business expansion of CSP (major cloud service provider); For smart devices, the Vietnam plant is expected to

acquire new customers successively and its shipment, revenue and profit contribution look forward to increase after mass production.

- (4) As for the new business groups established in 2022, after years of planning and deployment, Inventec has actively invested in the integration of 5G private network systems, automotive electronics with an emphasis on the field of electronic control, and smart medical-related healthcare markets, aiming to jointly drive the growth momentum for the Inventec group.

For a long time, Inventec has always adhered to the Company's core values of "Innovation, Quality, Open Mind and Execution" to adjust its business strategy in the face of changes within the industrial environment. In line with the United Nations Sustainable Development Goals (SDGs), the Company continues to perform ESG sustainability-related action strategies, which include requiring suppliers to improve the production process and fulfill their environmental protection responsibilities, reducing the carbon footprint of the Group's production environment, providing a friendly workplace, and expanding participation in caring for the society. Looking into the future, it is expected that Inventec will be able to strengthen its long-term competitive advantages, expand the scale of its business operations, actively develop long-term strategic relationships with partners, and create higher corporate value for shareholders.

We wish all of you good health and all the best.

Chairman: Cho, Tom-Hwar

President: Wu, Yung-Tsai

I . Company Profile

1.1 Date of Establishment: June 9, 1975

1.2 Company Milestones

1975

- Inventec Corporation was incorporated with a paid-in capital of NT\$1 million.

1985

- Step into the phone foundry business.

1988

- Step into the laptop foundry business.

1996

- Inventec Corporation officially listed on Nov 13.

1997

- Established subsidiaries in the United States, Scotland, and Singapore.
- Established Taipei third factory to manufacture notebook.

1998

- Established Taoyuan factory for research and development, and manufacture of high-end desktop and server.

1999

- Established Inventec Micro-Electronics Corp. for calculator business.
- Established Inventec Multimedia and Telecom Corp. for multimedia and communications product business.

2000

- Established Inventec Appliances Corp. for the manufacture and sales of information appliances, WAP phone, science plotter business.
- Established Inventec (Cayman) Corp. for further investment in Inventec Corporation (Shanghai) Co., Ltd.

2008

- The annual shipment volume of laptops from Pudong Park exceeded 16 million units.
- Annual sales exceeded 10 billion U.S. dollars.
- Taipei Research and Development Building officially opened.

2010

- Chongqing manufacturing base completed and shipping commenced.
- Established Inventec Solar Energy Corp.

2015

- Purchased the plant building in Taoyuan Science and Technology Park.

2016

- Established AIMobile Co., Ltd.

2017

- Won the "Quality Paradigm Prize of ISO Plus Award" by SGS.

2018

- Won the Forbes' 2018 Digital 100.
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award-Gold Award" for two consecutive years.
- Won the award of National Excellent Performance Healthy Career by the National Health Department of the Ministry of Health and Welfare

2019

- Won first place of HP's "2018 Best Supplier Evaluation"
- Won the silver medal of the "TTQS Talent Development Quality Management System" of the Ministry of Labor.
- Won the "CSR Award" of first SGS.
- Won the "2019 National Talent Development Award" of the Ministry of Labor.

2020

- Ranked among the top 5% of companies in the corporate governance evaluation of the Taiwan Stock Exchange for five consecutive years.
- Won the Top 100 of the "IoV Intelligent Roadside" invention patents list of global enterprises in the past five years.
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award Platinum Award" for two consecutive years"
- Won the USAID intelligent prediction competition.
- Established Strategy Center and Digital Center.

2021

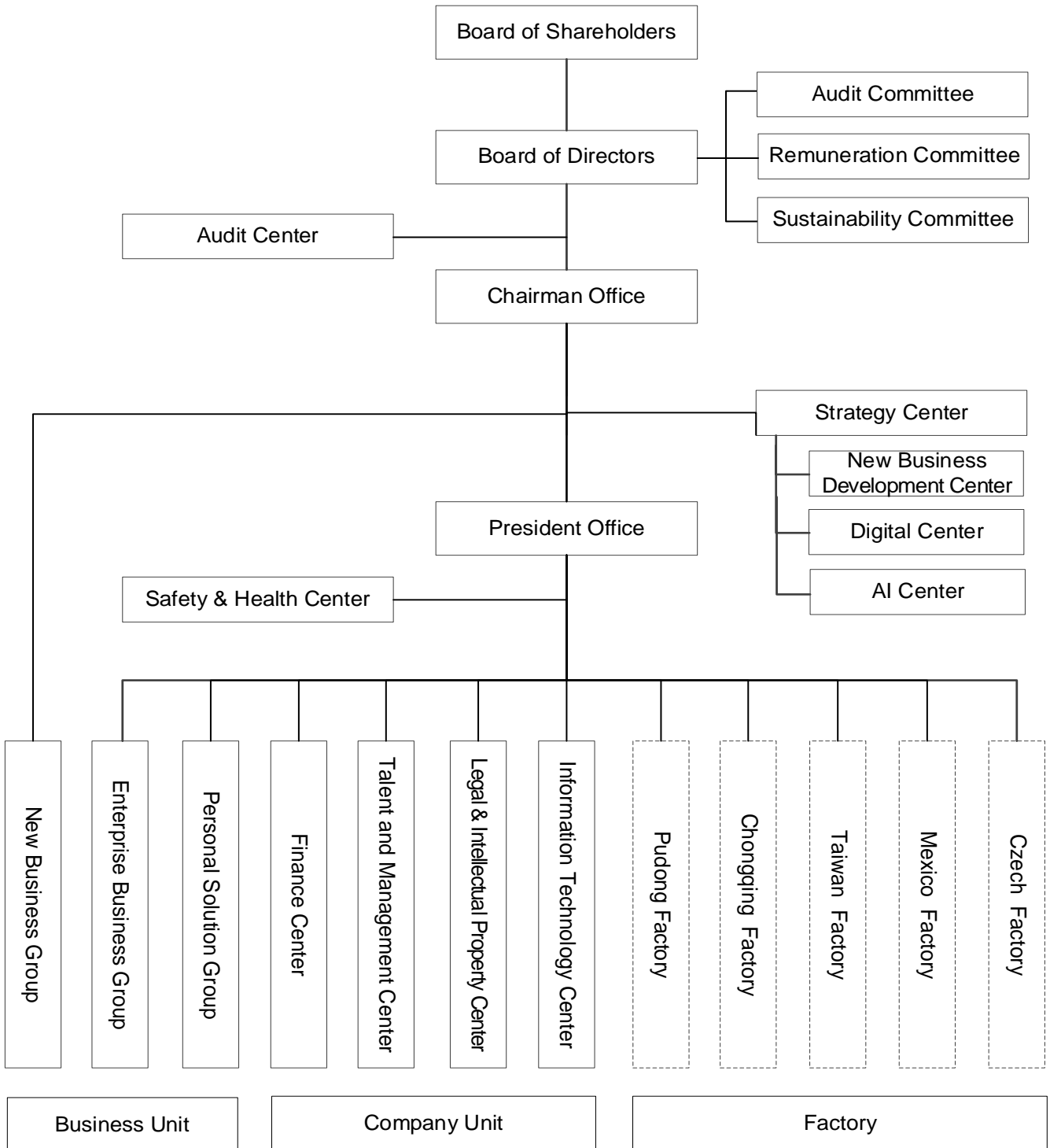
- Won the "Top 100 Global Enterprises Intelligent Manufacturing Patents"
- Won the "MOEA National Industrial Innovation Award"
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award-Gold Award".

2022

- Won the "HR Asia--Best Companies to Work for in Asia"
- Won the "National Corporate Citizenship Award" by CommonWealth Magazine for nine consecutive years.
- Won the "iF Design Award"
- Won the " Top 100 Taiwan Corporate Sustainability Award "
- Won the "Corporate Sustainability Report Award- Platinum Award".

II . Corporate Governance Report

2.1 Organization



Organizational Functions

Major Department	Main Business
Audit Center	Overall planning businesses such as internal control system, internal audits, self-assessment, etc. of the Company.
Strategy Center	Coordinate the strategic planning and implementation of the Company.
Digital Center	Coordinate the digital transformation and data-driven intelligence business of the company.
AI Center	Coordinate science and technology studies and enterprise applications of the company's artificial intelligence.
New Business Development Center	Coordinate the development, management and implementation of new businesses of the company.
Enterprise Business Group	Planning and management of enterprise business computer design, development, manufacturing, production, marketing, after-sales service, etc.
Personal Solution Group	Planning and management of portable computer design, development, manufacturing, production, marketing, after-sales service, etc.
New Business Group	Planning and management for design, development, manufacturing, and marketing of automotive electronics, 5G, and mobile intelligence.
Finance Center	Overall planning of the financial, accounting, investment, and stock affairs business of the Company.
Talent and Management Center	Coordinate the company's human resources, administrative management business, as well as the integration and supervision of the management system.
Legal and Intellectual Property Center	Overall planning of legal affairs, intellectual property rights, and other relevant matters.
Information Technology Center	Overall planning of the establishment and operation of a network system structure, product life cycle management system, enterprise resource planning system, manufacturing execution system, quality inspection management system, supply chain management system, form management system, etc. of the Company.
Pudong Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Chongqing Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Taiwan Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, corporate computers, corporate servers and storage systems.
Mexico Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.
Czech Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.

2.2 Directors, Supervisors and Managers' Information

2.2.1 Directors

2.2.1.1 Directors' Information

2023.05.18

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (Years)	The commencement date of the first term	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions held in the Company and/or in any other company	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	R.O.C	Cho, Tom-Hwar	Male 66-70	2020.06.12	3	2017.06.16	1,004,311	0.03%	1,004,311	0.03%	5,508	0.00%	—	—	Department of Electrical Engineering, National Taiwan University. EMBA, Shanghai Jiao Tong University, Chairman, Inventec Corporation and Inventec Solar Energy Corporation Director, Inventec Appliances Corporation and Simplo Technology Co. Ltd	Note 1	None	None	None
Director	R.O.C	Yeh, Kuo-I	Male 81-85	2020.06.12	3	1975.06.09	226,361,330	6.31%	176,361,330	4.92%	69,314,117	1.93%	—	—	Shilin High School of Commerce Chairman, Inventec Corporation	Note 2	Director	Yeh, Li-Cheng	Father and son
Director	R.O.C	Wen, Shih-Chih	Male 61-65	2020.06.12	3	2004.05.27	35,685,590	0.99%	35,685,590	0.99%	37,399	0.00%	—	—	Xihu Vocational High School of Industry and Commerce Chairman, Shyh Shiunn Investment Corp.	Note 3	None	None	None
Director	R.O.C	Lee, Tsu-Chin	Male 71-75	2020.06.12	3	1980.06.08	115,833,835	3.23%	115,833,835	3.23%	—	—	—	—	Bachelor of Economics, Tunghai University Chairman, Inventec Corporation	Note 4	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (Years)	The commencement date of the first term	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions held in the Company and/or in any other company	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	R.O.C	Chang, Ching-Sung	Male 66-70	2020.06.12	3	2014.06.12	788,644	0.02%	788,644	0.02%	6,743,434	0.19%	—	—	Master of Electric Engineering, National Taiwan University Chairman, Inventec Appliances Corporation	Note 5	None	None	None
Director	R.O.C	Yeh, Li-Cheng	Male 51-55	2020.06.12	3	2020.06.12	67,412,472	1.88%	117,412,472	3.27%	600,000	0.02%	—	—	Master of Information Engineering, Pace University Chairman, Fulltime Investment Corporation Chairman, Goldshare Investment Corporation	Note 6	Director	Yeh, Kuo-I	Father and son
Independent Director	R.O.C	Chang, Chang-Pang	Male 76-80	2020.06.12	3	2014.06.12	—	—	—	—	—	—	—	—	Master of Laws, National Cheng-Chi University Bachelor of Law, Fujen University Chief Executive Officer, Lien Chan Foundation for Peace and Development Chairman, Fuhwa Financial Holding Co., Ltd. Deputy Minister, Ministry of Economic Affairs, Deputy Secretary General, Executive Yuan Vice Minister, Ministry of Finance, Chairman, Securities and Exchange Commission, Ministry of Finance	Note 7	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (Years)	The commencement date of the first term	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions held in the Company and/or in any other company	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	R.O.C	Chen, Ruey-Long	Male 71-75	2020.06.12	3	2014.06.12	—	—	—	—	—	—	—	—	Bachelor of Economics, National Chung-Hsing University Chairman, Sinocon Industrial Standards Foundation Chairman, Institute for Information Industry Minister, Ministry of Economic Affairs	Note 8	None	None	None
Independent Director	R.O.C	Wea, Chi-Lin	Male 71-75	2020.06.12	3	2020.06.12	—	—	—	—	—	—	—	—	Doctor of Economics, University of Paris Chairman, Land Bank of Taiwan. Secretary-General, Executive Yuan Administrative Deputy. Adjunct Professor, Business Administration, National Taiwan University.	Note 9	None	None	None

Note 1: Chairman of Inventec Investments Co., Ltd. ; Director of Inventec Corporation (Hong Kong) Ltd., Inventec (Cayman) Corp., IEC (Cayman) Corporation, Inventec Holding (North America) Corp., Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp., and IEC Technologies, S.de R.L.de C.V. ; Representative Director of Inventec Development Japan Corporation and Inventec Japan Corporation.

Note 2: Director of Inventec Corporation (Hong Kong) Ltd., and Inventec Group Charity Foundation ; Supervisor of RNS Asset Management Company, and Chairman of First Generation Investment Co.Ltd.

Note 3: Chairman of Shyh Shiunn Investment Corp.

Note 4: Chairman of Esther Investment Co., Ltd., Inventec Group Charity Foundation, and Taiwan Electrical and Electronic Manufacturers' Association.

Note 5: Chairman of Inventec Appliances Corp., Inventec Appliances (Shanghai) Co.Ltd., Inventec Appliances (Pudong) Corp., Inventec Appliances (Jiangning) Corp., Inventec Appliances (Nanchang) Co., Ltd, and Inventec Easy Doctor Corp. ; Executive Director of Inventec Appliances (Nanjing) Corp., Inventec Appliances (Xi'An) Corporation, Inventec Appliances (Shanghai) Enterprise Co.Ltd., and Apex Business Management & Consulting (Shanghai) Co., Ltd. ; Director of Inventec Appliances (Cayman) Holding Corp., Inventec Appliances (USA) Distribution Corp., Inventec Appliances USA Inc., Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.,and Inventec Appliances (Malaysia) SDN. BHD., and Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.

Note 6: Chairman of Fulltime Investment Co. Ltd., Goldshare Investment Corporation, RNS Asset Management Company, AIMobile Co. Ltd., and InveneXt System Co., Ltd. ; Vice Chairman of Royal Base Corporation ; President of Saint Investment Consulting Corporation ; Chairman of Director of Win Semiconductors Corp., Inventec Appliances Corporation, Inventec Besta Co., Ltd., Chainwin Biotech & Agrotech (Cayman Islands) LTD., and Inventec Group Charity Foundation.

Note 7: Chief Executive Officer of Lien Chan Foundation for Peace and Development ; Independent Director of Formosa Petrochemical Corp. ; Director of Grand Cathay Venture Capital II Co., Ltd. and Inventec Group Charity Foundation ; Managing Director of China Investment and Development Co. Ltd., Chairman of Grand Cathay Venture Capital Co., Ltd, Asia-Pacific Emerging Industries Venture Capital Co., Ltd, Prudence Venture Investment Corporation, and Global Investment Holdings Co., Ltd.

Note 8: Chairman of Sinocon Industrial Standards Foundation and China Petrochemical Development Corporation ; Chief Executive Officer of China Petrochemical Development Corporation ; Independent Director of Formosa Chemicals & Fibre Corporation ; Director of hannstar board corporation, Asia Cement Corporation, Taivex Therapeutics Inc., BES Engineering Corporation, Tatung Corp., Kaohsiung Monomer Company, and Inventec Group Charity Foundation.

Note 9: Adjunct Professor of Business Administration, National Taiwan University ; Chairman of IBF Financial Holdings Co., International Bills Finance Corporation, Top Taiwan VI Venture Capital Co., Ltd., and Top Taiwan VIII Venture Capital Co., Ltd. ; Independent Director of Formosa Plastics Corporation ; Director of Inventec Group Charity Foundation, Rakuten International Commercial Bank, AcBel Polytech Inc., Nuvoton Technology Corp., Elan Microelectronics Corp., and Avatack Co., LTD ; Supervisor of Breeze Comprehensive Development.

2.2.1.2.1 Major Shareholders of Inventec Corporation's Institutional Shareholders: None

2.2.1.2.2 Major Shareholders of Inventec Corporation's Major Institutional Shareholders: None

2.2.1.3 Disclosure of directors' professional qualifications and independent directors' status

05/18/2023

Name	Professional qualifications and experience (Note 1)	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Cho, Tom-Hwar	Chairman, Inventec Corporation Previously served as Chairman, Inventec Solar Energy Corporation Previously served as Director, Inventec Appliances Corporation and Simplo Technology Co. Ltd Specialized in industry marketing, and technology, etc.		-
Yeh, Kuo-I	Previously served as Chairman, Inventec Corporation Specialized in financial accounting, industry marketing, and technology, etc.		-
Wen, Shih-Chih	Chairman, Shyh Shiunn Investment Corp. Specialized in industry marketing, and technology, etc.		-
Lee, Tsu-Chin	Previously served as Chairman, Inventec Corporation Specialized in financial accounting, industry marketing, and technology, etc.		-
Chang, Ching-Sung	Chairman, Inventec Appliances Corporation Specialized in industry marketing, and technology, etc.		-
Yeh, Li-Cheng	Chairman, Fulltime Investment Corporation Chairman, Goldshare Investment Corporation Specialized in industry marketing, and technology, etc.		-
Chang, Chang-Pang	Chief Executive Officer, Lien Chan Foundation for Peace and Development Previously served as Chairman, Fuhwa Financial Holding Co., Ltd. Previously served as Deputy Minister, Ministry of Economic Affairs, Previously served as Deputy Secretary General, Executive Yuan Previously served as Vice Minister, Ministry of Finance,	Note 2	1

	<p>Previously served as Chairman, Securities and Exchange Commission, Ministry of Finance</p> <p>Act as members of the Company's audit and compensation committee</p> <p>National bar examination pass certificate</p> <p>Specialized in law and financial accounting, etc.</p>		
Chen, Ruey-Long	<p>Chairman, Sinocon Industrial Standards Foundation</p> <p>Previously served as Chairman, Institute for Information Industry</p> <p>Previously served as Minister, Ministry of Economic Affairs</p> <p>Act as members of the Company's audit and compensation committee</p> <p>Specialized in technology, finance, petrification and financial accounting, etc.</p>	Note 2	1
Wea, Chi-Lin	<p>Previously served as Chairman, Land Bank of Taiwan.</p> <p>Previously served as Secretary-General, Executive Yuan Administrative Deputy.</p> <p>Previously served as Chairperson, Department of International Trade of the College of Management, National Taiwan University</p> <p>Adjunct Professor, Business Administration, National Taiwan University.</p> <p>Act as members of the Company's audit and compensation committee</p> <p>Specialized in technology, finance, petrification and financial accounting, etc.</p>	Note 2	1

Note 1: Not been a person of any conditions defined in Article 30 of the Company Act.

Note 2: The independence criteria to indicate the directors had met any of the conditions during the 2 years prior to being elected or during the term of office

- (1) Not an employee of the Company or its affiliates
- (2) Not the directors or supervisors of the Company or the affiliated enterprises (except for those who are independent directors of the Company or the parent company, subsidiaries, or subsidiaries of the same parent company established in accordance with the Act or local laws).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- (4) Not the spouse, second-level blood relative, or lineal blood relative within three degrees of a manager listed in (1) or a person listed in (2) or (3).

- (5) Directors, supervisors, or employees indirectly holding more than 5% of the total shares issued by the Company, the top five shareholders, or appointing the representative as the directors or supervisors in accordance with Item 1 or 2 of Article 27 in the Company Law (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (6) Not the directors, supervisors, or employees of other companies with the director's seat of the Company or with more than half of the voting shares controlled by the same person (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (7) Not the directors, supervisors, or employees of other companies or organizations as the same person as the Company's chairman, general manager, or equivalent position or the spouse (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (8) Not the directors, supervisors, managers, or shareholders with more than 5% shares of specific companies or organizations with financial or business transaction with the Company (except for those who are independent directors of specific companies or organizations holding more than 20% of the total shares issued by the Company but not more than 50%, and of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (9) Not professionals of business, legal, financial, accounting, or other related services, entrepreneurs of proprietorships, partnerships, corporations or organizations, partners, directors, supervisors, and managers, or their spouses who provide audit services for the Company or affiliated enterprises or whose cumulative remuneration in the last two years has not exceeded NT\$500,000. However, this restriction shall not apply to members of the remuneration committee, open takeover review committee, or special committee for mergers and acquisitions who perform their duties under the Securities and Exchange Act or the relevant statutes of the Mergers and Acquisitions Act.

2.2.2 Managers' Information

2023.05.18

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions at other companies	Spouses or Relative within two degrees of kinship holding a position as Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President	R.O.C	Wu, Yung-Tsai	Male	2017.06.16	615,000	0.02%	15,864	0.00%	—	—	M.B.A. in Management, National Taiwan University of Science and Technology Linco Precision	Note 1	None	None	None
Business Group President	R.O.C	Chang, Hui	Male	2014.12.23	591,291	0.02%	213,554	0.01%	—	—	M.B.A. in Global Management, Thunderbird School of Global Management	Note 2	None	None	None
Business Group President	R.O.C	Tsai, Chih-An	Male	2014.12.23	746,101	0.02%	13,208	0.00%	—	—	B.S. in Industrial Engineering and Enterprise Information, Tunghai University Digital Equipment Corporation	Note 3	None	None	None
Executive Vice President	R.O.C	Yeh, Li-Cheng	Male	2020.07.01	117,412,472	3.27%	600,000	0.02%	—	—	Master of Information Engineering, Pace University Chairman, Fulltime Investment Corporation Chairman, Goldshare Investment Corporation	Note 4	Director	Yeh, Kuo-I	Father and son
Senior Vice President	R.O.C	Chiu, Chui-Kuan	Male	2017.06.27	410,239	0.01%	82,484	0.00%	—	—	B.S. in Institute of Control Engineering, National Chiao Tung University	None	None	None	None
Senior Vice President	R.O.C	Chen, Yea-Ping	Male	2013.07.30	120,000	0.00%	15,000	0.00%	—	—	Ph. D. in Electrical Engineering, University of Wisconsin-Madison Philips Semiconductors	Director of TMY Technology Inc.	None	None	None
Senior Vice President	R.O.C	Yi, Fu-Ming	Male	2016.11.14	65,637	0.00%	—	—	—	—	B.S. in Electrical Engineering, Tatung University	Director of Inventec (Chongqing) Corp.	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions at other companies	Spouses or Relative within two degrees of kinship holding a position as Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Senior Vice President	R.O.C	Chen, Wei-Chao	Male	2020.07.01	—	—	115,000	0.00%	—	—	PhD, Institute of Computer Science, University of North Carolina Skywatch Innovation	Chairman of Skywatch Innovation	None	None	None
Senior Vice President	U.S.A.	Chang, Lin	Male	2022.04.01	—	—	—	—	—	—	Department of Electronic Engineering, New York Institute of Technology, IBM, HP	None	None	None	None
Vice President	R.O.C	Chang, Nai-Wen	Female	2004.12.01	28,857	0.00%	—	—	—	—	LL.M. in Law, University of Minnesota VIA Technologies Inc.	None	None	None	None
Vice President	R.O.C	Hong, Kuo-Ching	Male	2006.03.01	134,036	0.00%	82,185	0.00%	—	—	M.B.A. in Executive Master of Business Administration, National Cheng-Chi University	None	None	None	None
Vice President	R.O.C	Chang Yiu-Lang	Male	2007.05.01	—	—	—	—	—	—	B.B.A. in Business Administration, Senshu University M.B.A. in Business Administration, National Taiwan University Alpha Networks	None	None	None	None
Vice President	R.O.C	Yu, Chin-Pao	Male	2009.01.20	707,576	0.02%	175,105	0.00%	—	—	B.B.A. in Accounting, National Cheng Kung University M.B.A. in Executive Master of Business Administration, National Cheng-Chi University	Note 5	None	None	None
Vice President	R.O.C	Chien, Kuei-Fen	Female	2010.01.22	68	0.00%	—	—	—	—	M.B.A., Missouri State University Digital Equipment Corporation	None	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions at other companies	Spouses or Relative within two degrees of kinship holding a position as Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Tsai, Yuh-Chen	Male	2010.12.28	—	—	—	—	—	—	M.S. in Engineering and Computer Science, Syracuse University Arima Computer Corp.	None	None	None	None
Vice President	R.O.C	Hsu, Ching-Wu	Male	2012.01.16	88,508	0.00%	—	—	—	—	M.B.A in Finance and Business Administration, National Taiwan University of Science and Technology Sanyo Electric Corp., Ltd.	None	None	None	None
Vice President	R.O.C	Lin, Shu-Ju	Male	2018.02.27	—	—	—	—	—	—	Ph. D. in Mechanical Engineering, National Taiwan University of Science and Technology C.T. Star Co., Ltd.	None	None	None	None
Vice President (Note 6)	R.O.C	Yen, Cheng-Lung	Male	2018.02.27	248	0.00%	—	—	—	—	M.S. in Industrial Engineering, National Tsing Hua University. RiTdisplay Corporation	Note 6	None	None	None
Vice President	R.O.C	Chao, Tsai-Hsiu	Female	2018.02.27	6,227	0.00%	20,275	0.00%	—	—	Master of Business Administration, National Central University Digital Equipment Corporation	Director of Yingtengda (Guangdong) Technology Co.,Ltd	None	None	None
Vice President	R.O.C	Li, Jui-Chin	Male	2018.02.27	—	—	—	—	—	—	Master of Business Administration, Syracuse University INTEL	None	None	None	None
Vice President	R.O.C	Chung, Chien-Yao	Male	2021.06.29	—	—	—	—	—	—	University of Illinois Urbana-Champaign, IBM, Quanta Cloud Technology	None	None	None	None
Vice President	R.O.C	Lin, Hung-Chou	Male	2021.10.01	—	—	371	0.00%	—	—	University of Northern Virginia, Verifone Inc., DELL, APC	President of SQ Technology (Shanghai) Corporation.	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions at other companies	Spouses or Relative within two degrees of kinship holding a position as Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Ting, Wei-Fan	Male	2021.10.01	—	—	—	—	—	—	NCTU Institute of Physics, Philips, Digital Equipment Corporation	None	None	None	None
Vice President	R.O.C	Chen, Wen-Chi	Male	2022.02.01	597	0.00%	50,000	0.00%	—	—	Department of Mechanical Engineering, National Central University, Quanta Computer Inc.	None	None	None	None
Vice President	R.O.C	Yu, San-Hua	Male	2022.04.01	—	—	—	—	—	—	Department of industrial engineering, National Taipei University of Technology	Note 7	None	None	None
Vice President	R.O.C	Song, Jing-Sian	Male	2022.07.01	—	—	—	—	—	—	San Francisco State University/MBA, Cogitoimage International Co., Ltd.	None	None	None	None
Vice President	R.O.C	Wang, Chih-Ching	Male	2022.07.01	—	—	6,852	0.00%	—	—	University of California, Santa Barbara/Bachelor of Science.	None	None	None	None
Vice President	R.O.C	Shih, Yu-Te	Male	2022.07.01	—	—	—	—	—	—	Department of Electronic Engineering, Hwa Hsia University of Technology, Wayi International Digital Entertainment Co., Ltd.	None	None	None	None
Vice President	R.O.C	Yu, Win-Chee	Male	2022.10.01	493,636	0.01%	67,922	0.00%	—	—	M.S. in Communications Engineering, National Chiao Tung University	None	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Current positions at other companies	Spouses or Relative within two degrees of kinship holding a position as Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Lin, Shih-Pin	Male	2022.10.01	28,000	0.00%	—	—	—	—	M.S. in Manufacturing Engineering, Boston University Hon Hai Technology Group Radiant Opto-Electronics Corporation	None	None	None	None
Vice President	R.O.C	Wu, Chia-Ming	Male	2023.01.01	—	—	—	—	—	—	China University of Science and Technology, Anton Technology Co., Ltd.	None	None	None	None
Director of Finance Center	R.O.C	Liang, Wen-Jan	Male	2008.08.01	—	—	—	—	—	—	B.B.A. in Economics, National Taiwan University OCBC Bank	None	None	None	None
Director of Finance Center	R.O.C	Hsiao, I-Ying	Female	2015.04.01	996	0.00%	—	—	—	—	M.B.A., Baruch College, City University of New York CTBC bank	None	None	None	None

Note 1: Executive Director of Inventec (Pudong) Corp., Inventec (Shanghai) Corp., Inventec (Beijing) Electronics Technology Co., Ltd., and Shanghai Yingquanda Industrial Co.,Ltd. ; Chairman of Inventec Asset-Management (Shanghai) Corporation ; President of Inventec (Shanghai) Corp. ; Director of AIMobile Co., Inventec Investments Co., Ltd., Inventec Holding (North America) Corp.,Ltd., Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp., and IEC Technologies,S.de R.L.de C.V..

Note 2: Chairman of Inventec (Chongqing) Corp. ; Executive Director of Inventec (Chongqing) Service Co., Ltd. ; Dircetor of Inventec Appliances Corp.

Note 3: Chairman of Inventec (Tianjin) Electronics Co., Ltd., and Inventec (Pudong) Technology Corp., ; President of Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp., IEC

Technologies,S.de R.L.de C.V., and Inventec Holding (North America) Corp.,Ltd. ; Director of Inventec Appliances Corp., Inventec Holding (North America) Corp., Inventec (USA) Corp., Inventec Manufacturing(North America) Corp., Inventec Configuration(North America) Corp., Inventec Distribution(North America) Corp. ; Representative of Inventec (Czech) s.r.o. ; Executive Director of Inventec Hi-Tech Corp., Inventec (Shanghai) Service Co., Ltd., Saint Investment Consulting Corporation, and SQ Technology (Shanghai) Corporation.

Note 4: Chairman of Fulltime Investment Co. Ltd., Goldshare Investment Corporation, RNS Asset Management Company, AIMobile Co. Ltd., and InveneXt System Co., Ltd. ; Vice Chairman of Royal Base Corporation ; President of Saint Investment Consulting Corporation ; Chairman of Director of Win Semiconductors Corp., Inventec Appliances Corporation, Inventec Besta Co., Ltd., Chainwin Biotech & Agrotech (Cayman Islands) LTD., and Inventec Group Charity Foundation.

Note 5: Director and President of Inventec Investments Co., Ltd. ; Director of Inventec Solar Energy Corporation, and Arima Communications Corp., Supervisor of Inventec Appliances Corp., AIMobile Co., Ltd., and InveneXt System Co., Ltd. ; Chief Executive Officer of Inventec Group Charity Foundation ; Supervisor of Inventec Development Japan Corporation, and Inventec Japan Corporation.

Note 6: Director of Inventec (Tianjin) Electronics Co., Ltd., and Inventec (Pudong) Technology Corp. Yen, Cheng-Lung applied for age-based retirement on 12/27/2022 and relieved the manager on 01/01/2023.

Note 7: Director and President of Inventec (Chongqing) Corp. ; President of Inventec (Chongqing) Service Co., Ltd.

according to the number of times they actually attend board, audit committee, remuneration committee and sustainability committee meetings. The independent directors of the Company shall not participate in the decision of remuneration distribution of directors.

- (2). The remuneration of directors and managers shall be assessed, reviewed, drafted, and recommended by the Remuneration Committee of the Company on a regular basis and submitted to the board of directors for approval.
- (3). The performance evaluation of the board of directors shall be carried out regularly every year. The chief corporate governance officer shall report to the board of directors for review and improvement, depending on the results of the performance evaluation, which shall serve as a reference for the selection or nomination of directors and individual remuneration.

2. Apart from those disclosed in the above table, the remuneration received by Company directors for providing services to all companies in financial reports of recent years (such as taking a post as an adviser, other than employee): None.

Bracket	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the financial report	The Company	Companies in the financial report
Below NT\$ 1,000,000				
NT\$1,000,000(Included) ~ \$2,000,000(Excluded)				
NT\$2,000,000(Included) ~ \$3,500,000(Excluded)	Chang Chang-Pang, Chen Ruey-Long, Wea Chi-Lin	Chang Chang-Pang, Chen Ruey-Long, Wea Chi-Lin	Chang Chang-Pang, Chen Ruey-Long, Wea Chi-Lin	Chang Chang-Pang, Chen Ruey-Long, Wea Chi-Lin
NT\$3,500,000(Included) ~ \$5,000,000(Excluded)				
NT\$5,000,000(Included) ~ \$10,000,000(Excluded)	Lee Tsu-Chin, Wen Shih-Chih,	Lee Tsu-Chin, Wen Shih-Chih,		
NT\$10,000,000(Included) ~ \$15,000,000(Excluded)	Chang Ching-Sung Yeh Li-Cheng	Chang Ching-Sung Yeh Li-Cheng	Chang, Ching-Sung	
NT\$15,000,000(Included) ~ \$30,000,000(Excluded)	Cho Tom-Hwar, Yeh Kuo-I	Cho Tom-Hwar, Yeh Kuo-I	Yeh Kuo-I, Wen Shih-Chih, Lee Tsu-Chin, Yeh Li-Cheng	Yeh Kuo-I, Wen Shih-Chih, Lee Tsu-Chin, Chang Ching-Sung, Yeh Li-Cheng
NT\$30,000,000(Included) ~ \$50,000,000(Excluded)			Cho, Tom-Hwar	Cho, Tom-Hwar
NT\$50,000,000(Included) ~ \$100,000,000(Excluded)				
Over NT\$100,000,000				
Total	9	9	9	9

The data contained in this form shall be used for information disclosure only; it does not form the basis for taxable income.

Note: Supervisor's remuneration is not applicable (due to the establishment of the audit committee)

2.2.3.2 Compensation Paid to Presidents and Vice Presidents

Unit: NT\$ Thousands

Title	Name	Compensation (A)		Retirement pension (B)		Bonus (C)		Employees bonus (D)				Total amount (A+B+C+D) and ratio of total to net income		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company		Companies in the financial report		The Company	Companies in the financial report	
								cash	stock	cash	stock			
President	Wu, Yung-Tsai	107,598	119,599	5,041	5,041	124,073	124,403	57,850	-	57,850	-	294,562	306,893	-
Business Group President	Chang, Hui													
Business Group President	Tsai, Chih-An													
Executive Vice President	Yeh, Li-Cheng													
Senior Vice President	Chiu, Chui-Kuan													
Senior Vice President	Chen, Yea-Ping													
Senior Vice President	Yi, Fu-Ming													
Senior Vice President	Chen, Wei-Chao													
Senior Vice President (Note2)	Chang, Lin													
Vice President	Chang, Nai-Wen													
Vice President	Hong, Kuo-Ching													
Vice President	Chang Yiu-Lang													
Vice President	Yu, Chin-Pao													
Vice President	Chien, Kuei-Fen													
Vice President	Tsai, Yuh-Chen													
Vice President	Hsu, Ching-Wu													
Vice President	Lin, Shu-Ju													
Vice President (Note6)	Yen, Cheng-Lung													
Vice President	Chao, Tsai-Hsiu													
Vice President	Li, Jui-Chin													
Vice President	Chung, Chien-Yao													
Vice President	Lin, Hung-Chou													
Vice President	Ting, Wei-Fan													
Vice President (Note1)	Chen, Wen-Chi													
Vice President (Note2)	Yu, San-Hua													
Vice President (Note3)	Song, Jing-Sian													
Vice President (Note3)	Wang, Chih-Ching													
Vice President (Note3)	Shih, Yu-Te													
Vice President (Note4)	Yu, Win-Chee													
Vice President (Note4)	Lin, Shih-Pin													
Vice President (Note5)	Wu, Chia-Ming													

Bracket	Name	
	The Company	Companies in the financial report
Below NT\$ 1,000,000		
NT\$1,000,000(Included) ~ \$2,000,000(Excluded)		
NT\$2,000,000(Included) ~ \$3,500,000(Excluded)		
NT\$3,500,000(Included) ~ \$5,000,000(Excluded)	Yu Win-Chee (Note4), Lin Shih-Pin (Note4)	Yu Win-Chee (Note4), Lin Shih-Pin (Note4)
NT\$5,000,000(Included) ~ \$10,000,000(Excluded)	Chiu Chui-Kuan, Chang Nai-Wen, Hong Kuo-Ching, Chang Yiu-Lang, Chien Kuei-Fen, Yen Cheng-Lung (Note6), Chao Tsai-Hsiu, Li Jui-Chin, Chung Chien-Yao, Chen Wei-Chao, Chen Yea-Ping, Tsai Yuh-Chen, Hsu Ching-Wu, Lin Hung-Chou, Ting Wei-Fan, Chen Wen-Chi(Note1), Yu San-Hua(Note2), Song Jing-Sian(Note3), Wang Chih-Ching(Note3), Shih Yu-Te(Note3), Wu Chia-Ming(Note5), Yeh, Li-Cheng	Chiu Chui-Kuan, Chang Nai-Wen, Hong Kuo-Ching, Chang Yiu-Lang, Chien Kuei-Fen, Yen Cheng-Lung(Note6), Chao Tsai-Hsiu, Li Jui-Chin, Chung Chien-Yao, Chen Wei-Chao, Chen Yea-Ping, Tsai Yuh-Chen, Hsu Ching-Wu, Lin Hung-Chou, Ting Wei-Fan, Chen Wen-Chi (Note1), Yu San-Hua (Note2), Song Jing-Sian (Note3), Wang Chih-Ching (Note3), Shih Yu-Te (Note3), Wu Chia-Ming (Note5), Yeh Li-Cheng
NT\$10,000,000(Included) ~ \$15,000,000(Excluded)	Yu Chin-Pao, Chang Lin (Note2), Lin Shu-Ju	Yu Chin-Pao, Lin Shu-Ju
NT\$15,000,000(Included) ~ \$30,000,000(Excluded)	Wu Yung-Tsai, Chang Hui, Tsai Chih-An, Yi Fu-Ming	Wu Yung-Tsai, Chang Hui, Tsai Chih-An, Chang Lin (Note2), Yi Fu-Ming
NT\$30,000,000(Included) ~ \$50,000,000(Excluded)		
NT\$50,000,000(Included) ~ \$100,000,000(Excluded)		
Over NT\$100,000,000		
Total	31	31

The data contained in this form shall be used for information disclosure only; it does not form the basis for taxable income.

Note1: On Jan. 25, 2022, Chen, Wen-Chi was appointed as the vice president, which took effect on Feb. 1, 2022.

Note2: On March 15, 2022, Chang, Lin was appointed as the senior vice president, and Yu, San-Hua was appointed as the vice president, which took effect on April 1, 2022.

Note3: On June 28, 2022, Song, Jing-Sian, Wang, Chih-Ching and Shih, Yu-Te were appointed as the vice president, which took effect on July 1, 2022.

Note4: On Sep. 26, 2022, Yu, Win-Chee and Lin, Shih-Pin were appointed as the vice president, which took effect on Oct. 1, 2022.

Note5: On Dec. 27, 2022, Wu, Chia-Ming was appointed as the vice president, which took effect on Jan. 1, 2023.

Note6: On Dec. 27, 2022, Vice president Yen, Cheng-Lung applied for retirement and were relieved of his positions on Jan. 1, 2023.

2.2.3.3 Employees' Profit-Sharing Bonus Paid to Management Team

Unit: NT\$ Thousands

Title	Name	Stock	Cash	Total	Ratio of total amount to net income
President	Wu, Yung-Tsai	-	59,120	59,120	0.96%
Business Group President	Chang, Hui				
Business Group President	Tsai, Chih-An				
Executive Vice President	Yeh, Li-Cheng				
Senior Vice President	Chiu, Chuil-Kuan				
Senior Vice President	Chen, Yea-Ping				
Senior Vice President	Yi, Fu-Ming				
Senior Vice President	Chen, Wei-Chao				
Senior Vice President (Note2)	Chang, Lin				
Vice President	Chang, Nai-Wen				
Vice President	Hong, Kuo-Ching				
Vice President	Chang Yiu-Lang				
Vice President	Yu, Chin-Pao				
Vice President	Chien, Kuei-Fen				
Vice President	Tsai, Yuh-Chen				
Vice President	Hsu, Ching-Wu				
Vice President	Lin, Shu-Ju				
Vice President (Note6)	Yen, Cheng-Lung				
Vice President	Chao, Tsai-Hsiu				
Vice President	Li, Jui-Chin				
Vice President	Chung, Chien-Yao				
Vice President	Lin, Hung-Chou				
Vice President	Ting, Wei-Fan				
Vice President (Note1)	Chen, Wen-Chi				
Vice President (Note2)	Yu, San-Hua				
Vice President (Note3)	Song, Jing-Sian				
Vice President (Note3)	Wang, Chih-Ching				
Vice President (Note3)	Shih, Yu-Te				
Vice President (Note4)	Yu, Win-Chee				
Vice President (Note4)	Lin, Shih-Pin				
Vice President (Note5)	Wu, Chia-Ming				
Director of Finance Center	Liang, Wen-Jan				
Director of Finance Center	Hsiao, I-Ying				

Note1: On Jan. 25, 2022, Chen, Wen-Chi was appointed as the vice president, which took effect on Feb. 1, 2022.

Note2: On March 15, 2022, Chang, Lin was appointed as the senior vice president, and Yu, San-Hua was appointed as the vice president, which took effect on April 1, 2022.

Note3: On June 28, 2022, Song, Jing-Sian, Wang, Chih-Ching and Shih, Yu-Te were appointed as the vice president, which took effect on July 1, 2022.

Note4: On Sep. 26, 2022, Yu, Win-Chee and Lin, Shih-Pin were appointed as the vice president, which took effect on Oct. 1, 2022.

Note5: On Dec. 27, 2022, Wu, Chia-Ming was appointed as the vice president, which took effect on Jan. 1, 2023.

Note6: On Dec. 27, 2022, Vice president Yen, Cheng-Lung applied for retirement and were relieved of his positions on Jan. 1, 2023.

2.2.3.4 Compare and State the Ratio of Total Remuneration Paid to the Company's Directors, Supervisors, President and Vice Presidents by the Company and the Companies in the Consolidated Financial Statements to Net Income in the Past Two Years.

Unit: NT\$ Thousands

Item	The Company		Companies in the financial report	
	2021	2022	2021	2022
Remuneration of Directors	93,072	78,182	93,312	78,422
Ratio of total to net income	1.42%	1.28%	1.43%	1.28%
Remuneration of the President and Vice President	224,996	294,562	236,575	306,893
Ratio of total to net income	3.44%	4.81%	3.62%	5.01%
Net income	6,537,765	6,128,786	6,537,765	6,128,786

Note: The compensation to directors in 2022 was decreased compared to 2021 due to decreased net income after tax. The total compensation of the president and vice presidents was increased compared to 2021 because the number of persons and bonus payments were increased.

2.2.3.5 The Policies, Standards, and Combinations of Remuneration Paid to Directors, President, and Vice Presidents, the Procedures for Remuneration Determination, and the Correlation with Operational Performance and Risks in the Future

- (1). According to the Articles of Incorporation, if the Company has made a profit in the current year, no less than 3% shall be appropriated for the compensation of employees and no more than 3% shall be appropriated for the compensation of directors by Article 26 of the Articles of Incorporation. The Company shall compensate all directors managing Company businesses regardless of profit or loss in operation.

The standard shall be based on the degree of participation in the Company's business and the value of contribution, taking into account the general level of the industry. Procedures for the determination of directors' remuneration shall be submitted to the board of directors for resolutions made by the remuneration committee's recommendations and assessed in accordance with the Board Performance Evaluation Method and the Remuneration Method for Directors and Managers. The remuneration of directors shall fully reflect their personal performance and the long-term business performance of the Company and shall comprehensively consider the operational risks of the Company. For independent directors, a reasonable remuneration differing from that of ordinary directors may be prescribed. The independent directors of the Company shall be paid a fixed amount monthly and shall be compensated for travelling expenses according to the number of times they actually attend board, audit committee, sustainability committee and remuneration committee meetings. The independent directors of the Company shall not participate in the remuneration distribution of directors. The remuneration of the remaining directors shall include compensation, salary, bonus and retirement pension. In addition, they shall be compensated for travelling expenses according to the number of times they actually attend board meetings and shall participate in the remuneration distribution of directors. The performance evaluation of directors shall include at least six aspects: Understanding of corporate objectives and tasks, cognition of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control. The remuneration of managers includes salary, bonus and retirement pension, and they can participate in the employees' profit sharing. The performance evaluation indicators of managers are as follows:

A. Company performance:

Financial indicator: Earnings per share.

Non-financial indicator: Greenhouse gas reduction/proportion of renewable energy/energy efficiency.

B. Unit performance:

Financial indicator: After-tax profit/Revenue (results of budget achievement)/operating cash flow/dynamic items.

Non-financial indicator: Engagement in sustainable development (indicators such as electricity consumption reduction, waste reduction, water intensity, etc.).

C. Individual performance: Individual appraisal result.

- (2). Procedures for the determination of director, president and vice presidents' remuneration shall be submitted to the board of directors for resolutions made by the remuneration committee's recommendations. The procedure is based on the "Remuneration Regulations of the Board of Directors and Manager". The Company takes into account of the usual level of the industry, and considers the time invested by

the individual, the responsibilities assumed, the achievement of personal goals, performance in other positions, and the salary that the company has given to those in the same position in recent years. It should be based on the company's short-term and long-term business goals and financial status, etc., and the reasonableness of the relationship between personal performance, the company's operating performance and future risks, etc. shall also be assessed.

- (3). The remuneration policies of the Company aim to enhance long-term competitiveness and sustainable operational ability, improve overall operation in the future, and fulfill the ideal of giving full scope to the Company's talents. In principle, the remuneration payment is fully incorporated with performance. The remuneration system supports the fulfillment of operational strategies and creates long-term and sustainable shareholders' value. Comprehensive evaluation items include operational performance (revenue, net income after tax, etc.), overall salary, and individual performance for overall consideration, and the payment will be distributed based on individual contributions to carry out the performance-oriented incentive system. In addition, after comprehensive consideration of the current trend of corporate governance, reasonable remuneration will be given to achieve a balance between sustainable operation and risk control. The important decisions of the management of the Company are made by balancing various risk factors, and the performance of relevant decisions is reflected in the profitability of the Company so that the compensation of the management is related to the performance of risk control.

2.3 Corporate Governance Practices

2.3.1 Information of Board Meeting Operation

(1). A total of 13 (A) meetings of the board of directors were held in 2022. Directors' attendance status is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Chairman	Cho, Tom-Hwar	13	0	100%	Reelection on 2020.06.12
Director	Yeh, Kuo-I	13	0	100%	Reelection on 2020.06.12
Director	Wen, Shih-Chih	13	0	100%	Reelection on 2020.06.12
Director	Lee, Tsu-Chin	13	0	100%	Reelection on 2020.06.12
Director	Chang, Ching-Sung	13	0	100%	Reelection on 2020.06.12
Director	Yeh, Li-Cheng	13	0	100%	Newly appointed on 2020.06.12
Independent Director	Chang, Chang-Pang	13	0	100%	No more than three consecutive terms
Independent Director	Chen, Ruey-Long	13	0	100%	No more than three consecutive terms
Independent Director	Wea, Chi-Lin	13	0	100%	Newly appointed on 2020.06.12

Other matters that should be recorded:

I. Should any of the following circumstances occur at the Board of Directors Meeting, the date of the Board of Directors, the stage, contents proposed, opinions of all independent directors, and the Company's handling of independent directors' opinions, should any exist, shall be specified:

(I) Matters as stipulated in Paragraph 3 of Article 14 of the Securities Exchange Act: Not Applicable (due to the establishment of the audit committee).

(II) Apart from the above-mentioned matters, other board resolution matters on which an independent director has an adverse or expertise opinion recorded or in the form of a written statement: None.

II. Attendance of Independent Directors at 2022 Board Meetings:

✓: Attending in person; ⊙: Delegated a representative to attend; ○: absent

Board of directors meeting	1	2	3	4	5	6	7	8	9	10	11	12	13
Chang, Chang-Pang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Ruey-Long	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wea, Chi-Lin	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

III. For the Director's Avoidance of Proposal with a Conflict of Interest, the Name of the Director, Proposal Content, Reason for Conflict of Interest, and Participation in Voting shall be Specified:

Board of directors meeting	Board of directors	Contents proposed	Cause of conflict of interest and status of voting participation
The 22nd time of the 16th term 2022.01.25	Wen, Shih-Chih,	Passed Inventec (Chongqing) Corp to purchase new staff dormitory as demanded by operating requirements	Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.

<p>The 24th time of the 16th term 2022.03.15</p>	<p>Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng</p>	<p>Discuss the remuneration of the Company's employees and directors in 2021 proposed by Remuneration Committee.</p>	<p>This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.</p>
<p>The 24th time of the 16th term 2022.03.15</p>	<p>Chen, Ruey-Long,</p>	<p>Approved for release the prohibition on Director Chen, Ruey-Long, from participation in competitive business</p>	<p>Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.</p>
<p>The 32nd time of the 16th term 2022.11.11</p>	<p>Yeh, Kuo-I Lee, Tsu-Chin, Yeh, Li-Cheng Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin</p>	<p>Donate TWD 10 million to Inventec Group Charity Foundation.</p>	<p>Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.</p>
<p>16th term (Extraordinary Meeting) 2022.12.05</p>	<p>Cho, Tom-Hwar Yeh, Li-Cheng Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin</p>	<p>Set up a Sustainability Committee and appoint members.</p>	<p>Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.</p>
<p>The 33rd time of the 16th term 2022.12.27</p>	<p>Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng</p>	<p>2022 directors and managers' remunerations and year-end bonus proposal</p>	<p>This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.</p>

<p>The 33rd time of the 16th term 2022.12.27</p>	<p>Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng</p>	<p>Proposed for the 2023 remuneration adjustment for directors and managers of the Company</p>	<p>This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.</p>
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IV. A Listed and OTC Company shall Disclose the Assessment Period, Duration, Scope, Method, and Content of the Self-Assessment of the Board of Directors:

(2) Assessment Performance of the Board of Directors

Assessment cycle	Assessment period	Assessment scope	Assessment methodology	Assessment content
Once a year	2022	Includes the entire Board of Directors, individual board members, and functional committee	The Board of Directors, functional committee, and internal self-assessment of the members of the Board of Directors and Outsourcing evaluation	<p>(1) Performance assessment of the Board of Directors: includes the involvement of participation in the operation of the Company, the quality of board decisions, the composition and structure of the Board of Directors, the selection and continuing education of directors, and the internal control.</p> <p>(2) Performance assessment of individual director: includes the mastery of the Company's objectives and tasks, the recognition of directors' duties, the participation in the Company's operations, internal relationship management and communication, the directors' professional and continuing education, and the internal control.</p> <p>(3) Performance assessment of functional committees: includes the involvement of participation in the operation of the Company, the recognition of the responsibilities of functional committees, the quality of the decision-making of functional committees, the composition and selection of functional committees, and the internal control.</p>

V. The goals of strengthening functions of the Board in the current year and most recent year (e.g., establish Audit Committee, promote information transparency) and implementation status:

Strengthen board of directors' and functional committees' functions

1. Set up a Sustainability Committee under the Board on 12/5/2022.
2. Deepen corporate management: Formulate corporate governance best practice principles and rules governing financial and business matters between this corporation and its affiliated enterprises
3. Enhance risk management supervision
4. Implement the board's responsibility for sustainable development.

Safeguard shareholders' equity

1. Equal treatment of shareholders: properly handle shareholders' suggestions and queries and increase interaction with investors.

Improve information transparency.

1. Improve the timeliness of disclosure of information contained in financial statements
2. Enhance non-financial and ESG information disclosure.

The Company has finished revising the Rules of Procedure for Shareholders Meetings, Procedures for Acquisition or Disposal of Assets, Rules of Procedure for Board of Directors Meetings, Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles and Sustainable Development Code of Practice in 2022.

VI. The fulfillment of member diversification of the Board

According to Article 20 of the Corporate Governance Best Practice Principles and Article 3 of Rules for the Election of Directors of the Company, the members of the Board shall have knowledge, skills, and accomplishments as required by the duties. As a whole, the Board shall be able to make operational judgment and accounting and financial analysis, as well as have business management ability, crisis handling ability, industrial knowledge, a global market view, and leadership and decision-making abilities. The composition of members of the Board shall be diversified, and a plan for diversified members of the Board aimed at the operation, operational type, and future development trends shall be established, including basic conditions and value (gender, age, nationality, and culture) and professional knowledge and skills (e.g., law, accounting, industry, finance, marketing, or technology). The physical management goals of diversified policies and achievements are as follows:

Management goal	Achievement
At least one-third of directors shall be specialized in the computer industry, marketing, or technology	Done
At least one-third of independent directors shall be specialized in law, financial accounting, or technology	Done

The implementation of Board member diversification in 2022 was as follows:

Name	Diversified items	Basic Composition									Industry experience			Professional ability				
		Nationality	Gender	Age						Term and seniority of independent directors		Technology	Finance	Petrochemical	Law	Accounting and finance	Industrial marketing	Information Technology
				51-55	61-65	66-70	71-75	76-80	81-85	0-3	7-9							
Cho, Tom-Hwar		R.O.C	Male	-	-	V	-	-	-	-	-	V	-	-	-	-	V	V
Yeh, Kuo-I		R.O.C	Male	-	-	-	-	-	V	-	-	V	-	-	-	V	V	-
Wen, Shih-Chih		R.O.C	Male	-	V	-	-	-	-	-	-	V	-	-	-	-	V	V
Lee, Tsu-Chin		R.O.C	Male	-	-	-	V	-	-	-	-	V	-	-	-	V	V	-
Chang, hing-Sung		R.O.C	Male	-	-	V	-	-	-	-	-	V	-	-	-	-	V	V
Yeh, Li-Cheng		R.O.C	Male	V	-	-	-	-	-	-	-	V	-	-	-	-	V	V
Chang, Chang-Pang		R.O.C	Male	-	-	-	-	V	-	-	V	V	V	-	V	V	-	-
Chen, Ruey-Long		R.O.C	Male	-	-	-	V	-	-	-	V	V	V	V	-	V	-	-
Wea, Chi-Lin		R.O.C	Male	-	-	-	V	-	-	V	-	V	V	V	-	V	-	-

Note 1: The current board of directors consists of nine directors (including three independent directors). They are all extraordinary persons with rich professional practices and are capable of leadership decisions, operational management, operational judgment, crisis handling, industrial knowledge, and international market observation. The three independent directors are specialized in law, economics, and business management, respectively. Six directors are specialized in finance and accounting, technology, and industrial marketing to carry out member diversification policies that help the Company promote corporate governance efficacy and operational performance.

Note 2: Term of office of independent directors: Director Chang, Chang-Pang and Chen, Ruey-Long were appointed on 2014/06/12, with a seniority of 9 years, while Director Wea, Chi-Lin was appointed on 2010/06/12, with a seniority of 3 years. All independent directors' terms of office were less than 3 seasons. In addition, all the Company's director members are Chinese and 3 independent directors without any female director (which separately accounts for 33% and 0% account of the entire director membership). In the future, the Company also considers increasing female director members to achieve gender equality. At the end of 2022, there was one director who was within 51-55 years old, one director within 61-65 years old, two directors within 66-70 years old, three directors within 71-75 years old, one director within 76-80 years old and one director within 81-85 years old. Of these, independent directors all conformed to FSC Securities and Futures Bureau's relevant specifications. For each director's educational background, work experience, gender, professional qualification, etc., please refer to 2.2.1 Directors' Information.

VII. Independence of the Board

1. Structure of the Board

The Company has established a director election system, and all directors have been elected openly and fairly by the provisions of the Company's Articles of Association, the Guidelines for the Election of Directors, the Code of Practice on Corporate Governance, Regulations on the Setup of Independent Directors and the Compliance of IPO Companies and Article 14 (2) of the Securities Exchange Act. The current Board of Directors consists of 3 independent directors (33%) and 6 non-independent directors (69%), among which are Yeh, Kuo-I and Yeh, Li-Cheng who are relatives within two generations. All the directors comply with the provisions of Item 3 and Item 4 of Article 26 of the Securities Exchange Act.

2. Independence of the Board

The Company's board of directors directs the Company's strategy, supervises the management, and is responsible to the Company and the shareholders. In terms of the operation and arrangement of the corporate governance system, the Board of Directors exercises its powers as per the law, Articles of Association, or the resolutions of the Board of Shareholders. The Company's Board of Directors emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals and exercise their functions independently. The three independent directors also follow the relevant laws and regulations, combined with the functions and powers of the audit committee, and review the Company's existing or potential risk control, to supervise the effective implementation of the Company's internal control, the selection (removal) and independence of certified accountants and the preparation of the financial statements. In addition, the board establishes and implements the cumulative voting system and candidate nomination system by the Company's Procedure for the Election of Directors and Independent Directors and encourages shareholders to participate. Shareholders holding more than a certain number of shares shall put forward a list of candidates. The relevant acceptance operations shall be conducted and announced by the law for the examination of the qualifications of the candidates and the confirmation of whether there is any violation of the provisions of Article 30 of the Company Law to protect the shareholders' rights and interests and to avoid monopolization or excessive nominating rights and to maintain independence. For the independent information of directors, please refer to 2.2 Directors, Supervisors and Managers' Information.

2.3.2 Operation of the Audit Committee :

A total of 5 (A) meetings of the audit committee were held in 2022. Attendance status is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Convener	Chang, Chang-Pang	5	0	100%	Reelection on 2020.06.12
Committee member	Chen, Ruey-Long	5	0	100%	Reelection on 2020.06.12
Committee member	Wea, Chi-Lin	5	0	100%	Newly appointed on 2020.06.12

Other scenarios to be described:

A. If the audit committee is found to have any of the following situations, it should state the date of the board meeting, session, case content, resolution result by the audit committee, and administration of the Company regarding the opinion of the audit committee.

a. Items listed in Article 14-5 of the stock transaction Law

Audit Committee	Contents proposed	Matters stipulated in paragraphs 14-3 of the Securities Exchange Act	Items suggested or opposed by independent directors	Administration of the Company regarding the opinion of the Audit Committee	Resolution result by the Audit Committee
2022.03.14	1. 2021 statement of internal control system	14-5-2	No	No	The proposal is approved by all the attendees
	2. 2021 financial report and business report	14-5-10	No	No	The proposal is approved by all the attendees
	3. Profit distribution of 2021	14-5-11	No	No	The proposal is approved by all the attendees
	4. Appointment of certified public accountant.	14-5-8	No	No	The proposal is approved by all the attendees
	5. Modification of the Rules of Corporate Governance Best Practice Principles	14-5-11	No	No	The proposal is approved by all the attendees

	6. Modification of the Corporate Social Responsibility Best Practice Principles	14-5-11	No	No	The proposal is approved by all the attendees
	7. Modification of the Ethical Corporate Management Best Practice Principles	14-5-11	No	No	The proposal is approved by all the attendees
	8. Modification of Procedures for Acquisition or Disposal of Assets	14-5-3	No	No	The proposal is approved by all the attendees
	9. Modification of Articles of Incorporation	14-5-11	No	No	The proposal is approved by all the attendees
	10. Modification of the Procedure for Shareholders Meetings	14-5-11	No	No	The proposal is approved by all the attendees
	11. Approved for release the prohibition on Director Chen, Ruey-Long from participation in competitive business	14-5-4	No	No	Except for the member prohibited from discussion and voting, the other attending members have no objection, and this resolution is approved.
2022.4.26	1.By participating in the bidding for the optoelectronic plant in Tainan Technology Industrial Park Service Center.	14-5-5	No	No	The proposal is approved by all the attendees
	2.Through a capital increase of Inventec Holding (North America) Corp., Ltd	14-5-3	No	No	The proposal is approved by all the attendees
2022.5.13	1. 2022 Q1 consolidated financial report	14-5-10	No	No	The proposal is approved by all the attendees
2022.8.12	1. 2022 Q2 consolidated financial report	14-5-10	No	No	The proposal is approved by all the attendees
2022.11.11	1. Revision of the Internal Control System of the Company.	14-5-1	No	No	The proposal is approved by all the attendees
	2. 2023 Internal Audit Plan.	14-5-11	No	No	The proposal is approved by all the attendees
	3. 2022 Q3 consolidated financial report.	14-5-10	No	No	The proposal is approved by all the attendees
	4. Accountant's fees of 2022	14-5-8	No	No	The proposal is approved by all the attendees

	5. Review current Audit Committee Charter	14-5-11	No	No	The proposal is approved by all the attendees
	6. Modification of the Rules of Procedure for Board of Directors Meetings	14-5-11	No	No	The proposal is approved by all the attendees
	7. Modification of the Procedure for Handling Material Inside Information	14-5-11	No	No	The proposal is approved by all the attendees

b. Apart from the aforementioned items, other cases of resolution not passed by the Audit Committee but agreed to by two-thirds of the entire board of directors: None.

B. Regarding execution by independent board directors preventing cases of conflict of interest, name of independent board director, motion content, case of conflict of interest avoided, and voting participation should be described: Refer A.a. for detailed.

C. Communication of independent board directors with the Chief audit officer and CPA (company finance, major issues of business conditions conducted through communications, and the methods and results should be described).

a. The Chief audit officer will prepare an audit report, follow it up after it is submitted, and hand it over to an independent board director for review by the end of the month after the month in which the auditing items were completed. In view of items for consultation and instruction by independent board directors for improvement and subsequent follow-up, these items should be filed and reported to the independent board director after being completed, and the consultation results should be reported to the board at the end of the month. The Board of Directors will establish an audit project team aimed at important issues of the internal control system to conduct project audits and report the audit results upon completion. The chief audit officer should report to Independent Directors about internal auditing business every month.

b. The CPA shall communicate with directors during the quarterly management meeting and irregularly and separately have two-way communications with independent directors.

D. Communication and scenario of independent board directors with the Chief audit officer and CPA

Date of meeting	Subject of communication	Items of communication	Process execution results of the Company
2022.03.14 Audit Committee	All independent directors CPA Chairman's office secretary Accounting supervisor Chief audit officer	<ol style="list-style-type: none"> 1. Statement of 2021 internal control system 2. 2021 financial report and business report 3. 2021 profit distribution 4. Appointment of certified public accountant 5. Modification of the Rules of Procedure for Shareholders Meetings 6. Modification of Articles of Incorporation 7. Modification of Procedures for Acquisition or Disposal of Assets 8. Modification of Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and change Corporate Social Responsibility Best Practice Principles to Sustainable Development Best Practice Principles 9. Release the prohibition on director from participation in competitive business. 	Submit to the Board for resolution.
2022.03.14 Corporate governance communication meeting	All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	<ol style="list-style-type: none"> 1. Audit range and opinion of 2021 financial report 2. Description of Key Audit Matters 3. Suggestions for internal control. 	The directors have no objection at the meeting.
2022.05.13 Audit Committee	All independent directors CPA	<ol style="list-style-type: none"> 1. 2022 Q1 consolidated financial report 	Submit to the Board for resolution.

	Chairman's office secretary Accounting supervisor		
2022.05.13 Corporate governance communication meeting	All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	1. Audit range and opinion of 2022 Q1 financial report 2. Important accounting items updates	The directors have no objection at the meeting.
2022.08.12 Audit Committee	All independent directors CPA Chairman's office secretary Accounting supervisor Chief audit officer	1. 2022 Q2 consolidated financial report 2. Audit quality disclosure guidelines.	Submit to the Board for resolution. Independent directors fully aware of these matters
2022.08.12 Corporate governance communication meeting	All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	1. Audit range and opinion of 2022 Q2 financial report 2. Important accounting items updates	The directors have no objection at the meeting.
2022.11.11 Communication meeting between the CPA and independent directors	All independent directors CPA	Time course planning of 2022 financial statement auditing	Independent directors fully aware of the planning matter

<p>2022.11.11 Audit Committee</p>	<p>All independent directors CPA Chairman's office secretary Accounting supervisor Chief audit officer</p>	<ol style="list-style-type: none"> 1. Modification of internal control system 2. 2023 Internal audit plan. 3. 2022 Q3 consolidated financial report 4. CPA's fees of 2022 5. Review current Audit Committee Charter 6. Modification of the Rules of Procedure for Board of Directors Meetings 7. Modification of the Procedure for Handling Material Inside Information 	<p>Submit to the Board for resolution.</p>
<p>2022.11.11 Corporate governance communication meeting</p>	<p>All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer</p>	<ol style="list-style-type: none"> 1. Audit range and opinion of 2022 Q3 financial report 2. Important accounting items updates 3. Key audit matters 	<p>The directors have no objection at the meeting.</p>

E. The audit committee intends to assist the board of directors in overseeing the quality and integrity of the company's accounting, auditing, and financial reporting processes, and financial controls. Matters to be deliberated by the audit committee include:

1. Establish or amend the internal control system in accordance with Article 14.1 of the Securities Exchange Act
2. Evaluate the effectiveness of the internal control system
3. According to Article 36.1 of the Securities and Exchange Act, establish or amend the procedures for asset acquisition or disposal, transaction of derivative commodities, lending, endorsement or security provision and other material financial transactions.
4. Items relevant to the directors' interest
5. Transaction of major asset or derivative commodities
6. Lending of large amounts, endorsements and security provisions

7. Raising, issuance or private placement of securities of an equity nature.
8. Appointment, discharge, and remuneration of certified public accountant.
9. Appointment and removal of finance, accounting, or internal audit supervisors.
10. Annual financial reports signed or sealed by the chairman of the board of directors, the manager and accountant in charge, and the second quarter financial report subject to audit and certification by the accountant.
11. Other major issues stipulated by the company or the competent authority.

F. Business performance of the audit committee in 2022

1. The Company holds quarterly audit committee meetings to supervise the company's financial and business conditions and internal control system.
2. Refer A.a. for detailed operations in 2022
3. Review of financial reports.
4. Evaluate the effectiveness of the internal control system: The audit committee evaluates the effectiveness of the Company's internal control systems, policies, and procedures (including financial, operational, risk management, information security, compliance, and other control measures) and then reviews the regular reports submitted by the audit department and management.

2.3.3 Participation of Supervisor in Board Meeting: NA. The Company has established the audit committee on June 16, 2017.

2.3.4 Corporate Governance Implementation Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		The Company has established “Inventec Corporate Governance Best Practice Principles” in 2014. The seventh amendment was approved by the Board of Directors on March 14, 2023, all of which are also disclosed on our website and MOPS.	No discrepancy.
2. Shareholding Structure and Shareholders’ Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes, and litigation matters. If yes, has these procedures been implemented accordingly?	✓		(1) The Company has procedures for handling stock affairs, a dedicated mailbox for accepting suggestions, doubts, disputes, and lawsuits. Meanwhile, the stock affairs agency has been commissioned as a window for shareholder services.	No discrepancy.
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(2) The Company may efficiently control the list of major shareholders and final controllers of major shareholders.	No discrepancy.
(3) Has the Company built and executed a risk management system and firewall between the Company and its affiliates?	✓		(3) The Company has established regulations governing internal control, rules governing financial and business matters between this corporation and its affiliated enterprises, and subsidiaries to establish and implement the risk control of affiliates and a fire wall mechanism.	No discrepancy.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
(4) Has the Company established internal policies that forbid insiders from trading based on non-disclosed information?	✓		(4) The Company has formulated the "Insider Trading Prevention Management Operation Procedure", among others, to prohibit company insiders from utilizing information undisclosed to the market to transact negotiable securities; internal literature is carried out regularly.	No discrepancy.
3. Composition and responsibilities of the Board of Directors				
(1) Whether the Board member's election is based on relevant diverse policy, specific management targets and is implemented?	✓		(1) The article 20 of the Company's Corporate Governance Best Practice Principles has established a diversification guideline for Board members. Diversification includes basic qualifications and values (gender, age, nationality and culture), professional knowledge and skills. All of the existing Board members have their own professional backgrounds in law, finance and accounting, industry, marketing or technology. Please refer to the section of the Company's "Fulfillment of Member Diversification of the Board" for the details of implementation status.	No discrepancy.
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		(2) All independent directors of the Company serve as members of the remuneration committee and the audit committee. Set up a Sustainability Committee under the board on 12/5/2022 to formulate sustainable development goals, strategy formulation, and sustainable development implementation and performance tracking.	No discrepancy.
(3) Has the Company established a performance assessment method and the assessment method for the Board of Directors, conducted the performance assessment annually and regularly, and reported the results of the performance	✓		(3) In 2016, the Company formulated regulations (amended on Dec. 29, 2020) for evaluating the performance of the Board of Directors to implement corporate governance and enhance the functions of the Board of Directors. The director of corporate governance is responsible for the implementation and completion of annual performance evaluations. The scope of the 2022 performance evaluation of the Board of Directors covers the performance evaluation of the overall Board of Directors, functional committees, and individual board members. The	No discrepancy.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
assessment to the Board of Directors, as well as applied it as a reference for individual directors' remuneration and nomination for renewal?			<p>evaluation methods include internal self-evaluation of the Board of Directors, and self-evaluation of Board members. The internal performance evaluation criteria for the Board of Directors include: 1. the extent of participation in the Company's operations; 2. enhancing the decision-making quality of the Board of Directors; 3. composition and structure of the Board of Directors; 4. election and continuous learning of directors; and 5. internal control. There are 25 items in five categories. The performance evaluation criteria for the functional committees include: 1. the extent of participation in the operations of the Company; 2. the recognition of the responsibilities of functional committees; 3. the improvement in the decision-making quality of functional committees; 4. composition and selection of functional committee members; and 5. internal control. There are 25 items in five categories. The performance evaluation criteria for Board members include: 1. understanding of the Company's goals and tasks; 2. understanding of their responsibilities; 3. the extent of participation in the Company's operations; 4. internal relationship management and communication; 5. expertise and continuous advanced studies; and 6. internal control. There are 20 items in six categories. From 2020 to 2022, the results of self-evaluation for the Board of Directors, the functional committees, and the members of the Board of Directors were all "excellent". The Company will actively practice sustainable development and strengthen the supervision of the implementation of sustainable development in the future. The results and recommendations of the 2022 internal Board performance evaluation were reported in the Board meeting on January 17,2023 and will be used as a reference for individual director's remuneration and nomination for renewal. Furthermore, the Company's regulations for evaluating the performance of the Board of Directors stipulate that the evaluation must be carried out at least every three years by an external independent professional agency or external team of experts and scholars. The external evaluation was carried out by KPMG Advisory Services Co Ltd., an external independent professional organization. The project</p>	

Item	Implementation status		Non-implementation and its reason(s)
	Y	N	
			<p>leader was Zhu, Chengguang, executive deputy general manager, and the evaluation was conducted during the period from Oct. 27, 2021, to January 7, 2022. The evaluation scope included the overall Board of Directors, functional committees, and individual directors. The evaluation was conducted through data analysis, questionnaires and interviews, and the performance evaluation report was issued based on the results. The evaluation content of the Board of Directors included the establishment of an effective Board of Directors, the effective operation of the Board of Directors, professional development and further training, enterprise foresight, the performance of duties, the extent of participation in the operations of the Company, and internal relationship management and communication. The performance evaluation criteria for the audit committee included the establishment of an effective audit committee, the effective operation of the audit committee, the performance of duties, the establishment of a complaint channel, the relationship with the Board of Directors, and performance evaluation. The performance evaluation of the remuneration committee included the establishment of an effective remuneration committee, the effective operation of the remuneration committee, the performance of duties, relationship with the Board of Directors, and performance evaluation. In 2021, the results of the external performance evaluation for the Board of Directors, functional committees and Board members were "between good and excellent". Recommendations for optimization included the enhancement of important stakeholders' communication mechanism and supervision for corporate risk items by risk management committee or audit committee on a regular basis. Going forward, the Company will continue to enhance communication with key stakeholders and the audit committee will undertake the responsibility of supervising risk management. The results and recommendations of the performance evaluation of the Board of Directors in 2021 were reported in the Board meeting on January 25, 2022.</p>

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		(4) The appointment of CPA will be submitted to the Board of Directors for resolution after the audit committee of the Company evaluates the independence and suitability of CPA in March every year. The audit committee evaluates whether there is any violation of No. 10 of the Code of Ethics bulletin or Article 47 of the Certified Public Accountant Act. In addition, the audit committee is required to confirm that the CPA has no other financial interests and business relationship with the Company other than the costs of certifying and finance and taxation cases, and check whether the CPA is a director, manager, or shareholder of the Company or receives salary from the Company to ensure that the CPA is not an interested party. The Board meeting dated March 15, 2022 approved the appointment and independence evaluation of the CPA for 2022. Since 2023, the Company has referred to the audit quality indicators (AQI), which covers 5 major components and 13 indicators, including professionalism, quality control, independence, supervision and innovation capability, to evaluate the audit quality of the CPA firm as a whole and the audit team. It is aimed to confirm that accountants and the CPA firms are better than the average of the peers in terms of training hours and professional support and that their innovation capability continues to introduce digital audit tools to improve audit quality. The results of the latest annual evaluation have been discussed and approved by the audit committee on March 14, 2023, and were submitted to the Board of Directors for approval. The Board meeting dated March 14, 2023, resolved to approve the evaluation of the independence and suitability of the accountants.	No discrepancy.
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs	✓		The Board meeting dated February 26, 2019, resolved to specify the corporate governance officer position served by CFO Yu, Chin-Pao with more than three years of work experience in finance, stock affairs and rules of procedure. The major duties include: 1. Managing matters regarding the Board and shareholders' meetings. 2. Preparing meeting minutes of Board and shareholders' meetings. 3. Assisting	No discrepancy.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
(including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?			<p>directors with inauguration and continuing study. 4.Providing directors with information as necessary for business execution. 5.Assisting directors on law compliance. 6.To report to the Board the results of its review of whether the qualifications of the independent directors at the time of nomination, appointment, and during the term of office comply with the relevant laws and regulations. 7. Handle matters related to the change of directors. 8.Other matters as stipulated by the Articles of Incorporation or contracts.</p> <p>The 2022 business implementation status was as follows:</p> <ol style="list-style-type: none"> 1.Assist directors in executing business, provide necessary information and arrange study for directors: (1) The revision and development of the latest laws and regulations related to the business and corporate governance shall be updated regularly. (2) Provide Company information required by directors and maintain smooth communication between the directors and business supervisors. (3) Assist in arranging meetings with independent directors, chief audit officer or a certified public accountant. (4) Assist the directors in formulating the annual study plan and arranging courses. 2. Assist the board of directors and shareholders' meeting with procedures and resolutions: (1). Report on corporate governance to the board of directors. (2). Assist and remind directors of the laws and regulations to be followed in the execution of business. 3. Formulate the meeting schedule of directors. 4. Assist with the shareholders' meeting 5. Executive board performance evaluation. 6.The items as stipulated in the Articles of Incorporation and contracts have been implemented. <p>The Company has organized 13 board meetings, 5 audit committee meetings, 2 compensation committee meetings, 2 sustainability committee meetings as well as</p>	

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			4 corporate governance communication meetings in 2022. It reports the implementation status and plans during the board meeting in the second quarter of each year including corporate management promotion, sustainable development, communication with each interested party, regulatory compliance and intellectual property management, integrity operation and risk treatment.	
5. Has the Company established communication channel with interested parties (Including but not limited to shareholders, employees, customers and suppliers, etc.) and disclosed key corporate social responsibility issues frequently enquired by stakeholders on the designated area of the corporate website?	✓		The Company website has created an interested party zone to maintain communication channels with interested parties at any time through information delivery by telephone, fax, e-mail, etc., for important corporate social responsibility issues that concern interested parties and their feedback. The Company will properly handle matters to respect and maintain its due rights and interests. The Company will also identify the matter regarding the communication with interested parties and report to the Board meeting periodically.	No discrepancy.
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓.		The Company has appointed Registrar and Transfer Agency Department of Taishin Securities Co., Ltd. to be responsible for serving shareholders and handling affairs of the Shareholders' Meetings.	No discrepancy.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		(1) Chinese and English websites of the Company are available to update and disclose financial business and corporate governance information at any time.	No discrepancy.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
(2) Dose the Company adopt any other information disclosure channels (e.g., maintaining an English-language website, appointing designated personnel to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc)?	✓		(2) The Company has set up Chinese and English websites and assigned dedicated personnel to be responsible for the collection and disclosure of Company information; it has also set up a spokesman and agency spokesman system and provide information on the corporate briefing session on the company website to which investors may refer.	No discrepancy.
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓	(3) The Company has announced and reported the quarterly financial statements and the operation situation of each month within the prescribed period.	No discrepancy.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the	✓		<p>1. Employee rights and interests: Pursuant to government laws and decrees and personnel management measures of the Company, the Company provides all kinds of basic due labor conditions, including a working hour mechanism and thorough ask for leave system, as well as provides a stable and safe work environment, and in addition to basic welfares, such as labor insurance, health insurance, pension allocation, etc., employees can also enjoy regular health examinations, group insurance, and thorough employee retirement measures.</p> <p>2. Employee care: The Company has established the Occupational Safety and Health</p>	No discrepancy

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>Committee pursuant to laws to discuss safety and health related regulations. Due to create a friendly workplace and ensure the safety and health of the staff, the Company has formulated the "Occupational Safety and Health Policy", holds all kinds of keynote lectures and courses, provides physician consultation, provides a doctor and health counseling, implements the Employee Assistance Program (EAP) to provide free "psychological, legal, and financial" counseling services and opens diversified channel for employee to express opinions and consultation, and creates good participation sense and smooth two-way communication channel.</p> <p>3. Investor relations: The Company takes guaranteeing shareholders' rights and interests as its main objective, and instantly announces relevant significant Company information, such as finance and business.</p> <p>4. Supplier relations: In addition to formulating "Codes of Ethical Conduct" and the "Global Employee Code of Conduct Management Measures", The responsibilities of a responsible business alliance (RBA) member include establishing and providing Inventec's standard of responsible business alliance to suppliers. The standards cover labor, health, safety, environmental, and business ethics matters. Important information about the Company's suppliers is published in iSupplier placement. A sustainable supply chain explanation session of Inventec Group is held every year in the hopes that the Company can serve as an example and lead more suppliers to jointly improve their environmental protection consciousness and fulfill their corporate social responsibility.</p> <p>5. Rights of interested parties: Operate pursuant to Articles 51-54 of the "Inventec Corporation Corporate Governance Best Practice Principles" and set up an interested party zone.</p> <p>6. The implementation of risk management policies and risk measurement standards:</p>	

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>please refer to the Analysis of Risk Management in annual report.</p> <p>7. Execution circumstance of customer policy: The Company has formulated an appropriate customer policy and operation target and adjusts its operation strategy in a timely manner to achieve the target.</p> <p>8. Circumstances of buying liability insurance for directors: The Company has bought relevant liability insurance for its directors. Related liability insurance for directors is purchased up to January 1, 2024, and the insurance policy will be renewed upon expiration. The insured amount, scope of insurance, and insurance fees of the liability insurance of the directors are reported to the board in December 2022.</p>	
9. Please describe the improvements of the corporate governance evaluation results released by the corporate governance center of the Taiwan Stock Exchange Corporation in the last year and propose priority matters or measures to strengthen areas yet unimproved. (No need to be filled in by companies that were not subject to evaluation).	✓		The Company will continuously promote improvement for items not yet scored.	No discrepancy

10. Continuing professional education hours for directors in 2022

Title	Name	Date	Course	Hours	Institute
Chairman	Cho, Tom-Hwar	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Director	Yeh, Kuo-I	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Director	Wen, Shih-Chih	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Director	Lee, Tsu-Chin	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Director		2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association

Title	Name	Date	Course	Hours	Institute
	Chang, Ching-Sung	2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Director	Yeh, Li-Cheng	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Independent Director	Chang, Chang-Pang	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Independent Director	Chen, Ruey-Long	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
		2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association

Title	Name	Date	Course	Hours	Institute
Independent Director	Wea, Chi-Lin	2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.07.14	A net zero trend: Practical observation of the ESG decision-making of the Board of Directors.	3.0	Securities and Futures Institute
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
		2022.12.16	Business integrity management and money laundering prevention.	3.0	Securities and Futures Institute

11. Continuing professional education hours for managers in 2022

Title	Name	Date	Course	Hours	Institute
President	Wu, Yung-Tsai	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
Business Group President	Tsai, Chih-An	2022.01.05	The trend and development of metaverse.	2.0	Inventec Corporation
Senior Vice President	Chiu, Chui-Kuan	2022.11.10	2023 Lecture on Global Industrial Economic Trends.	2.0	Inventec Corporation

Title	Name	Date	Course	Hours	Institute
Senior Vice President	Yi, Fu-Ming	2022.05.10	2022 Lecture on Global Industrial Economic Trends.	2.0	Inventec Corporation
Vice President (Chief Corporate Governance Officer)	Yu, Chin-Pao	2022.03.15	Emission reduction risk and green energy.	1.5	The Taiwan Corporate Governance Association
		2022.05.04	International Dual Summit Meeting Forum Online.	2.0	Taiwan Stock Exchange Corporation
		2022.05.13	The governance path of asset security under the challenge of compliance with laws.	1.5	The Taiwan Corporate Governance Association
		2022.07.27	Sustainable Development Road Map Industry Theme Advocacy Conference.	2.0	Taiwan Stock Exchange Corporation
		2022.08.12	International anti-tax avoidance regulations.	1.5	The Taiwan Corporate Governance Association
		2022.09.29	2022 Listed Companies - Release of Reference Guidelines on the Exercise of Authority by Independent Directors and Audit Committees and the Board Supervisory Advocacy Meeting.	3.0	Taiwan Stock Exchange Corporation
		2022.11.11	Enterprise-related carbon thinking from the ESG development trend.	1.5	The Taiwan Corporate Governance Association
		2022.08.18	The practice of self-preparation of financial statements: Reinvestment by the equity method	3.0	Accounting Research and Development Foundation
		2022.08.18	Performance evaluation practices related to "ESG sustainability" and "risk management"	3.0	Accounting Research and Development Foundation
		2022.08.19	On how to Properly Exercise the Authority of Independent Directors from the liability under the Securities Exchange Act - and the Audit Committee.	3.0	Accounting Research and Development Foundation

Title	Name	Date	Course	Hours	Institute
		2022.08.19	Analysis of the application and legal responsibility of the "Business Judgment Rule" in economic crime cases.	3.0	Accounting Research and Development Foundation
Vice President	Hsu, Ching-Wu	2022.08.18	Compliance with the Labor Act. and ESG	6.0	Securities and Futures Institute
		2022.12.16	Audit committee's operations in compliance with the Labor Act.	6.0	Securities and Futures Institute
Vice President	Chang, Nai-Wen	2022.02.17	Seminar on the Labor Act.	2.0	Inventec Corporation
		2022.08.30	Privacy by Design (PbD)	2.0	Inventec Corporation
		2022.11.11	The influence of US-China trade war on our political and economic environment.	3.0	Taipei Bar Association
Vice President	Shih, Yu-Te	2022.05.27	2022 Product carbon footprint and hot spot analysis on carbon reduction.	2.0	Inventec Corporation
Director of Finance Center	Liang, Wen-Jan	2022.07.27	Application of "metaverse": Focus application and technical issue observation	2.0	Inventec Corporation
		2022.07.28	The global minimum tax system and the CFC.	2.0	Inventec Corporation
Director of Finance Center	Hsiao, I-Ying	2022.11.15	A major seminar on cross-border capital markets.	2.0	Construction Bank
		2022.05.11	The syndicated loan case and the latest legal issues.	3.0	KPMG International

12. Certificate of License

	Taiwan CPA	CIA	Taiwan CIA	Public Company Accounting Supervisor with Professional Certification	Stock Affair Specialist	Corporate Governance Personnel	Enterprise Internal Control Basic Ability	International Computer Auditor	Internal Control and Audit of the Bank	Certification in Control Self-Assessment
The Number of People	6	4	6	1	5	3	5	1	1	1

13. Board members and the important management succession plan of Company

To strengthen Board functions and reinforce management mechanisms, the Company has established Board structure as appropriate, Board member diversification guidelines, and a candidate nomination system for the election of directors based on the principle of fair treatment to shareholders. Inventec persists in the “human-based” concept, and with “talent development” as its basis of sustainable operations, incorporated with strategic goals of the Company, management functions and core values, the Company is able to set up a sound succession plan. The Board of Directors reviews the development and implementation of management succession plan in the second quarter of each year to ensure sustainable operation. In 2022, the development contents for middle and top management levels include financial management, successor cultivation, strategic planning and deployment, digital transformation, new business development, ESG and other diverse topics in all fields to cultivate their decision and leadership skills as well as communication management abilities. The physical taking of professional abilities every year and initiation of individual development projects: organize professional technology training systematically and hold irregular group management meetings, executive meetings, and consensus camps to conduct training programs as required by the key positions. 2 executive meetings, 1 successor cultivation strategic meeting and 16 senior management training courses were held in 2022.

The company's regular shareholders' meeting on June 12, 2020, elected nine directors (including three independent directors). The elected directors were Chao, Tom-Hwar; Yeh, Kuo-I; Wen, Shih-Chih; Lee, Tsu-Chin; Chang, Ching-Sung; and Yeh, Li-Cheng. The first five directors were re-appointed as directors and are familiar with the operation of the company's board of directors, each having their own strengths in industry, marketing, or technology. The new director, Yeh, Li-Cheng, has complete academic experience in the fields of information engineering and asset management. The independent directors elected are Chen, Ruey-Long, Chang, Chang-Pang, and Wea, Chi-Lin. The first two of whom are re-appointed as independent directors, each with their respective strengths in law and economy. Wea, Chi-Lin has complete academic experience in the fields of economics and business administration and has more than five years of work experience required by the company's business, which will be beneficial to the company.

2.3.5 Status of Remueration Committee

2.3.5.1 Remueration Committee

Name/Identification (Note 1)	Professional qualifications and experience	Independence Status	Number of other public companies in which the individual is concurrently serving as remueration committee
Chang, Chang-Pang (Independent Director/ Convener)	Please refer to 2.2 Directors' Information	Please refer to 2.2 Directors' Information	1
Chen, Ruey-Long (Independent Director)			1
Wea, Chi-Lin (Independent Director)			3

Note1 : Title: Ddirector, independent director, and others °

2.3.5.2 The State of the Remueration Committee's Implementation

A. The remuneration committee comprised of 3 members.

B. Tenure of the remuneration committee is from June 12, 2020, to June 11, 2023. A total of 2 (A) meetings of the remuneration committee were held in 2022, the status of attendance is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Chairman	Chang, Chang-Pang	2	0	100%	Reelection on 2020.06.12
Member	Chen, Ruey-Long	2	0	100%	Reelection on 2020.06.12
Member	Wea, Chi-Lin	2	0	100%	Newly appointed on 2020.06.12

Other information to be disclosed:

1. If Board of Directors did not adopt or revise the proposal made by the Remueration Committee, please specify the date, session, agendas and resolutions of the Board of Directors meeting and how the Company handled the proposal made by the Remueration Committee (If amount of the compensation approved by the Board of Directors is higher than that proposed by the Remueration Committee, please specify the reasons and differences in proposals.): None.
2. If any members of the Remueration Committee were against or reserved their opinions towards the resolutions, please specify the date, session, agendas, opinions of all members and how the opinions were handled: None.

Note: The Company convenes a meeting of the Remuneration Committee every year to establish and review performance and remuneration policies, system, standards, and structure of directors and managers and suggestions to the Board.

2.3.5.3 Operation of the Remuneration Committee in 2022

Date	Contents Pproposed	Result of Resolution	Company's Disposal of the Salary and Committee's Suggestion
2022.03.14 The 4th time of the 4th term	2021 remuneration distribution to employees, and board directors	All members of the committee agree to adopt the proposal	Submitted to the board of directors; all present directors agree to adopt the proposal
2022.12.27 The 5th time of the 4th term	<ol style="list-style-type: none"> 1. Discuss the Remuneration Committee Charter, the performance evaluation and compensation policy, system, standards and structure of the current director and manager. 2. 2022 employee compensation and director compensation ratio. 3. 2022 director and manager compensation and year-end bonus planning. 4. 2023 director and manager compensation adjustment planning 	All members of the committee agree to adopt the proposal	Submitted to the board of directors; all present directors agree to adopt the proposal

2.3.6 Status of Sustainability Committee

2.3.6.1 Sustainability Committee

To practice corporate social responsibility and achieve sustainable development, as per Article 27 of the Code of Practices on Corporate Governance, a Sustainability Committee was set up on 12/5/2022, which is subordinate to the Board of Directors.

The Sustainability Committee will formulate the objectives and strategies for sustainable development: To formulate objectives, policies, implementation plans, and management targets for the sustainable development strategy and major sustainable issues (including sustainable governance, ethical management, environment, and community issues), as well as a review of sustainable development implementation: The Company will track, review and improve the implementation and effect of the company's sustainable development, and will regularly report such to the Board of Directors.

As per the organizational regulations, the Committee has set up the Sustainability Office, a unit to assist the Committee in promoting sustainable affairs and contains six functional groups, namely corporate governance, green innovation, sustainable environment, sustainable supply chain, risk management, and social inclusion, to implement various projects and strategies.

2.3.6.2 The State of the sustainability committee's implementation

A. The sustainability committee comprised of 6 members, including 3 independent directors.

B. Tenure of the sustainability committee is from Dec. 05, 2022, to June 11, 2023. A total of 2 (A) meetings of the sustainability committee were held in 2022, the status of attendance is as follows:

Title	Name	Professional qualifications and experience	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Convener	Cho, Tom-Hwar	Please refer to 2.2 Directors' Information	2	0	100%	Chairman
Member	Yeh, Li-Cheng		2	0	100%	Director
Member	Chang, Chang-Pang		2	0	100%	Independent Director
Member	Chen, Ruey-Long		2	0	100%	Independent Director
Member	Wea, Chi-Lin		1	0	50%	Independent Director

Member	Wu, Yung-Tsai	President, Inventec Corporation Previously served as Business Group President, Personal Solution Group Specialized in research, development, manufacture, and management, etc.	2	0	100%	President
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2.3.6.3 Operation of the Sustainability Committee in 2022

Date	Contents Pproposed	Result of Resolution	Company's disposal of the sustainability committee's suggestion
2022.12.19 The 1st time of the 1st term	1.Report on the structure and responsibilities of the Sustainable Development Office. 2.Report on the Company's greenhouse gas review and verification plan for 2023.	No matter to be resolved.	The Chairman of the Sustainability Committee reported to the Board.
2022.12.27 The 2nd time of the 1st term	Modified the rules of Sustainable Development Best Practice Principles.	All members of the committee agree to adopt the proposal	Submitted to the board of directors in May 2023; all present directors agree to adopt the proposal

2.3.6 Corporate Sustainability and Deviations from “The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
1. Whether the Company set up to promote a sustainable development management structure, namely a full-time (part-time) unit, which is authorized and supervised by the Board of Directors for senior management level handling?	✓		<p>In order to align with the global ESG trend and enhance the sustainability governance mechanism to achieve the goals of sustainable development, the Company’s Board of Directors resolved to establish the “Sustainability Committee” directly under the Board of Directors on December 5, 2022. There are 6 members in the Sustainability Committee, including 3 independent directors, 2 directors and the President. The main responsibilities of the committee are to formulate sustainable development vision and strategies, review the implementation effectiveness in specific promotion plan of various sustainable development projects, and report to the Board of Directors at least twice a year. The Company has set up a sustainable development office under the Sustainability Committee in December 2022 as a dedicated unit to promote sustainable development and assist the Sustainability Committee to track and carry out various sustainable development projects.</p> <p>Up to May 2022, the Sustainability Committee held a total of 3 meetings and reported to the board of directors. The content of the proposal includes (1) revision of sustainability-related policies; (2) formulation of sustainable development vision, policies and specific action plans.</p> <p>The board of directors listen to the report of the management team at least twice a year. The management need to propose the Company’s sustainable development strategies to the board of directors. The board of directors judge the possibility of success of these strategies, and regularly review the progress of the specific promotion plan and urge the management team to make adjustments when necessary.</p>	No discrepancy
2. Exercising Corporate Governance Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operation in accordance with the	✓		<p>The Board of Directors of the Company approved the revision of the Code of Practice for Corporate Sustainability in March 2022, conducted a risk assessment on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated risk management policies. In May 2020, the risk management policy was drafted and submitted to the Board of Directors, and risk management operations shall be regularly reported to the Board of Directors and Sustainability Committee in the second quarter of each year to strengthen</p>	No discrepancy

Item	Implementation status (Note1)		Non-implementation and its reason(s)
	Y	N	
principle of materiality and then formulate relevant risk management policies or strategies?			<p>the implementation of the risk management system. The audit committee shall review the effectiveness of the internal control system (including control environment, risk assessment, control operations, information and communication, and supervision operations) and the audit report annually, which shall be then approved by the Board of Directors.</p> <ol style="list-style-type: none"> 1. Risk management policy: To efficiently prevent and control risks, improve management performance, and achieve the goal of sustainable operation. Identify material risks, evaluate risks analysis, clarify corresponding strategies, strengthen response mechanism, effectively reduce risks, enhance competitiveness and design, implement and operate via internal control procedures of all units to achieve the goals of effective risk control, and maintain the interests of shareholders and the Company's competitiveness. 2. Risk management organization: The Board is the top organization within the Company responsible for risk management, under which a Sustainability Committee was set up in December 2022. The Board consists of six members, including three independent directors, accounting for one half of the total directors. Six trans-department functional teams have been established under the Committee, among which the risk management team plans and executes risk management matters and evaluates and reviews the implementation of current risk management procedures. The Sustainability Committee reports the progress and results of target implementation by the functional teams (including the risk management team) at least twice a year to the Board. 3. Risk management procedures: Each unit shall conduct a regular assessment every year, implement various internal risk control procedures and take occurrence probabilities and risk impact as the standard to measure risk, and effectively control risk within the acceptable range. All risk management procedures shall be included in the compulsory courses for new recruits to strengthen their awareness of operational risk. Risk management operations shall be reported to the Board of Directors and Sustainability Committee in the second quarter of each year to strengthen the implementation of the risk management system.

Item	Implementation status (Note1)		Summary (Note2)	Non-implementation and its reason(s)						
	Y	N								
			<p>4. Conduct risk assessments on company operating related environment, society and corporate governance issues according to the materiality principle. The scope of risk management includes “strategic risk”, “operational risk”, “financial risk”, “regulatory compliance and intellectual property risk”, “occupational safety risk”, “information security risk”, and “environmental risk”.</p> <p>5. The risk assessment boundary division is based on the Company and its subsidiary, covering Operational Headquarters and major production bases and group companies.</p> <p>6. Risk assessments for 2022 environment, society and corporate governance issues and operation status are as follows. Please also refer to the risk analysis and assessment in the annual report for other items.</p> <table border="1"> <thead> <tr> <th>Significant issues</th> <th>Risk assessment items</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environment risk</td> <td>Climate change: Identify climate change risks in accordance with the TCFD framework, plan and implement mitigation and adjustment measures in a timely manner: (1) carry out greenhouse gas inventory and verification works, (2) make an inventory and replace high-energy-consuming equipment in the plants, continue to focus on energy-saving and emission reducing management, and complete the declaration of power saving rates, (3) expand the conversion and installation of renewable energy facilities and continue to increase the proportion of renewable energy, (4) purchase carbon credits from carbon trading platforms based on demand, (5) advance BCP (Business Continuity Planning), (6) encourage circular design through incentive programs, strengthen value-chain partnerships, and develop net-zero new generation products, and (7) continue to purchase raw materials/products that meet the needs of the circular economy to ensure that the</td> </tr> </tbody> </table>	Significant issues	Risk assessment items	Descriptions	Environment	Environment risk	Climate change: Identify climate change risks in accordance with the TCFD framework, plan and implement mitigation and adjustment measures in a timely manner: (1) carry out greenhouse gas inventory and verification works, (2) make an inventory and replace high-energy-consuming equipment in the plants, continue to focus on energy-saving and emission reducing management, and complete the declaration of power saving rates, (3) expand the conversion and installation of renewable energy facilities and continue to increase the proportion of renewable energy, (4) purchase carbon credits from carbon trading platforms based on demand, (5) advance BCP (Business Continuity Planning), (6) encourage circular design through incentive programs, strengthen value-chain partnerships, and develop net-zero new generation products, and (7) continue to purchase raw materials/products that meet the needs of the circular economy to ensure that the	
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	Y	N	Summary (Note2)	
			<p>infrastructure can reduce the impact of extreme weather on the factory site and the environment.</p> <p>Management system certification: Each plant has set up a unit responsible for environmental management. All environmental sustainability management systems are formulated by considering the demands of the stakeholders including the government, clients, staff and communities, and are in line with ISO/IECQ and other internationally standardized environmental management systems. These are the ISO 14001 Environmental Management System, IECQ QC 080000 Hazardous Substance Process Management System, ISO 14064-1 Greenhouse Gas Management System, and ISO 50001 Energy Management System. The above operations have been externally verified and validated by independent third-party certifying organizations, and various system certificates have been obtained for affirmation.</p> <p>Sustainable supply chain management: Business Group has established the sustainable supply chain management policy and set up supplier risk assessment procedures based on industrial characteristics, purchasing patterns, regional relations, etc., to conduct risk classification for cooperating suppliers. In addition, the Company follows Responsible Business Alliance (RBA) specifications, which form the basis of Inventec's supply chain management, to emphasize a mutual understanding with suppliers to seek win-win cooperation and organize sustainable supply chain conference, hoping to contribute to the sustainable development.</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Environmental protection expenses: These mainly include waste disposal, pollution prevention equipment maintenance, environment monitoring, ecological afforestation, green management system verification, green mark product certification, environmental education, energy conservation and carbon reduction engineering, environmental conservation activities, green supply chain management, carbon emission trading, etc.</p>	
			<p>Society</p> <p>Occupational safety risk</p> <p>Hazards risk assessment and identification: Formulate the Administrative Measures for Identification and Assessment of Safety and Health Hazard Risks in accordance with the Taiwan Occupational Safety and Health Management System “TOSHMS” and International Occupational Safety and Health Management System “ISO 45001”, and regularly perform a comprehensive hazard identification and risk assessment for each hazard factor in order to evaluate the risk level of relevant hazards in a quantitative method, and screen out the potential factors with high hazard and risk that may cause staff injury or accidents. Thus, setting occupational safety and health goals, targets, and management schemes to implement improvement and prevention, and serve as the basis for planning the safety and health management system.</p> <p>Emergency management implementation: Conduct fire lectures and drills, urgent evacuation drills and fire control routine inspections on a regular basis. Also periodically check each safety facility and conduct fire drills through task marshaling to completely implement disaster prevention and relief work.</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Corporate Governance</p> <p>Regulatory compliance and intellectual property risks</p> <p>Legal changes: Keep abreast of the laws, policies, contentious and non-contentious businesses and practices; safeguard privacy rights, employee rights and interests related to the Covid-19 pandemic and business secrets; comply with export control laws and acts; hold lectures and forums on legal and intellectual property rights, hold new employee orientations, and provide e-learning courses to urge the implementation of risk control.</p> <p>Litigation events: Closely follow contentious and non-litigation events of Group companies and take appropriate countermeasures.</p> <p>Intellectual property rights: Increased focus on intellectual property rights, implement management of the Group's trademarks, and ensure product patent rights and copyright are protected to defend independent research and development as intellectual property.</p>	
<p>3. Environment issues</p> <p>(1) If the Company established proper environment management system based on the characteristics of the industry where the Company belongs to?</p>	✓		<p>(1) The environmentally sustainable management system established by the Company gives due consideration to the requirements of the government, customers, employees, community, and other interested parties and also refers to international standards such as ISO/IECQ, etc. The system includes the Environmental Management System (ISO 14001), the Hazardous Substance Process Management System (IECQ QC 080000), the Greenhouse Gas Management System (ISO14064-1) and the Energy Management System (ISO50001), amongst others. All the aforementioned preceding systems have passed external certifications and verifications conducted by independent third-party certification authorities. Furthermore, these four major management systems are also the communication platforms between Inventec and interested parties.</p>	No discrepancy

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
(2) If the Company endeavored to utilize resources more efficiently and utilized renewable materials which have a lower impact on the environment?	✓		(2) In order to save the resources needed in product production, at the stage of design and development, to maintain product function and quality, the Company has reduced the components and consumable materials needed to be used in product production through the design of common use and reduction of materials and recycling, reusing, etc. The green design strategies of Inventec are divided into the following eight points: 1. Spare no effort to seek approaches to reduce environmental impact; 2. Lessen the total energy consumption in the product life cycle; 3. Mitigate the burden on the land; 4. Design for clean production and use; 5. Design for durability; 6. Design for best function; 7. Design for reuse, recovery, and recycling; 8. Avoid using raw materials with toxic substances in the product.	No discrepancy
(3) Has the Company evaluated current and future potential risks and opportunities of climate change to the Company and taken actions corresponding with climate related issues?	✓		(3) The Company regards climate change as one of the Company's key issues for risk management. With reference to the TCFD (Task Force on Climate-related Financial Disclosures) framework, we establish and strengthen the risk and opportunity control mechanism in response to climate change. The Company has set up a Sustainable Environmental Function Team under the Sustainability Committee to regularly assess the risks and opportunities presented by climate change, develop adaptation and mitigation measures against risks, and take the opportunity to assess potential niches and effectively integrate climate issues into the operation and management of each section. In 2022, the Company identified nine climate risk issues, from among which the three high-risk issues are customer behavior change, high temperatures, and low carbon technology transition costs. Opportunities are linked to research and development, innovative products and services, and renewable energy applications.	No discrepancy
(4).Has the Company calculated greenhouse gas emission, water consumption and total weight of wastes in previous two years and established policies for energy	✓		(4) a. The major greenhouse gas emission of Inventec (scopes 1 and 2) was 100,769 tons of CO2 equivalent in 2022. The gas emission was 100,900 tons of CO2 equivalent in 2021. In 2022, Inventec's main source of contribution to greenhouse gas emissions was indirect greenhouse gas emissions from imported energy (Scope 2), accounting for the total emissions was 93,424 tons of CO2 equivalent. Scope 3 emission loads in 2022 were 879,219 metric tons of carbon dioxide	No discrepancy

Item	Implementation status (Note1)			Non-implementation and its reason(s)
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saving and carbon reduction, greenhouse gas reduction, reduced water consumption or other wastes management?			<p>equivalents. Scope 3 emission loads in 2021 were 664,446 metric tons of carbon dioxide equivalents. In 2022, Scope 3 was identified by the significance assessment analysis and GHG Protocol hotspot analysis tool, following which public institutions decided on nine categories for the quantitative implementation of inventory, considering inventory/demand reduction, resource input/cost, and other factors. (1) use stage of the sold product, (2) purchased goods and services, (3) downstream transportation and distribution of shipped products, (4) investment, (5) downstream leasehold assets, (6) commuting of employees, (7) upstream transportation and distribution, (8) The transport and disposal of waste in the operation, (9) business travel of employees.</p> <p>b. With regard to energy saving and carbon reduction, the Sector Based Approach of Science Based Targets, (SBT) is adopted to calculate the greenhouse gas reduction target. The greenhouse gas reduction targets are “Target driven by global warming of 1.5°C” .With benchmark of 2018, the greenhouse gas emission within scopes 1 and 2, shall be reduced 50.4% by 2030”, and “with benchmark of 2020, the greenhouse gas emission within scopes 3, shall be reduced 42% by 2030”. 19 major energy saving projects were promoted in 2022, and more than 1.89 million degrees of electricity were saved, equivalent to a reduction of 933 metric tons of carbon dioxide. All of the above data have been verified by an independent third-party verification institution.</p> <p>c. Regarding water resources management, the water resources management policies of the Company are “water saving for all people; change the act; efficient water consumption, circulation, and recycling”. The water resources management goal is to take 2012 as the base year and reduce water intensity by 24% in 2024. The water consumption in 2022 was 1052.9 thousand tons. The average water consumption per person per year was 53.61 tons in 2022, which was 8.90% decrease compared to 58.85 tons in 2021. All of the above data have been verified by an independent third-party verification institution.</p> <p>d. Regarding waste management, the waste management policies set by the Company are “minimize waste output and maximize resources recycling”. The waste management goal is to use 2014 as the base year to reduce waste by 25% by 2025. The waste volume was 27.1 thousand tons</p>	

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			(Hazardous waste of 800 tons and non-hazardous waste of 26,200 tons) in 2022, a 4.99% increase compared to 25.8 thousand tons (Hazardous waste of 700 tons and non-hazardous waste of 25,000 tons) in 2021. All of the above data have been verified by an independent third-party verification institution.	
4. Social issues				
(1) If the Company followed relevant labor laws, and internationally recognized human rights principal, and established appropriate management policies and procedures?	✓		(1) The Company has established “working rules”, “regulations for the code of conduct of global employees”, and “employee complaints and external reporting rules” in accordance with labor related regulations and in reference to international humanity conventions in order to provide employees with fair, just, and good working environment and conditions without discriminating by race, color, gender, language, religion, politics or other opinions, nationality or family background, property, birth, or other identity to protect human rights in order to guarantee by the Convention on the Rights of Persons. The above regulations are also published on the Intranet for their reference to assure the rights of employees. A human rights due diligence was officially launched by the Company in 2022 to demonstrate our concern and commitment to human rights issues. In accordance with the core spirit of international norms and principles such as the Code of Conduct of Responsible Business Alliances, the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant, the United Nations Guiding Principles for Business and Human Rights, the ILO Declaration of Fundamental Principles and Rights for the Work of the Organization for Economic Cooperation and Development (OECD) Guiding Programme for Multinational Enterprises, and the laws and regulations in the jurisdictions in which we operate, we have drafted and maintain human rights policies and implement human rights protection.	No discrepancy
(2) Has the Company formulated and implemented reasonable measures for employee benefits (including remuneration,	✓		(2) The Company has established various types of leaves and various employee relationship and club activities. Meanwhile, the Employee Welfare Committee provides or organizes various forms of employee welfare and activities. Reasonable salary welfare policies and the operational performance or results will be reflected in	No discrepancy

Item	Implementation status (Note1)			Non-implementation and its reason(s)
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<p>vacation, and other benefits) and properly reflected the operating performance or results in the employee remuneration?</p> <p>(3) If the Company provided safe and healthy working environment to employees and conducted relevant training on safety and health management to employees periodically?</p>	✓		<p>the employee's compensation as appropriate. Furthermore, the Company still attaches importance to workplace diversity and equality to promote sustainable and co-prosperous economic growth. In 2022, its female staff accounted for 41% and female managers accounted for 20%.</p> <p>The Company is committed to creating a gender-equality workplace environment, providing gender-friendly health care and maternity-friendly measures, such as maternity benefits, paternity leave, parental leave, family care leave, and female biological leave.</p> <p>According to Article 26 of the Company's Articles of Association: If the company makes a profit during the year, it shall allocate at least 3% of its profit as staff remuneration and 3% at most as director remuneration. If it involves accumulated losses, it shall reserve the makeup amount. Staff remuneration is distributed in cash or stock to the company's eligible staff, with conditions and methods decided by the Board of Directors.</p> <p>(3) The Company regards employees as the most precious assets of the enterprise and is committed to creating a safe and healthy working environment, implementing the regular monitoring of various environmental testing and equipment maintenance, such as drinking water quality testing, illumination testing, domestic water tower, and air conditioning cooling tower maintenance, etc., according to the hazardous characteristics of the working environment, commissioned by the approved monitoring institutions to carry out environmental monitoring. It is true to master the actual exposure of employees to various hazardous substances on the work site, and then synchronize the risk control and adopt the appropriate engineering control or operation control, to reduce the occurrence of occupational disasters and protect the safety and health of employees. In addition, a "Colleague Social Center" has been set up in the factory, including fitness rooms, massage area, billiards area, etc., operating as a leisure area for staff to physically and mentally relax, and where a variety of activities will be held to take comprehensive care of the physical and mental health of all the staff.</p> <p>In terms of health promotion, under the law, new employees are required to provide a medical examination report before starting work. As for the in-service employees, above the laws and regulations, the Company annually provides medical examinations for all the employees in the</p>	No discrepancy

Item	Implementation status (Note1)		Summary (Note2)	Non-implementation and its reason(s)
	Y	N		
			<p>implementation of health management guidelines, and, in cooperation with relevant medical and health institutions, organizes various health lectures and health education consultation activities. Besides, the Company also encourages employees to set up various clubs and to conduct various related health promotion activities, such as jogging, mountaineering, etc.</p> <p>The Company also enables employees to attend a variety of training in health and safety functions, such as training for in-service staff, fire management staff, CPR first aid training, work safety, and health training, and other types of on-the-job training, to strengthen the staff's knowledge of safety and health.</p> <p>To improve the performance of occupational health and safety management, the Company establishes a professional and effective occupational health and safety management system, develops risk management strategies and timeously grasps international information, plans an occupational safety and health management plan and a labor health service plan every year, promotes various occupational health and safety measures and health management, practices occupational disaster prevention, and implements emergency response drills on different issues, such as fires, floods, and earthquakes. By upholding the spirit of continuous improvement to the management system, and by a systematic approach, the Company adopts a continuously circulating mechanism integrating planning, execution, inspection, and correction, playing the role of independent protection and control, reducing the potential risks of the security environment, ensuring the health and safety of the working environment, and then reducing the operational risks.</p> <p>The Company has stipulated its OH&S policy in accordance with the Taiwan Occupational Safety and Health Management System (TOSHMS) and International Occupational Safety and Health Management System (ISO 45001) as the highest criterion of staff work safety guarantee.</p> <p>Implementation of each educational training item: the Company has developed several EHS educational training courses, and the training hours is 10.5h per person in 2022.</p> <p>Statistical analysis of occupational hazards for staff and related remedial measures: Occupational hazard accidents are classified into two categories: inside and outside the plant. The statistical</p>	

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	Y	N	Summary (Note2)	
(4) If the Company provided career planning, relevant training, and skill development for employees?	✓		<p>objects include not only the employees of the Company but also contractors and dispatched staff.</p> <p>In 2022, there were 7 occupational disaster accidents and 7 people were injured. There were no cases of public injury inside the factory, as all were traffic accidents outside the factory. The total number of days lost in disability injury was 26. The total Frequency-Severity Indicator (FSI) in 2022 was 0.089, far lower than the set FSI control target of 0.55. All cases have been investigated, analyzed, and recorded by the provisions of the Occupational Safety Act, and the relevant investigation reports have been kept as per the law. The cases of public injuries have also been included in the quarterly meeting of the occupational health and safety committee to conduct the relevant reviews and advocacy.</p> <p>The Company has obtained each EHS system certification which includes: “TOSHMS Taiwan Occupational Safety and Health Management System” (Date of validity: 2/5/2024), “ISO-45001 International Occupational Safety and Health Management System” (Date of validity: 2/14/2024), and “ISO-14001 Environmental Management System” (Date of validity: 2/17/2024).</p> <p>(4) By taking corporate operation objectives and development strategies as a training blueprint and being oriented according to actual employee demands, the Company has established an effective training plan of career skill development.</p> <p>(A) Talent asset appreciation: Encourage employees to take in-service training in English and Japanese courses in order to be in line with international norms.</p> <p>(B) Corporate culture communication: After reporting for duty, new employees will receive new employee training to become familiar with internal personnel regulation systems, corporate culture, work environment, etc. All kinds of employee assemblies and communication meetings will be held regularly, in which the senior supervisor will directly deliver Company operation philosophy and operation direction and describe the strategic policy of each department.</p> <p>(C) Supervisor cultivation plan: Basic supervisor training, regular basic/advanced supervisor training, and custom senior management courses will be regularly held in order to improve</p>	No discrepancy

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
(5) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing, and labeling of products and services, etc. Does it develop relevant consumer or customer protection policies and complaint procedures?	✓		<p>overall management capability.</p> <p>(D) Professional competency development: According to all kinds of demands to develop professional skills and with the Technical Committee, designedly carry out professional skill training courses.</p> <p>(E) Condense team consensus: Carry out all kinds of team building, and encouragement courses and strategic operation meetings based on the demand and build high identification for both the team and the Company.</p> <p>(5) The Company provides customers with a comprehensive and thorough customer relations management service mechanism, from order receiving to the stage of product development and to the stage of mass production. After product delivery, we track the product condition to the customer end and actively care about all feedback from the customer. Through the customer complaint management system and with a complete customer complaint standard operation procedure, the Company prepares reason analysis, correction and prevention solutions in project review, and confirms effectiveness in order to give feedback on problem solving to customers and understand real customer demands to achieve the highest customer satisfaction. Furthermore, by periodically holding customer business review meetings, the Company can discuss relevant issues, such as technology research and development, product delivery, product quality, after-sales service, quotation cost, energy saving and carbon reduction, green products, corporate social responsibility, etc., in response to the issues that concern customers. In order to solve the problems reflected by customers, the customer service departments and dedicated contact service have established and customer service website and provide instant services and response mechanisms through a stationed service mechanism at OEM/ODM customer end. In response to environmental protection legal issues of each country throughout the world and provide customers with better environmental protection service, the Company will assist customers in acquiring product green mark certification, including such certification mechanisms as Taiwan Green Mark, China Green Mark (SEPA), China Energy Saving Mark (CECP), China Energy Saving Label (CEL), Energy Star, American Green Procurement Assessment Guideline (EPEAT), etc., in order to provide global customers more environmentally friendly products and services.</p>	No discrepancy

Item	Implementation status (Note1)		Non-implementation and its reason(s)
	Y	N	
(6) Has the Company formulated a supplier management policy that requires its suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor and human rights, and how is it implemented?	✓		(6) The Company has also stipulated a sustainable supply chain management policy that complies with the Responsible Business Alliance Code of Conduct and commits to cycling water use, net-zero, and carbon reduction. This thus responds to the UN's sustainable development target and realizes a safe and sustainable procurement supply chain. With regard to the various assessments of suppliers, in addition to the quality, cost, delivery time, technical skill, and service that are assessed in the general industry, with the rise of corporate social responsibility awareness, the Company will also extend the assessment scope to green products and corporate social responsibility, and the assessment scope will correspond to the Company's requirements for supplier, including the establishment of management systems such as ISO 9001, ISO 14001, ISO 45001, RBA, etc. Through diversified assessment consideration, the Company ensures that the cooperating supplier can specifically respond to important supply chain issues, such as product environmental protection, manufacturing process environmental protection condition operation requirements, restriction of the use of hazardous substances, prohibiting child labor, guaranteeing employee rights and interests, workplace safety, etc. The Company ensures that the supplier does not violate the aforementioned circumstances through supplier RBA auditing. Every year, the Company will perform an on-site audit on existing suppliers with medium and high risks and ask for improvement; furthermore, contract contents explicitly stipulate a legal compliance clause, and in case of violation of relevant important laws and regulations and having an obvious impact on the environment and society, the contract can be terminated or canceled pursuant to such clause.

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			<p>2022 Daily management for a sustainable supply chain:</p> <table border="1"> <tr> <td>Inventec's new supplier guidance management</td> <td>A "Sustainable Supply Chain Guidance Team" is formed by design and R&D, procurement, component engineering, supplier administration and coherent units to create new supplier appraisal and guidance.</td> </tr> <tr> <td>Current supplier appraisal management</td> <td>Screen a supplier list for annual auditing according to the comprehensive assessments for supplier management and material risks, and then audit as prescribed by each factor's internal control procedures, and track and guide them to improve or replace.</td> </tr> <tr> <td>Third-party assessment of high-risk suppliers (RBA VAP)</td> <td>In view of a sustainable supply chain assessment and meeting RBA's supply chain management requirements, the factory auditors abide by the latest supplier auditing criteria (mainly including labor, health and security, environment, ethics, and management system, etc.) to audit manufacturers on site.</td> </tr> <tr> <td>Responsible mineral products</td> <td>Inventec commits to cooperate with supply chains and reasonably guarantees its raw materials procurement to accord with Responsible Minerals Initiative (RMI) standards.</td> </tr> <tr> <td>Advanced technology & product development communication</td> <td>To provide a synchronous understanding for suppliers and Inventec in regard to advanced technology & product development and create a supply chain industry opportunity and overall benefits, Inventec will invite supplier partners every year to hold an advanced technology/new product communication forum and cooperate with suppliers to organize a technology communication forum to grow together.</td> </tr> </table>	Inventec's new supplier guidance management	A "Sustainable Supply Chain Guidance Team" is formed by design and R&D, procurement, component engineering, supplier administration and coherent units to create new supplier appraisal and guidance.	Current supplier appraisal management	Screen a supplier list for annual auditing according to the comprehensive assessments for supplier management and material risks, and then audit as prescribed by each factor's internal control procedures, and track and guide them to improve or replace.	Third-party assessment of high-risk suppliers (RBA VAP)	In view of a sustainable supply chain assessment and meeting RBA's supply chain management requirements, the factory auditors abide by the latest supplier auditing criteria (mainly including labor, health and security, environment, ethics, and management system, etc.) to audit manufacturers on site.	Responsible mineral products	Inventec commits to cooperate with supply chains and reasonably guarantees its raw materials procurement to accord with Responsible Minerals Initiative (RMI) standards.	Advanced technology & product development communication	To provide a synchronous understanding for suppliers and Inventec in regard to advanced technology & product development and create a supply chain industry opportunity and overall benefits, Inventec will invite supplier partners every year to hold an advanced technology/new product communication forum and cooperate with suppliers to organize a technology communication forum to grow together.	
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			<p>Organization of a sustainable supply chain seminar</p> <p>In line with corporate citizenship and our customers' demand for CSR and environmental protection in the supply chain, the Inventec Group continues the spirit of organizing supplier research activity as in the past. By organizing a sustainable supply chain seminar, supplier partners will be informed of the Inventec Group's sustainable supply chain management policy, set goals, strive to achieve the Group's requirements, and promote the development from "green supply chain" to "sustainable supply chain" together with other supplier partners.</p>	
5. Does the Company refer to internationally applicable reporting standards or guidelines to prepare the corporate sustainability report and other reports that disclose the Company's non-financial information? Has the report been confirmed or endorsed by a third party?	✓		<p>In order to improve the transparency, completeness, and reliability of information disclosure, for the "2022 Inventec Corporate Sustainability Report", the Company will designate a third-party unit and accounting firm to carry out substantial examination and assurance operations on the contents and data in the report according to GRI sustainability report criteria in order to conform to the GRI and AA1000 AS second type high assurance level and ISAE3000 limited assurance.</p>	No discrepancy
<p>6. If the Company established any guideline of corporate sustainability responsibility in accordance with "Corporate Sustainability Responsibility Best-Practice Principles for TWSE/GTSM-Listed Companies" and please state the implementation status of the guideline and any reasons for non-implementation:</p> <p>The Company has established the "Inventec Corporation Corporate Social Responsibility Best Practice Principles" in 2014. In March 2022, it was amended and renamed as "Inventec Corporation Sustainable Development Best Practice Principles" in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. The fifth amendment was approved by the Board of Directors on May 12, 2023. There is No discrepancy in operations from that of the practice principles.</p>				
<p>7. Other material information that helps to understand the operation of corporate sustainability responsibility:</p> <p>(1). Environmental protection:</p> <p>To the Company, "environmental protection" is a part of its "social responsibility" in our top ten beliefs, namely "environmental protection, culture, poverty relief, and community". In order to fulfill our corporate citizenship responsibility and practice the "green energy environmental protection" of our five major</p>				

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	Y	N	Summary (Note2)	
			<p>policies, the Company has set Inventec's environmental objectives, environmental policies, and environmental projects in order to guide the overall power of our colleagues to move towards a new vision of green sustainability.</p>	
			<p>(2). Community participation:</p> <p>Integration into community life with practical action and the long-term adoption of community parks and designate dedicated personnel for maintenance and cleaning, in order to provide community residents with a comfortable and clean public space.</p> <p>In terms of ecological conservation, the Company has, for many years, cooperated with the Taipei Wild Bird Society to promote the environmental education program of the Guandu Nature Park, and the Company's colleagues serve as volunteers for the Guandu Wetland, and has made donations totaling NT\$400,000. to the eco-conservation project of the Guandu Wetland.</p> <p>After the epidemic lockdown was removed, the first international event "City Light Fair" was held for the first time in the dense metropolitan area of Taipei. The "Light the City with Hope", and the "Shilin Lamp District" themes were selected to be exhibited in the new landmark of Shilin - the Taipei Performing Arts Center. Adhering to the spirit of "making the whole community well-off", Inventec sponsored the city light area activities, to support the development of Shilin.</p>	
			<p>(3). Social contribution:</p> <p>The Company does its best to fulfill its corporate social responsibility, continually caring for society and vulnerable groups and responding to community activities, such as assisting the New Life Association in taking care of vulnerable families in rural areas and participating in caring for the elderly living alone in Shilin District in winter. In addition, the Company actively responds to blood donation and charity and regularly cooperates with the Taipei Blood Donation Center to organize blood donation activities in the factory, encouraging colleagues to actively participate. In response to the COVID-19 epidemic, the Company donated a variety of epidemic prevention materials to the authorities or relevant medical institutions (organizations), such as mobile positive pressure isolation and quarantine care stations, advanced adult respirators, AMBU, oxygen masks (with tubes), biting devices, isolation clothing, N95 masks, diagnostic gloves, and other medical equipment and equipment, hoping to serve the society and jointly contribute to the epidemic prevention. In recent years, the Company has been awarded the "Certificate of Appreciation from the Taiwan Blood Foundation", the "Certificate of Appreciation from the Taipei Municipal Government", the "Certificate of Appreciation from Xinguang Hospital", the "Certificate of Appreciation from the Taipei Doctors Association", the "Commonwealth Sustainability Citizen Award" of Commonwealth Magazine, "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report – Platinum Award" issued by Taiwan Institute for Corporate Sustainability.</p>	
			<p>(4). Social benefit:</p> <p>Inventec encourages employee to actively participate in public service activities such as caring for minority groups, literary and artistic activities and contributing</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>to ecological education, etc. The Inventec Group Charity Foundation was established in 2010, mainly to assist and support public charity organizations from all walks of life in engaging businesses in social welfare. In support of disadvantaged groups, it has been giving out year-end donations to dozens of social welfare public groups over the years before the Spring Festival, to assist them with their long-term social welfare work. The Company has also evaluated the fundraising projects of charities from a variety of areas and has chosen favorable social welfare organizations to which to give charitable donations. During the epidemic, most public welfare organizations were unable to hold fund-raising activities for public welfare, and the amount of money and people in need continued to increase, making it difficult to sustain. Therefore, in 2022, Inventec Foundation donated to over 50 social welfare and non-profit organizations to help them get through the dilemma. In addition, continued to cooperate with Taiwan World Vision and called on colleagues to participate in the 30 Hours Famine activity. It also donated to international humanitarian rescue work. This year, in support of domestic cultural development, the Company sponsored the Taipei Philharmonic to hold the Taipei International Chorus Festival, invited musicians from all circles to participate in the public performance of "Pray for Ukraine", sponsored the Wind Music to host the 2022 World Music Festival @ Taiwan series events, and sponsored the Minghua Garden performance activity, totally an investment of NT\$4.15 million. In 2022, the Company made no political donations or lobbying expenditures, nor participated in any form of political activity.</p>	
(5). Consumer rights and interests:			The Company has provided product liability insurance.	
(6). Human rights:			The Company respects and supports internationally recognized human rights criteria and principles, which include the “Universal Declaration of Human Rights”, “United Nations Global Covenant” and ILO “Declaration on Fundamental Principles and Rights of Work” . A human rights due diligence was officially launched in 2022 to demonstrate our concern and commitment to human rights issues. It also formulates staff behavior codes to advocate during new-employee educational training regularly every year. Moreover, the Company expressly stipulates that recruitment units around the world shall treat colleagues of different races, classes, nationalities, physical problems, etc. equally without discrimination and is prohibited to use the above items as interview evaluation criteria. Besides this, child labor is not permitted, nor is forced labor and other human rights-violating things. This meets local government laws and regulations.	
(7). Safety and health:			In addition to strictly adhering to the occupational health and safety act and related supporting regulations, and conducting various matters by the provisions, the Company continues to promote the Taiwan Occupational Health and Safety Management System (TOSHMS) and the International Occupational Health and Safety Management System (ISO 45001), to implement health and safety controls. In recent years, the Company has been awarded the "Disaster Free Working Hour Record Award", the National "Excellent Occupational Safety and Health Unit Award", the Taipei City "Excellent Labor Safety Unit Award", the Taipei City "Excellent Healthy Workplace Award" and the National Health Administration "Award for Health Promotion with Healthy Workplace Certification".	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	

(8). Task Force on Climate-related Financial Disclosures (TCFD):

Category	Specific Approach		
Governance	<ul style="list-style-type: none"> The Board of Directors is the top supervisor in relation to climate governance. It coordinates the overall climate strategy and oversees the management of climate-related risks and opportunities and key performance. In 2022, a Sustainability Committee was established under the Board of Directors with a Sustainable Environmental Function Team headed by senior business executives to develop and promote corporate climate-related issues to be reviewed by the Committee and reported to the Board. 		
Strategy	<ul style="list-style-type: none"> The Company has defined short-term goals for 2023~2024, medium-term goals for 2025~2027, and long-term for 2028~2030 as the principle of identifying operational climate risks and opportunities to understand climate risks in real-time, develop adaptation and mitigation measures, and assess potential opportunities based on the 2030 low-carbon transition program. Short-/medium-/long-term risks and opportunities in business, strategic, and financial aspects: 		
	Item/Impact	Short-Term	Medium-/Long-Term
	Item	Change of customer behavior, increase in extreme weather events, such as high temperatures, typhoons, and rainstorms, increasing greenhouse gas emissions costs, and increasing sustainability related requirements and regulations.	Low-carbon technology transition costs, increased negative stakeholder feedback, rising average temperature, increased extreme weather events, such as drought.
	Impact	Increase of operating costs and decrease of income, increase of capital expenditure, capital allocation difficulties, change of organizational operation patterns (merger and acquisition, division, etc.), adjustment of product portfolio, such as higher proportion of energy-saving and low-carbon products, difficulty in obtaining funds.	Industrial low-carbon transformation technology improvement and operating costs increase, such as intelligent manufacturing technology, low-carbon material R&D and use, negative carbon technology, enterprise reputation damage, and production efficiency decline.
Opportunity	With innovative culture and R&D technology, develop and enhance low-carbon added-value and product services, provide customers with diversified product solutions, efficient production and distribution processes, equipment, etc., improve production capacity, enhance energy		
			Identify and extend Inventec core technologies, develop relevant and feasible low-carbon technologies, invest in efficient product development and marketing, and offer related low-carbon services.

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			autonomy, participate in distributed renewable energy use, and strengthen operational resilience.	
			<ul style="list-style-type: none"> Specific actions: Set a carbon reduction target by 2030, introduce a carbon inventory digital system, effectively manage greenhouse gas inventory and chain supplier carbon data, and implement carbon reduction commitments by allocating renewable energy use, improving energy-saving solutions, strengthening low-carbon design capabilities, and increasing recycling and reuse rates. Expand technological advantages, engage in the fields of 5G smart factory and AI/data, meet customer needs with a diversified business model, and create new business opportunities by forming alliances with partners in new fields. Integrate the Group's brand image and increase public disclosure channels to flexibly respond to the expectations of multiple stakeholders. 	
Risk Management			<ul style="list-style-type: none"> The Sustainability Committee is the main supervisor of risk management and incorporates climate issues into the management mechanism. The TCFD framework is used to identify climate-related risks and opportunities that may occur in different situations, and relevant actions are discussed based on identified risks and opportunities. Such risks are disclosed to the public and are regularly monitored. Risks are identified and monitored via the following procedure: 1) Identify risks and opportunities, 2) identify the degree of impact on the value chain, 3) identify the significance of climate, and 4) manage and disclose risks, and continue monitoring them. 	
Pointer and Target			<ul style="list-style-type: none"> Mitigation targets to be set based on identified risks and are integrated into routine operational control. Carbon reduction targets to be set for 2030 and are regularly reviewed. Greenhouse gas inventory and verification (ISO 14064-1), covering Scope I, II, and III to be conducted. Switch to and install renewable energy facilities and aim to use 55% of renewable energy by 2030. 	

2.3.7 Ethical Corporate Management and Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Does the Company have a Ethical Corporate Management policy approved by the Board of Directors and clearly state the policy and practice of good faith operation in the regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?	✓		(1) The Company attaches importance to its reputation and takes integrity and sustainable operations as the maximum assets accumulated by Company operations. Among them, the "Codes of Ethical Conduct" and "Code of Integrity Operation" are the ethical standards of conduct and specifications for integrity operation philosophy for directors, managers, employees, appointees, or those with substantial control capability of the Company, in order to prevent the occurrence of conflicts of interest and acts without good faith, as well as let interested parties of the Company better understand the above company standards by which they must abide.	No discrepancy
(2) Has the Company established an assessment mechanism for the risk of dishonest behaviors in order to regularly analyze and evaluate the business activities with high risk of dishonest behaviors within the business scope, formulate the prevention plan hereby, and cover at least the preventive measures for various behaviors in Item 2,	✓		(2) The Company implemented a working plan to ensure honest operations, which is to establish effective accounting and internal control systems through the identification of laws and regulations, the formulation of norms, self-assessments and inspections, smooth reporting channels, including the participation of new employees in the Implementation of the Internal Control System and related legal training course, the signing of all colleagues to the Code of Conduct for Employees, and regular education and training, and the signing of contracts with suppliers to prohibit purchases of improper interests. The responsible unit shall set up an evaluation system to assess the risk of dishonest behavior, and shall annually check and assess whether the preventive measures established for the implementation of honest operations are effective in accordance with the detailed responsibilities in	No discrepancy

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>Article 7 of the Good Faith Operation Code of Listed and OTC Companies?</p> <p>(3) Has the Company clearly defined the operation procedures, behavior guidelines, disciplinary punishments, and complaint systems for violations for preventing dishonest conduct plans and then implemented and regularly reviewed and revised the previous disclosure plan?</p>	✓		<p>the Operation Procedures and Behavior Guidelines for Honest Operations of each unit, regularly executes internal auditing and self-assessment operations, and actually checks the Company's compliance in order to prevent the occurrence of acts without good faith. The Company's anti-dishonest behavior plan already covers the preventive measures of the various behaviors mentioned in Item 2, Article 7 of the Good Faith Operation Code of Listed and OTC Companies.</p> <p>(3) The Company has formulated schemes for preventing acts without good faith in the "Global Employee Code of Conduct Management Measures" and "Employee Complaints and External Reporting Management Specifications" pursuant to the "Code of Integrity Operations", including operation procedures, behavioral guidelines, violation punishments, and a complaint system, and implements them. Review and revise "Operation Procedure and Behavioral Guidelines for Honest Operation" regularly and annually.</p>	No discrepancy
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) If the Company checked whether the respective counterparty holds any record of unethical misconduct and if the contract terms required the compliance of ethical corporate management policy?</p>	✓		<p>(1) In addition to formulating the "Codes of Ethical Conduct" and "Global Employee Code of Conduct Management Measures", the Company has also formulated "New Manufacturer Assessment Management Measures" that require new manufacturers to have good business reputations and conform to the ethical requirements of the Company. In "Purchase Contracts", it shall explicitly stipulate that the supplier shall abide by the special guarantee clause, in which the payment of commission, proportion commission, brokerage fees, tail end fees, or other beneficial behaviors are prohibited. In case of violation, the Company is entitled to terminate the contract immediately, and the supplier shall unconditionally cooperate to ask such person that received benefits for compensation.</p>	No discrepancy

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
(2) Has the Company set up a special unit under the Board of Directors to promote the business's good faith operations, and regularly (at least once a year) reports to the Board of Directors on its good faith management policy, prevention plan, and supervision of its implementation?	✓		(2) To fulfill their management responsibility of the good faith operation, prevent interest conflicts, provide the appropriate statements channel, the Company establishes the Talent and Management Center which is responsible for promoting honest management in the enterprise to take charge of establishment, communication and training of good faith operation(anti-corruption) policy and dishonest behavior prevention scheme, and the relevant unit supervises the performance, and regularly report relevant plan and performance to the board of director in the second quarter every year.	No discrepancy
(3) If the Company established a policy on prevention of conflict of interests, provided appropriate reporting channel and executed rigorously and thoroughly?	✓		(3) The Company has formulated the "Codes of Ethical Conduct", "Global Employee Code of Conduct Management Measures", and "Employee Complaints and External Reporting Management Specifications" to standardize the prevention of the occurrence of conflict of interest circumstances, explicitly stipulating that directors, managers, and all employees must not accept any gift or business entertaining and prohibiting transactions or business contact between the Company and relatives of colleagues in order to avoid the impact of personal improper interests on company rights and interests. The Company has formulated a conflict-of-interest prevention policy in the "Code of Integrity Operations" and provides proper channel for directors, supervisors, managers, and other interested parties attending Board of Directors meetings to actively describe whether they have any potential conflict of interest with the Company, which they shall evade.	No discrepancy
(4) Has the Company established an effective accounting system and internal control system to implement good faith operations, and has the internal auditing unit	✓		(4) The Company has established an effective accounting system and internal control system. (A)Accounting system: In order to implement integrity operations, an effective accounting system has been established. It was designed in accordance with company regulations.	No discrepancy

Items	Implementation status		Non-implementation and its reason(s)
	Y	N	
drawn up a relevant auditing plan according to the assessment results of the risk of dishonest behavior and checked the compliance of the anti-dishonest behavior plan or entrusted an CPA to carry out the inspection?			<p>(B) Internal control system: In order to implement integrity operations, the internal control system of the Company is the management process following the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and was designed by its managers, Consent of audit committee, passed by its board of directors, and implemented by the board of directors, managers, and total employees for purpose of promoting sound operations of the Company.</p> <p>(C) Internal audit: Preventive audit (risk control) plans are performed according to the audit policy for the following risks Reported by the board of directors in 2022. " Ethical Corporate Management Best Practice Principles of Inventec" and operational risk assessment to formulate non-conventional audit indicators, legal compliance indicators, and the highlights of indicators reviews to conduct an internal audit. The Company adopts compliance and project audits on proposed key points in accordance with "Inventec Corporation Limited Codes of Integrity Management", namely aiming at high-risk business groups and subsidiaries to audit their operational procedures as stipulated in the "Operation Procedures for Integrity Management and Behavioral Guidelines" and advocates to prevent dishonest acts.</p>
(5) If the Company organized training and awareness programs on ethical corporate management to internal and external parties?	✓		<p>(5) To implement integrity management, the responsible unit shall promote the advocacy education of all colleagues, collect and draft important norms, such as the Code of Integrity Management, Operation Procedures and Conduct Guidelines, and Code of Conduct for Global Employees, and advocate matters that colleagues should pay attention to in the implementation of business activities. The integrity management training results from 2022 demonstrate integrity behavior related advocacy and the training ratio in Taiwan as 100%. Training hours totaled 109,696 hours and training expenditure was \$11,724,700 in 2022. There were no major breaches of the principle of good faith this year.</p>

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
3.Implementation of whistleblowing system				
(1) If the Company established a whistleblowing and reward system? Upon receiving a reported case, is there a dedicated personnel handling the reported case?	✓		(1) System management and special personnel for special responsibilities: In order to solve major violations or misconduct, etc. complained about by employees, the Company has set up external and internal complaint management. When employees suffer from improper, illegal, or unreasonable events, they can submit a complaint according to the complaint system. There were no employee complaints or labor cases opened in 2022.	No discrepancy
(2) Has the Company established investigation standard operating procedures for accepting accusations, the follow-up measures to be taken after the investigation, and a relevant confidentiality mechanism?	✓		(2) Pursuant to the "Employee Complaints and External Reporting Management Specification", the Company has established investigation standard operation procedures and a confidentiality mechanism to accept reporting matters and imposes punishment by referring to trial principles. No registers in 2022.	No discrepancy
(3) If the Company established any measures for protecting whistleblowers from inappropriate disciplinary actions?	✓		(3) In the "Employee Complaints and External Reporting Management Specifications", the Company has designated a dedicated complaint acceptor (twenty-four seven), and the complaint and reporting hotline: Tel.: 2881-0721 ext. 21999 / E-mail: 21999@inventec.com, and according to the treatment principle, the Company will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments.	No discrepancy
4. Information Disclosure If the Company disclosed ethical corporate management policy and its status of implementation via corporate website or Market	✓		The website of the Company discloses such information as integrity operation, social responsibility, corporate culture, and operation policy.	No discrepancy

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
Observation Post System?				
<p>5. If the Company established any guideline of ethical business conduct in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, please state the implementation status of the guideline and any reasons for non-implementation?</p> <p>Pursuant to the "Listed Company Code of Integrity Operations", the Company formulated the "Inventec Corporation Code of Integrity Operation" in 2014. The fifth amendment was approved by the Board of Directors on Mar. 15, 2022, and the operation has No discrepancy from the rules.</p>				
<p>6. If any other information that helped to understand the operation of ethical business conduct and its implementation?</p> <p>Promoting integrity policies and beliefs every year in the supplier convention and reviewing their implementation conditions.</p>				

2.3.8 Corporate Governance Guideline and Regulations

Please go to the Company website (<https://www.inventec.com>) and click on Investor Relations /Corporate Governance for inquiry.

2.3.9 Other Important Information Regarding Corporate Governance: None.

2.3.10 Internal Control System

2.3.10.1 Statement of Internal Control System

Inventec Corporation
Statement of Internal Control System

Mar. 14, 2023

Based on the findings of self-assessment, the Company states the following with regard to its internal control system in 2022:

1. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanism and the Company takes corrective actions whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that, as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning effectiveness and efficiency of operations, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of the Company’s Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on Mar. 14, 2023, with zero of nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Inventec Corporation.
Chairman : Cho, Tom-Hwar
President : Wu, Yung-Tsai

2.3.10.2 If the Company is Requested by the SEC to Retain CPA's Service for Examining Internal Control System, the Independent Auditor's Report must be Disclosed: None

2.3.11 The Penalties Delivered to the Company and the Staffs of the Company, or the Penalties Delivered by the Company to the Staffs for Violations of Internal Control System, the Major Nonconformity, and the Corrective Action in the Most Recent Years and up to the Date of the Annual Report: None.

2.3.12 Resolutions Reached in the Shareholders' Meeting or by the Board of Directors in the Most Recent Years and up to the Date of the Annual Report Printed:

2.3.12.1 The important resolutions of the general shareholder meeting:

Meeting date	Abstract of Important Proposals	Implementation Status
2022.06.14	1. Proposal for the acknowledgment of the 2021 Business Report and financial statement of the Company.	Approved by 2,631,707,471 voting rights (among which, 1,709,698,855 voting rights were exercised electronically), accounting for 92.61% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed.
	2. Proposal for acknowledgment of surplus dividend distribution of the Company in 2021.	Approved by 2,635,246,646 voting rights (among which, 1,713,238,030 voting rights were exercised electronically), accounting for 92.73% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. NT\$1.4 cash dividend is allotted per share. Ex-dividend base date: July 20, 2022. Date of cash dividend distribution: August 11, 2022.
	3. Proposal to revise some articles of Articles of Incorporation.	Approved by 2,571,518,466 voting rights (among which, 1,649,509,850 voting rights were exercised electronically), accounting for 90.49% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. The revised edition has been published on the company website.
	4. Proposal to revise some articles of Rules of Procedure for Shareholders Meetings.	Approved by 2,571,523,726 voting rights (among which, 1,649,515,110 voting rights were exercised electronically), accounting for 90.49% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. The revised edition has been published on the company website.

	5. Proposal to revise some articles of Procedures for Acquisition or Disposal of Assets.	Approved by 2,609,499,135 voting rights (among which, 1,687,490,519 voting rights were exercised electronically), accounting for 91.82% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. The revised edition has been published on the company website.
	6. Proposal for Release the Prohibition on Director Chen, Ruey-Long from Participation in Competitive Business	Approved by 2,602,509,454 voting rights (among which, 1,680,500,838 voting were exercised electronically), accounting for 91.58% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed.

2.3.12.2 The important resolutions of the Board of Directors:

Meeting Date	Important Resolution Matters
2022.1.25	Passed Inventec (Czech), s.r.o. 's plans to purchase equipment.
	Passed Inventec (Pudong) Technology Corp. 's plans to purchase equipment.
	Passed Inventec (Chongqing) Corp to purchase new staff dormitory as demanded by operating requirements
	Pass to raise funds to set up “Top Taiwan II Venture Capital Co., Ltd.”
	Passed to appoint managers.
	Passed to extend the bank quotas.
2022.2.22	Passed to extend the bank quotas.
2022.3.15	Passed to set up a project company through investments from Inventec Appliances (Shanghai) Co., Ltd. to develop a project plan
	Passed to issue the 2021 "Inventec Corporation Internal Control System Statement".
	Passed the 2021 employees', and directors' rewards distribution
	Passed the 2021 individual and consolidated financial statement, and business report of the Company.
	Passed the 2021 individual and consolidated financial statement, and CPA auditing report of the Company.
	Passed the 2021 surplus distribution proposal of the Company.
	Passed the appointment of the certified public accountant.
	Passed to agree upon relevant matters of the 2022 general meeting of the Company.
	Passed the revision of some articles of Corporate Governance Best Practice Principles
	Passed the revision of some articles of Ethical Corporate Management Best Practice Principles

Meeting Date	Important Resolution Matters
	Passed the revision of some articles of the Procedures for Acquisition or Disposal of Assets.
	Passed the revision of some articles of the Rules of Articles of Incorporation.
	Passed the revision of some articles of the Rules of Procedure for Shareholders Meetings.
	Passed to remove the restriction of the board directors, Chen, Ruey-Long
	Passed to appoint managers.
	Passed to extend the bank quotas.
2022.04.26	By participating in the bidding for the optoelectronic plant in Tainan Technology Industrial Park Service Center.
	Passed the participation in the capital increase of Inventec Holding (North America) Corp., Ltd.
	Passed Inventec (Pudong) Corp lend money to Inventec Asset-Management (Shanghai) Corporation.
	Passed to extend the bank quotas.
2022.05.13	Passed the 2022 Q1 consolidated financial statement of the Company.
	Passed to extend the bank quotas.
2022.06.28	Passed to stipulate the ex-dividend base date of the cash dividend.
	Passed the participation in the capital increase of Inventec (Shanghai) Service Co., Ltd. and Saint Investment Consulting Corporation
	Passed to appoint managers.
	Passed to extend the bank quotas.
	Passed bank endorsement guarantee of Inventec (Czech), s.r.o.
2022.07.26	Passed to extend the bank quotas.
2022.08.12	Passed the 2022 Q2 consolidated financial statement of the Company.
	Passed to extend the bank quotas.
2022.09.27	Passed to establish a new area of business for the development of 5G private network and related telecommunication equipment
	Passed Inventec Corp. 's plans to purchase equipment.
	Passed to appoint managers.
2022.10.25	Passed to extend the bank quotas.
2022.11.11	Passed the new factory lease of Inventec (Czech), s.r.o.
	Passed the revision of some articles of the internal control system.
	Passed the "2023 Internal Audit Plan".
	Passed the 2022 Q3 consolidated financial statement of the Company.
	Passed the 2022 CPA's fees

Meeting Date	Important Resolution Matters
	Passed the donation of TWD 10 million to Inventec Group Charity Foundation
	Passed the revision of some articles of Rules of Procedure for Board of Directors Meetings
	Passed the revision of some articles of Procedures for Handling Material Inside Information
2022.12.05	Passed to make Sustainability Committee Charter
	Appointed members of the first session of the Sustainability Commission
	The current compensation policy, regulations, standards and structures adopted
	Passed 2022 directors and managers' remunerations ratio
	Passed 2021 directors and managers' remunerations and year-end bonus proposal
	Passed the proposal for the 2022 remuneration adjustment for directors and managers of the Company
2022.12.27	Acquisition of land right-of-use assets in Vietnam
	Passed IEC TECHNOLOGIES, S.DE R.L.DE C.V.'s plans to purchase equipment.
	Passed 2023 business plan
	Passed manager dismissal.
	Passed to appoint managers.
	Passed endorsement guarantee of IEC TECHNOLOGIES, S.DE R.L.DE C.V.
	Passed to extend the bank quotas.
2023.01.17	Project company set up in Vietnam
	Passed to extend the bank quotas.
	Change to investment structure by acquiring right-of-use assets and setting up project companies in Vietnam
2023.02.21	Passed the participation in the capital increase of Inventec (Czech), s.r.o.
	Passed IEC TECHNOLOGIES, S.DE R.L.DE C.V.'s plans to purchase equipment.
	A donation of NT\$5 million made to Inventec Group Charity Foundation for earthquake relief in Turkey and Syria
	Passed Inventec (Shanghai) Corp lend money to Shanghai Yingquanda Industrial Co., Ltd.
	Passed to extend the bank quotas.
	Passed to issue the 2022 "Inventec Corporation Internal Control System Statement".
2023.03.14	Passed the 2022 employees', and directors' rewards distribution
	Passed the 2022 individual and consolidated financial statement, and business report of the Company.
	Passed the 2022 individual and consolidated financial statement, and CPA auditing report of the Company.
	Passed the 2022 surplus distribution proposal of the Company.

Meeting Date	Important Resolution Matters
	Passed the appointment of the certified public accountant.
	Re-election of directors at end of term
	Passed to agree upon relevant matters of the 2023 general meeting of the Company.
	Passed to agree upon director nominees
	Passed to remove the restriction of the board directors
	Passed the revision of some articles of Rules of Procedure for Board of Directors Meetings.
	Passed the revision of some articles of Corporate Governance Best Practice Principles
	Passed the revision of some articles of Rules Governing Financial and Business Matters between this Corporation and its Affiliated Enterprises
	Passed the revision of some articles of administrative measures for subsidiaries
2023.04.25	Passed Inventec (Pudong) Corp lend money to Inventec Asset-Management (Shanghai) Corporation.
	Passed to raise the bank quotas.
	Passed to extend the bank quotas.
2023.05.12	Passed the 2023 Q1 consolidated financial statement of the Company.
	Proposal on the incorporation of a subsidiary for business operations in Thailand adopted
	Passed the revision of some articles of Sustainable Development Best Practice Principles
	Vision, strategy and promotion plan for sustainable development adopted
	Passed endorsement guarantee of IEC TECHNOLOGIES, S.DE R.L.DE C.V.
	Passed to revoke the bank endorsement guarantee of Inventec (Czech), s.r.o.
	Passed to extend the bank quotas.

2.3.13 Major Issues of Record or Written Statement Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Last Few Years and as of the Annual Report Printing Date: None.

2.3.14 Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D in the Last Few Years and as of the Annual Report Printing Date: None.

2.4. Certified Public Accountant (CPA) Fee Information

2.4.1 Range of CPAs' Fee

Unit: NT\$ Thousands

CPA Firm	CPA	Auditing Period	Auditing Fees	Non-Auditing Fees (Note1)	Total	Note
KPMG	Lin Wan-Wan	2022.01.01~2022.12.31	8,600	2,405	11,005	-
	Kuo, Rou-Lan					

Note1: The fees mainly include the tax visa, business tax auditing, transfer pricing, country report/group master file, and other tax consultations.

2.4.2 If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change is Reduced from the Audit Fee of the Previous Year, the Amounts of the Audit Fees Before and After such Change and the Reason of such Change Should Be Disclosed: None

2.4.3 If the Audit Fee Is Reduced by More than 10% from Last Year, the Amount, Ratio, and Reason for the Reduction of the Audit Fee Should Be Disclosed: None

2.5 Information Regarding the Replacement of CPA:

As part of the internal rotation of the accounting department, from the first quarter of 2023, certified public accountant changes from CPA Lin Wan-Wan and CPA Kuo, Rou-Lan to CPA Kuo, Rou-Lan, and CPA Chen Ying-Ru, hence it is not applicable. The Board meeting dated Mar. 14, 2023, resolved to change.

2.6 Information on Services of the Company's Chairman, Presidents, Financial or Accounting Managers at the Accounting Firm or Its Affiliates

If the chairman, president, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

2.7 Change in Shareholding of Directors, Managers and Major Shareholders Who Own 10% or More of Invnetec Corporation Shares

Unit: Thousand shares

Title	Name	2022		2023/1/1~2023/05/18	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Cho, Tom-Hwar	0	0	0	0
Director	Yeh, Kuo-I	0	0	0	0
Director	Wen, Shih-Chih	0	0	0	0
Director	Lee, Tsu-Chin	0	0	0	0
Director	Chang, Ching-Sung	0	0	0	0
Director	Yeh, Li-Cheng	0	0	0	0
Independent Director	Chang, Chang-Pang	0	0	0	0
Independent Director	Chen, Ruey-Long	0	0	0	0
Independent Director	Wea, Chi-Lin	0	0	0	0
President	Wu, Yung-Tsai	224,269	0	0	0
Business Group President	Chang, Hui	0	0	0	0
Business Group President	Tsai, Chih-An	0	0	0	0
Executive Vice President	Yeh, Li-Cheng	0	0	0	0
Senior Vice President	Chiu, ChuiI-Kuan	0	0	0	0
Senior Vice President	Chen, Yea-Ping	0	0	0	0
Senior Vice President	Yi, Fu-Ming	0	0	0	0
Senior Vice President	Chen, Wei-Chao	0	0	0	0
Senior Vice President (Note2)	Chang, Lin	0	0	0	0
Vice President	Chang, Nai-Wen	0	0	0	0
Vice President	Hong, Kuo-Ching	0	0	0	0
Vice President	Chang Yiu-Lang	0	0	0	0
Vice President	Yu, Chin-Pao	0	0	0	0
Vice President	Chien, Kuei-Fen	0	0	0	0
Vice President	Tsai, Yuh-Chen	0	0	0	0
Vice President	Hsu, Ching-Wu	0	0	0	0
Vice President	Lin, Shu-Ju	0	0	0	0
Vice President (Note3)	Yen, Cheng-Lung	0	0	0	0
Vice President	Chao, Tsai-Hsiu	0	0	0	0

Title	Name	2022		2023/1/1~2023/05/18	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Li, Jui-Chin	0	0	0	0
Vice President	Chung, Chien-Yao	0	0	0	0
Vice President	Lin, Hung-Chou	0	0	0	0
Vice President	Ting, Wei-Fan	0	0	0	0
Vice President	Chen, Wen-Chi	0	0	0	0
Vice President	Yu, San-Hua	0	0	0	0
Vice President	Song, Jing-Sian	0	0	0	0
Vice President	Wang, Chih-Ching	0	0	0	0
Vice President	Shih, Yu-Te	0	0	0	0
Vice President	Yu, Win-Chee	0	0	0	0
Vice President	Lin, Shih-Pin	0	0	0	0
Vice President	Wu, Chia-Ming	0	0	0	0
Director of Finance Center	Liang, Wen-Jan	0	0	0	0
Director of Finance Center	Hsiao, I-Ying	0	0	0	0

Note 1: The Company has no shareholder holding more than ten percent of the total stock.

Note 2: The date of formulating data is the date of publication.

Note 3: On Dec. 27, 2022, Vice president Yen, Cheng-Lung applied for retirement and were relieved of his positions on Jan. 1, 2023.

2.7.1 Information of Shares Transferred: None.

2.7.2 Information of Equity Pledged: None.

2.8 Information on the Relationship of the Top Ten Shareholders as Related Parties, Spouses, or Blood Relatives within Two Degrees

2023.04.15

Unit: Share

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		The Relationship		Note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	255,537,000	7.12%	-	-	-	-	-	-	
Yeh, Kuo-I	176,361,330	4.92%	69,314,117	1.93%	-	-	Yeh, Li-Chuan Yeh, Li-Cheng	Relative within the second degree of kinship Relative within the second degree of kinship	
Yuanta/P-shares Taiwan Dividend Plus ETF	150,889,982	4.21%	-	-	-	-	-	-	
Shyh Shiunn Investment Corp.	139,416,690	3.89%	-	-	-	-	Wen, Shih-Chih	Chairman	
Shyh Shiunn Investment Corp.: Representative, Wen, Shih-Chih	35,685,590	0.99%	37,399	0.00%	-	-	-	-	
Lai-Chu Investment Co., Ltd.	136,721,634	3.81%	-	-	-	-	Yang, Yuan-Yuan	Chairman	
Lai-Chu Investment Co., Ltd. Representative Yang, Yuan-Yuan	1,100,000	0.03%	36,414,930	1.02%	-	-	-	-	
Fulltime Investment	126,781,074	3.53%	-	-	-	-	Yeh, Li-Cheng	Chairman	

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		The Relationship		Note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Corporation									
Fulltime Investment Corporation Representative, Yeh, Li-Cheng	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I Yeh, Li-Quan Goldshare Investment Corporation	Relative within the second degree of kinship Relative within the second degree of kinship Chairman	
Goldshare Investment Corporation	126,752,558	3.53%	-	-	-	-	Yeh, Li- Cheng	Chairman	
Goldshare Investment Corporation Representative, Yeh, Li-Cheng	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I Yeh, Li-Quan Fulltime Investment Corporation	Relative within the second degree of kinship Relative within the second degree of kinship Chairman	
Yeh, Li-Cheng	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I Yeh, Li-Quan Goldshare Investment Corporation Fulltime Investment Corporation	Relative within the second degree of kinship Relative within the second degree of kinship Chairman Chairman	
Lee, Tsu-Chin	115,833,835	3.23%	-	-	-	-	-	-	
Yeh, Li-Quan	93,398,405	2.60%	2,111,196	0.06%	-	-	Yeh, Kuo-I Yeh, Li-Cheng	Relative within the second degree of kinship Relative within the second degree of kinship	

Note 1: The top ten shareholders shall all be listed; for corporate shareholders, the name and representative of the corporate shareholder shall be listed respectively.

Note 2: The calculation of shareholding ratio means the calculation of shareholding ratio in the name of oneself, spouse, minor children, or other person.

Note 3: For the corporate shareholders and natural person shareholders listed above, any relationship between and among them shall be disclosed.

Note 4: The date of formulating data is the book closure date of shares.

2.9 Ownership of Shares in Affiliated Enterprises

2023.04.15

Unit: Thousand shares; %

Long-Term Investment	Ownership by Inventec		Direct/Indirect Ownership by Directors and Management		Total	
	Shares	%	Shares	%	Shares	%
Inventec Appliances Corporation	536,857	100.00%	-	-	536,857	100.00%
Inventec Besta Co., Ltd	23,405	37.53%	2,840	4.55%	26,245	42.08%
Inventec Investment Corporation	108,800	100.00%	-	-	108,800	100.00%
Inventec Solar Energy Corporation	108,150	33.45%	58,814	18.19%	166,964	51.64%
AIMobile Co., Ltd.	8,030	73.00%	-	-	8,030	73.00%
InveneXt System Co., Ltd.	5,000	100.00%	-	-	5,000	100.00%

Note 1: It is the investment of Company by adopting the Equity Method.

Note 2: The date of formulating data is the book closure date of shares.

III. Capital Overview

3.1 Capital and shares

3.1.1 Capital and Shares

05/18/2023

Month/ Year	Par Value (NT)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000)	Amount (NT\$1,000)	Shares (1,000)	Amount (NT\$1,000)	Sources of Capital (NT\$10,000)	Capital Increased by Assets Other than Cash	Other
1988.11	10	22,060	220,600	22,060	220,600	Capital increase NT 3,000 by Cash	—	November 1, 1988 (77), No. 09283
1989.08	10	66,999	660,000	33,200	332,000	Capital increase NT 4,080.80 by Cash Capital increase NT 7,059.20 by Earnings	—	August 21, 1989 (78), No. 01724
1990.05	10	100,000	1,000,000	76,360	763,600	Capital increase NT 3,320 by Capital Surplus Capital increase NT 39,840 by Earnings	—	May 30, 1990 (79), No. 28599
1991.07	10	100,000	1,000,000	83,996	839,960	Capital increase NT 7,636 by Capital Surplus	—	July 18, 1991 (80), No. 01592
1992.06	10	100,795	1,007,952	100,795	1,007,952	Capital increase NT 16,799.20 by Earnings	—	June 17, 1992 (81), No. 01286
1993.07	10	120,954	1,209,542	120,954	1,209,542	Capital increase NT 20,159 by Earnings	—	July 20, 1993 (82), No. 30624
1994.06	10	145,145	1,451,451	145,145	1,451,451	Capital increase NT 24,191 by Earnings	—	June 20, 1994 (83), No. 28255
1995.06	10	174,174	1,741,741	174,174	1,741,741	Capital increase NT 29,029 by Earnings	—	June 21, 1995 (84), No. 36512
1996.06	10	226,426	2,264,263	226,426	2,264,263	Capital increase NT 52,252 by Earnings	—	June 21, 1995 (84), No. 38703
1997.05	10	600,000	6,000,000	508,560	5,085,604	Capital increase NT 282,134 by Earnings	—	May 06, 1997 (86), No. 36918
1998.05	10	1,000,000	10,000,000	835,407	8,354,069	Capital increase NT9,663 by Capital Surplus Capital increase NT 317,184 by Earnings	—	May 12, 1998 (87), No. 41354
1998.05	10	1,000,000	10,000,000	855,407	8,554,069	Capital increase NT 20,000 by Cash	—	May 20, 1998 (87), No. 41353
1999.05	10	1,250,000	12,500,000	1,140,000	11,400,000	Capital increase NT 284,593 by Earnings	—	May 17, 1999 (88), No. 46068
2000.05	10	1,500,000	15,000,000	1,375,860	13,758,600	Capital increase NT 22,800 by Capital Surplus Capital increase NT 213,060 by Earnings	—	May 22, 2000 (89), No. 43743
2001.05	10	2,000,000	20,000,000	1,660,700	16,607,000	Capital increase NT 27,517.2 by Capital Surplus Capital increase NT 257,322.8 by Earnings	—	May 18, 2001 (90), No. 130976
2002.06	10	2,000,000	20,000,000	1,835,000	18,350,000	Capital increase NT 24,910.5 by Capital Surplus Capital increase NT 149,389.5 by Earnings	—	June 14, 2002 (91), No. 132472

Month/ Year	Par Value (NT)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000)	Amount (NT\$1,000)	Shares (1,000)	Amount (NT\$1,000)	Sources of Capital (NT\$10,000)	Capital Increased by Assets Other than Cash	Other
2003.06	10	2,500,000	25,000,000	2,026,000	20,260,000	Capital increase NT 191,000 by Earnings	—	June 18, 2003 (92), No. 0920127026
2004.06	10	2,500,000	25,000,000	2,137,000	21,370,000	Capital increase NT 111,000 by Earnings	—	June 08, 2004 (93), No. 0930125427
2005.06	10	2,500,000	25,000,000	2,205,700	22,057,000	Capital increase NT 68,700 by Earnings	—	June 24, 2005 (94), No.0940125418
2006.06	10	2,500,000	25,000,000	2,301,000	23,010,000	Capital increase NT 95,300 by Earnings	—	June 27, 2006 (95), No. 0950126555
2007.06	10	2,500,000	25,000,000	2,427,800	24,278,000	Capital increase NT 126,800 by Earnings	—	June 25, 2007 (96), No. 0960031988
2008.06	10	3,000,000	30,000,000	2,561,000	25,610,000	Capital increase NT 133,200 by Earnings	—	June 24, 2008 (97), No. 0970031477
2009.06	10	3,000,000	30,000,000	2,821,426	28,214,260	Capital increase NT 260,426 by Earnings	—	June 25, 2009 (98), No. 0980031805
2010.06	10	3,000,000	30,000,000	2,962,497	29,624,973	Capital increase NT 141,071 by Earnings	—	June 25, 2010 (99), No. 0990032858
2011.08	10	3,500,000	35,000,000	3,468,922	34,689,218	Capital increase NT 506,425 by Merging	—	August 19, 2011 (100), No. 1000037640 September 01, 2011 (100), No. 1000041230
2011.10	10	3,500,000	35,000,000	3,466,159	34,661,595	Cancellation of Treasury Stocks NT2,762	—	—
2012.06	10	3,650,000	36,500,000	3,587,475	35,874,751	Capital increase NT 121,316 by Earnings	—	June 27, 2012 (101), No.1010028496

Unit: Share; 05/18/2023

Shares Category	Authorized Capital			Remarks
	Issued Shares (Listed)	Non-Issued	Total	
Registered Common Shares	3,587,475,066	62,524,934	3,650,000,000	

Information for shelf registration: None

3.1.2 Composition of Shareholders

04/15/2023

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	13	69	151	99,853	904	100,990
Shareholding (shares)	39,899,627	559,316,339	731,409,152	1,316,800,764	940,049,184	3,587,475,066
Percentage	1.11%	15.59%	20.39%	36.71%	26.20%	100.00%

3.1.3 Shareholding Distribution Status

04/15/2023

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	29,411	8,294,278	0.23%
1,000~ 5,000	51,576	111,978,192	3.12%
5,001~ 10,000	10,669	78,483,822	2.19%
10,001~ 15,000	3,420	42,146,222	1.17%
15,001~ 20,000	1,666	30,213,607	0.84%
20,001~ 30,000	1,541	38,454,609	1.07%
30,001~ 40,000	618	21,774,228	0.61%
40,001~ 50,000	420	19,329,813	0.54%
50,001~ 100,000	680	47,629,701	1.33%
100,001~ 200,000	361	50,095,662	1.40%
200,001~ 400,000	208	59,515,013	1.66%
400,001~ 600,000	94	46,009,780	1.28%
600,001~ 800,000	59	40,983,613	1.14%
800,001~1,000,000	31	27,943,562	0.78%
1,000,001~999,999,999	236	2,964,622,964	82.64%
Total	100,990	3,587,475,066	100.00%

Preferred share: The Company did not issue any preferred share.

3.1.4 List of Major Shareholder

04/15/2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	255,537,000	7.12%
Yeh, Kuo-I	176,361,330	4.92%
Yuanta/P-shares Taiwan Dividend Plus ETF	150,889,982	4.21%
Shyh Shiunn Investment Corp.	139,416,690	3.89%
Lai-Chu Investment Co., Ltd	136,721,634	3.81%
Fulltime Investment Corporation	126,781,074	3.53%
Goldshare Investment Corporation	126,752,558	3.53%
Yeh, Li-Cheng	117,412,472	3.27%
Lee, Tsu-Chin	115,833,835	3.23%
Yeh, Li-Quan	93,398,405	2.60%

3.1.5 Market Price Per Share, Net Value, Earnings and Dividends for Latest Two Years

Unit : NT\$; Thousand shares

Item		Year			
		2021	2022	01/01/2023 ~03/31/2023	
Market Price per Share (Note1)	Highest Market Price	28.00	26.45	32.05	
	Lowest Market Price	22.65	22.05	25.20	
	Average Market Price	25.41	24.58	27.89	
Net Worth Per Share	Before Distribution	15.91	16.60	15.49	
	After Distribution	14.51	15.10 (Note5)	-	
Earnings Per Share	Weighted Average Share Numbers	3,587,475	3,587,475	3,587,475	
	Earnings Per Share	1.82	1.71	0.25	
Dividends Per Share	Cash Dividends	1.40	1.50 (Note5)	-	
	Stock Dividend	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends	—	—	—	
Return on Investment	Price / Earnings Ratio (Note2)	13.96	14.37	—	
	Price / Dividend Ratio (Note3)	18.15	16.39 (Note5)	—	
	Cash Dividend Yield Rate (Note4)	6%	6% (Note5)	—	

Note1: Source of the materials: Taiwan Stock Exchange Corporation

Note2: Price / Earnings Ratio = Average Market Price / Earnings Per Share

Note3: Price / Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note4: Cash Dividend Yield Rate = Cash Dividends Per Share / Average Market Price

Note5: Including 2022 dividend amount resolved by the Board on March 14, 2023

3.1.6 Corporate Dividend Policy and Implementation Condition

1. Corporate dividend policy

Pursuant to the provisions of the Articles of Incorporation, if there is a surplus in the general annual report of the Company, it shall first be used to pay taxes and offset accumulated losses, and then 10% will be withdrawn as a statutory surplus reserve, except when the statutory surplus reserve has accumulatively reached the total paid-up capital of the Company. Furthermore, the special surplus reserve shall be set or returned according to the operation demand of the Company and pursuant to relevant laws and decrees. If there is still surplus and accumulated undistributed surplus, a proper amount shall be reserved according to operation demand, and a dividend of no less than 10% of the surplus in the current year shall be paid. The Board of Directors shall prepare a surplus distribution proposal and submit it to the Shareholders' Meeting for acknowledgment. The dividend policy of the Company considers the future fund demand and long-term financial planning of the Company, as well as shareholders' demand on cash inflow. If there is a surplus in the annual report, the cash dividend distributed every year shall not be less than 10% of the total cash and stock dividend distributed in the current year.

2. Dividend distribution situation

The dividend distribution situations of the Company for past five years are summarized in the following table:

Year	2018	2019	2020	2021	2022
Cash Dividend	1.50	1.30	1.85	1.40	1.50
Stock Dividend	-	-	-	-	-

3.1.7 The Impact of Stock Grants Proposed by the Shareholders' Meeting at this Time on Company Business Performance and Earnings Per Share: This (2023) Shareholders' Meeting has not proposed any stock grants.

3.1.8 Remuneration of Employees, and Directors

1. Percentage or scope of remuneration of employees, and directors as stated in the Articles of Incorporation

According to the Articles of Incorporation of the Company, if the Company experiences overall annual profit, no less than 3% shall be allocated as employee remuneration and no more than 3% as director remuneration. However, when the Company has accumulated losses, it shall reserve the compensation amount in advance. Employee remuneration may be issued in cash or stock, the issuing object may include employees subordinated to the Company and conforming to certain conditions, and the conditions and methods thereof will be stipulated by the Board of Directors.

2. Estimation base of employee, and director remuneration in this estimation, the number of shares calculation base for employee remuneration in stock distribution, and accounting treatment when

the actual distribution amount differs from the estimated amount.

- (1) Estimation base of employee, and director remuneration in this estimation: Pursuant to the Articles of Association of the Company, if the Company experiences overall annual profit, no less than 3% shall be allocated as employee remuneration and no more than 3% as director remuneration. However, when the Company has accumulated losses, it shall reserve the compensation amount in advance.
- (2) The number of shares calculation base for employee remuneration in stock distribution: In this period, no employee remuneration is in stock distribution.
- (3) When the actual distribution amount differs from the estimated amount, the balance thereof will be listed as cost adjustments in the actual distribution year.

3. Situation of the Board of Directors' passing remuneration distribution

- (1) The amount of employee, and director remuneration in cash or stock distribution. If it differs from the estimated amount in the recognized expense year, the balance, reason, and handling situation shall be disclosed: the Board of Directors passed a resolution, determining that the remuneration of employees in 2022 is NT\$ 516,363,664, and the remuneration of directors in 2022 is NT\$ 68,342,250, which are the same as the recognized expense amount in 2022.
- (2) The proportion of employee remuneration amount in stock distribution in the net profit after tax in individual financial statements of this period and the total employee remuneration: None

4. For the actual distribution situation of employee, and director remuneration last year (including distributed shares, amount, and stock price), if it differs from the recognized employee, and director remuneration, the balance, reason, and handling situation shall be specified.

In 2021, the relevant information on the employee and director remuneration is summarized below: Employee bonus distribution: NT\$ 558,930,501; director remuneration distribution: NT\$ 83,422,463 and the total distribution amount is NT\$ 642,352,964. It is the same as the recognized expense amount in 2021.

The distribution situation passed by the Shareholders' Meeting is the same as the proposed situation passed by the Board of Directors.

3.1.9 Company's Situation Regarding Buying Back Company Shares: None.

3.2 Bonds: None.

3.3 Preferred Shares: None.

3.4 Global Depository Receipts: None.

3.5 Employee Stock Options: None.

3.6 Restricted Employee Shares: None.

3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.8 Financing Plans and Implementation

3.8.1 Plans: None.

3.8.2 Implementation: None.

IV. Operational Highlights

4.1 Business Activities

4.1.1. Business Scope

1. Major business contents

The major business items of the Group include the manufacturing and sale of computers and smart device products, etc.

2. Proportion of consolidated business

Item \ Year	2021	2022
Computer Product	99.74%	99.58%
Service Revenue	0.15%	0.13%
Others	0.11%	0.29%
Total	100.00%	100.00%

3. Commodity items and new commodities planned to be developed

- A. Personal information products: Notebook PC, Desktop, AIO and Thin Client.
- B. Business solutions: 5G/edge computing, servers, storage equipment, switches, AI solutions, rack solutions and network solutions.
- C. Smart devices: include smart health care, smart home, intelligent machine and smart wearable electronic equipment.

4.1.2 Industry Overview

1. The current situation and development of the industry

(1) Notebook computers

The demand for business computers rebounded in 2022. In the second half of the year, the laptop market was affected by the global recession and the high supply chain of inventory levels, and the overall demand slowly declined in the year. According to MIC's statistics, the shipments of laptops to the market were approx. 199 million in 2022, a decrease of 24.2 percent from the previous year. Although the overall economy is affected by the uncertain political and economic situations when looking at the global notebook market in 2023, the traditional cyclical growth is expected to return to the market track in the second half of the year, and the market size is estimated to shrink slightly by 2.5%, with shipments dropping to 194 million units.

(2) Servers and Cloud computing

The shortage of IC and components in the previous year continued in the first half of 2022, and the influenced by COVID-19 pandemic response measures resulted in a slowdown of server delivery around the globe. According to the MIC statistics market, global server

shipments, driven by the popularity of global cloud computing and storage, grew by over 4.9% in 2022 from the previous year, reaching 13.62 million units. Although the IT hardware market is expected to shrink in 2023, the server industry will grow against the trend, with overall shipment growth of 5.2 percent, and the total of server shipments is expected to climb to 14.32 million units during the year.

(3) Smart device

According to statistics from the IDC research unit, wearable devices, including smart watches, smart bracelets, and earphones in 2022, were challenged by the economic downturn and post-pandemic de-stocking. The global shipment of wearable devices totaled 515 million units, a 3.3% decrease from 2021. However, IDC optimistically estimates that the total shipments of wearable devices will grow annually by 4.6 percent to 539 million units in 2023, driven by the replacement cycle, an increased penetration, and a rebound in the demand from emerging markets. The compound growth rate of wearable devices is expected to be 5.1% in the next five years. It's estimated that the shipment of wearable devices will soar to 628 million units in 2026. Smartwatches and wearable headphones will be the highest growth aspects.

2. Relevance of upstream, midstream, and downstream of the information hardware industry

<u>Upstream component manufacturing industry</u>	<u>Midstream semi-finished products processing industry</u>	<u>Downstream product distribution industry</u>
(1) CPU		
(2) ODD		
(3) HDD		
(4) LCD panel	Module	
(5) Battery		
(6) Memory	and	Distributor
(7) Network device		
(8) Keyboard	Assembly	
(9) Mainboard		
(10) Adaptor		
(11) Other components		

3. All kinds of product development trends and competition situations

(1) Notebook computers

According to CES trends, the effectiveness, efficiency, and compact size of laptops will continue to be the focus of development. In the post COVID-19 hybrid working environment, users have increased demands for diversified functions i.e., office learning, e-sports entertainment, and a longer standby duration. The upgrading of the core processor and display chip by major manufacturers improve efficiency with less power consumption

and prolongs the battery service life. A high-resolution and high-quality screen display is also becoming the mainstream trend, enabling users to fully enjoy the video and audio entertainment. The dual-screen laptop is also starting to steal the market, with more models to follow. In recent years, the issue of environment-friendly sustainable operations became popular. Manufacturers try their best to use recyclable materials in the product design and green energy in the manufacturing process. By striving to reduce carbon footprints and achieve sustainable development, they hope to gain a larger share in the highly competitive market through differentiated marketing and brand positioning strategies.

(2) Server and cloud computing

With the rise of the meta-universe trend around the world and the growth of software development capabilities, enterprises continue to meet the demand for server and cloud storage space capacity. To meet the market's demand, the server manufacturers prioritize improving computing power in their product deployment, including GPU servers, HPC high-efficiency computing servers, AI servers, enterprise-class servers, and edge servers. In terms of cloud services, the AIO cloud can no longer meet the market's demand, and all large enterprises use the mixed cloud in their infrastructure and applications. Cloud suppliers build close bridges between cloud services to minimize the response delay by edge computing, to ensure that customers at the different suppliers' service platforms will receive responses in the shortest time, and to improve overall efficiency.

(3) Smart devices

Recently, consumers have increased demands for maintaining their health and keeping abreast of their blood oxygen, heart rate, blood pressure status, and even their sleep quality data, so wearable device users are increasingly divided into smaller groups, making the product design and development more functionally diversified and more competitive. In the future, the development of IoT technology will realize more intelligent applications and operations, which will greatly improve the convenience and experience of users. In addition to compact soft material and substrate design, manufacturers must have a more prominent product appearance design and a rich choice of functions, to gradually integrate the extension of smart home, smart medical, and other fields and to enhance their competitive advantage.

4.1.3 Overview of Technology and Research and Development

1. Table of research and development expenditure investment by the Group in the past two years

Year	2021	2022
R&D Expenses (Unit: NT\$ Thousands)	10,593,339	12,095,376
R&D Expenses to Revenue (%)	2.04	2.23
Growth Rate (%)	9.04	14.18

"Innovation" is the basic spirit of the Group foundation's operation philosophy. An innovation concept means continuously exploring innovative research and development, and

promoting the application of technology in various fields, to improve the quality of life and convenience of people. Over the years, the Group has invested considerable amounts of expenditure into product research and development, with the research and development expenditure of the Group in the past two years reaching NT\$10.59 billion and NT\$12.09 billion, respectively. In the future, we will continue to invest in high R&D expenditure to create more cross-field products that meet the needs of the end market.

2. Innovative technology development

(1) 5G Next Lab

The Group cooperates with international major factories to jointly demonstrate 5G connections and AI integration solutions by adopting the advanced chips and the core private network application software of international giants, to create future solutions for the 5G private network and the public network, as well as the related applications of various intelligent scenarios such as connecting smart home, smart factory, smart medical treatment, and intelligent transportation.

(2) AI edge computing to create a new intelligent transportation

The Group's new business is to be an AI-driven image processing expert to provide advanced computing capabilities and algorithms for various industries through the embedded artificial intelligence computing devices of international giants. In addition, we have jointly developed an edge computing analysis system with global optical image leading manufacturers to integrate the image capture technology into the AI and import dynamic signals to alleviate traffic jams and provide new intelligent traffic solutions.

(3) Application of O-RAN technology and setup of the 5G smart factory

The Group enhances its advantages in cloud infrastructure, invests in the O-RAN (open wireless access network) technology and the 5G private network market. In addition, the Group's Taoyuan factory will complete the grade verification of the assembly line in the actual field of the 5G smart factory and continue to promote the end-to-end solution for the 5G enterprise private network to the production and manufacturing industry in the future, to achieve the goal of digital transformation and upgrading.

(4) On-board electronics (Server in Car)

The Group has formed strategic alliances with global automotive semiconductor leaders to leverage their leading automotive electronics technologies and superior product design capabilities to accelerate the intelligent edge in an automotive transformation action. The five major automotive electronic applications include an ultra-broadband car access control system, a central gateway, an automotive-grade server, an intelligent electronic cockpit, wireless charging, etc. The target customers have entered the field of electric and fuel vehicle onboard electronics, and the ultimate goal is to build cars into mobile offices.

(5) Smart health care

Focusing on the direction of intelligent health care, the Group has developed and produced advanced color electronic displays. The e-paper display billboard can continuously update information through wireless transmission, thereby enhancing the precision of complementary health care and comprehensively optimizing medical care and experience. In addition, through the self-developed "I-SWAT" intelligent wound software and obtained the "Medical Device Manufacturing License" granted by the Taiwan Ministry of Health and Welfare, proving that the manufacturing and R&D capability of our AI Research Center has reached the production quality requirement of medical devices.

4.1.4 Long-Term and Short-Term Business Development Plans

1. Short-term business development plans

- (1) The Group focuses on sustainable operation, sustainable growth, and new business development, and aims at growth in both turnover and profit, with the top priority being net zero carbon emission.
- (2) The core competitiveness of ABCD5 (AI, Blockchain, Cloud Computing, Data Science and 5G) are the main development directions; from research and development, design, production, and distribution to technical support, alignment with customer demand, and, based on the market trend, to expand the depth and breadth of product development.
- (3) Starting with "innovation", "quality", "open mind" and "execution" management ideas, the Company's operation technology and management tools are integrated to improve business performance. By product diversification, strategic alliances, and supply chain integration, we will expand our operation scale and build long-term competitive advantages to become the best system, software, and service provider.
- (4) Adheres to industry regulations, strives for innovation and improvement, and meets customer and market needs in the quickest and most direct way.
- (5) Actively carry out global arrangement, properly utilize each local resource advantage, and construct an optimized global supply chain and operation network, and provide customers with holistic solutions.

2. Long-term business development plans

- (1) To continuously deploy AI, Industry 4.0 and 5G to build three technology development centers (Shilin Headquarters-the AI Research Center, Tianjin-the Industry 4.0 Software Design Center, and the Shanghai-5G Communication Technology Center).
- (2) Combine industry trends, continue the transformation of laptops, and continue to develop four major areas (servers, industrial Internet of Things, smart devices, and smart homes).
- (3) To actively develop new business opportunities, namely in 5G, automotive electronics and intelligent medical care.
- (4) Under omni-directional thinking, carry out enterprise innovation and strategic layout to achieve the goal of sustainable growth, protect employees' rights and interests, and

implement corporate sustainability.

- (5) To implement environmental responsibility, introduce the concept of the green design into the manufacturing process, utilize the selection of environmentally friendly raw materials and the design of products that are easy to disassemble, reduce the environmental impact of products, enhance the competitive advantages of products, and conform to international environmental trends.

4.2 Market and sales overview

4.2.1 Market Analysis

1. Sales Territory of Major Products

Major Product Department	Name	Major Sales Territory
Computer product	Notebook computers, servers, and other electronic information products	America, Europe, Asia

2. Market share, supply and demand situation, and growth in the future market

(1) Notebook computers

Driven by factors such as global operation and research capability, rapid supply chain response, and scale economy of production and marketing, the notebook contract manufacturing industry in Taiwan continues to be designed and manufactured by Taiwanese contract manufacturers, accounting for more than 80% of the global market share. However, due to the changes in the work and education environment, the demand for commercial and consumer laptops remains stable, and remote working and teaching environments will become an important trend and pattern in the future. Compared with desktop computers, notebook computers are more lightweight and convenient, and closer to consumer market preferences. Adhering to the spirit of dedication, innovation, and research, the Group has become the world's top laptop manufacturer through its strong engineering team technology, excellent global operations, and service capabilities, and adopting flexible order-based production, integrating local and customer production modes and other competitive advantages.

(2) Servers and Cloud computing

By benefiting from the rapid development of the market for high-speed computing computers (HPC), edge computing and AI, mobile devices, and the cloud, service providers and enterprises are stimulated to upgrade and replace the CPU platform servers. The new learning, living, and hybrid working patterns stimulate the demand of the government, enterprises, and educational institutions to accelerate the application of cloud and digital platforms, and the significant growth of the applications such as home economy shopping and online payment also encourages platform operators to expand the construction of new equipment such as mixed cloud, data center, and storage. In recent years, the Group has been committed to the development of intelligent Internet of Things, big data analysis, and cloud computing technology, and continues to invest in the forward-

looking development of 5G communication, the edge computer, the AI server, etc. As a worldwide leading server manufacturer, the Group, through the development of relevant solutions, constantly enhances its competitive advantages in excellent quality and product diversity to meet the development and demand of the market for meta-universe, 5G communication, and AI cloud computing.

(3) Smart devices

In recent years, the focus of the Chinese on health and the popularity of sports and fitness drives intelligent wearable devices to develop significantly. The wearable products have mature technology, and rich product categories and styles, and their functions cover sports monitoring, health management, epidemic prevention and care, social interaction, inductive payment, positioning and navigation, and other diversified fields. The application of artificial intelligence in the medical industry has become a trend, international manufacturers have also entered into intelligent medical applications. Smart health care will enhance the effectiveness of medical treatment and the understanding of the patient's experience. Telemedicine and zero-contact medicine will effectively improve the effectiveness of the healthcare system to care for more patients and alleviate the shortage and overwork of healthcare staff. By the existing design and manufacturing advantages, the intelligent devices produced by the Group can fully meet the needs of customers and create the maximum product value for customers. The smart home and intelligent medical care products of the Company are continuing to make outcomes. In the project of an R&D testing system highly integrated with hardware and software, the Group has cooperated with many large medical institutions in China, winning the support and favor of overseas customers, which will help to achieve the goal of continuous expansion toward the overseas market.

3. Competition niche, favorable and unfavorable factors in development prospects, and solutions

(1) Favorable factors

A. Construct an all-around system product line.

Based on the good foundation of an existing all-around product line, in addition to continuing to consolidate the notebook computer and server product fields, the Group is also gradually expanding to relevant fields such as peripheral software products, electronic information products, etc. with higher added value.

B. Cloud computing is the mainstream in future development.

The rapid development of the cloud computing industry and the fast growth of big data has created endless business opportunities for cloud storage, computing, software, and Internet of Things applications. The Group has become a leading player in the server OEM industry. Through hardware technology and application software development, it assists enterprises in digital transformation and provides complete cloud solutions, solidifying its place in the cloud computing industry.

C. Smart production becomes a trend.

With the advent of the 5G era, 5G smart manufacturing is expected to provide faster and more flexible production capacity for the production line, which is a key business opportunity for the manufacturing industry to actively deploy. The Group continued to expand its resources, actively develop 5G private network system integration and

architecture capabilities, and successfully transformed its manufacturing factory into a 5G smart factory. By combining Industry 4.0 and 5G applications, we realize automated and intelligent production, improve production efficiency, and reduce costs to move towards building a global smart manufacturing factory.

D. Establishment of a global logistics supply chain system.

The Group integrates global supply chain and logistics resources to maximize efficiency and implement efficient production and distribution of products. In addition to strengthening the status of global manufacturing, research and development, and the logistics center, the Group is also actively utilizing production advantages and research and development factors in the Greater China economic circle in order to construct a real time co-working platform with high efficiency and a market feedback mechanism, and together with the setup of a research and development innovation center, we will enhance technology and product design innovation capability.

(2) Unfavorable factors

A. Industrial technology is rapidly changing and constantly updating the environment of shortening product life cycle and meager profits, causing fierce industry competition.

Solution: The Group will formulate a relevant operation risk management mechanism to consider various operation strategies as relevant solutions; in addition to coordinating with customers for the research and development of relevant demanded commodities, we are also dedicated to patent and intellectual property innovation in order to strengthen Group resource integration and expand emerging business investments and arrangements to respond to changes in the market.

B. The rapid expansion of low-cost computers, and the development of leading industry standards by suppliers and brand manufacturers, and the pulsation of mastering channels have squeezed downstream manufacturer profits.

Solution: In addition to being dedicated to the development of high added value products and all-around products, we also actively improve operation efficiency in such aspects as production, marketing, logistics, etc. to reduce operation costs and improve overall operation efficiency through constructing Enterprise Resource Planning (ERP), Supply Chain Management (SCM), and six sigma improvement strategy.

C. Since manufacturers in our country cannot sufficiently supply some important key components, and we still rely on supply from overseas manufacturers, controlling both material sources and price is not easy.

Solution: The Company has long-term cooperative and strategic ally relationships with major suppliers and has established multiple supply sources for important components to ensure sufficient component supply; we also seek all kinds of approaches to integrate the supply chain and reduce the impact.

D. Our business is mainly export sales, so the change of exchange rate will significantly impact company revenue and profit-making.

Solution: Most of the important components of the Company are purchased and

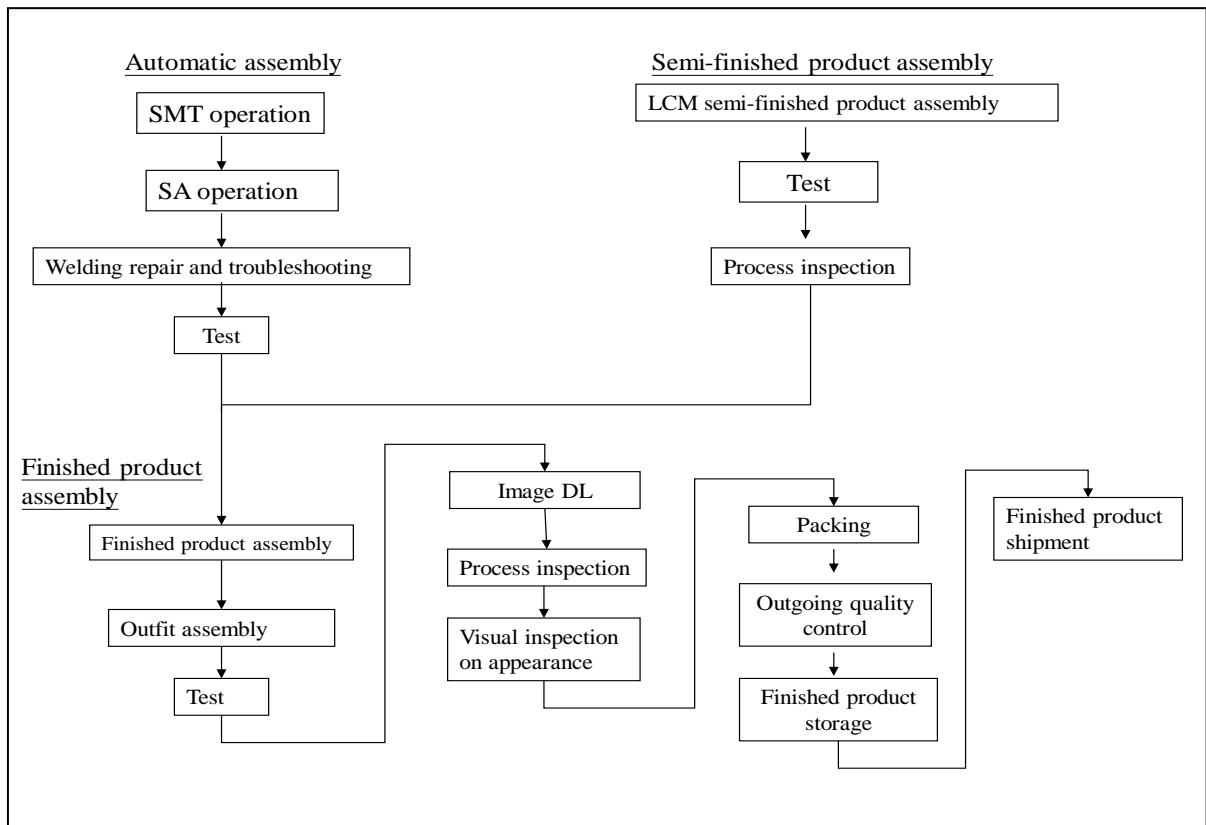
imported overseas and priced with foreign currency, and the sales are mostly priced with foreign currency, which can naturally offset the impact of change of exchange rate on revenue and cost. Furthermore, taking currency hedging measures can help us reasonably avoid exchange rate risk.

4.2.2 Important Uses and Production Processes of Major Products

1. Important uses of major product

Product name	Product type	Important use
Computer products	Notebook computers, servers, and other electronic information products	Notebook computers are used for the storage, computing, and analysis of digital and character data, data transfer and receiving, etc. Through a server host machine, several computers can execute the function of computing, transfer, and data storage at the same time.

2. Production process



4.2.3 Major Raw Materials' Supply Condition

The major raw materials of the Group include central processing units, liquid crystal displays, hard disks, etc. For the stability with regard to the quality of raw materials suppliers, both delivery accuracy and quality specifications are factors in choosing suppliers. The Group

maintains a good cooperative relationship with its suppliers while adopting a decentralized procurement process. We not only aim to strengthen the collection and analysis of market conditions, but also strive for timely material supply to ensure reasonable costs and sufficient material supply.

Key Material Suppliers

Item	CPU	PANEL	SSD	HDD
Suppliers	INTEL	AUO	KIOXIA	WD
	AMD	BOE	SAMSUNG	TOSHIBA
	-	INX	WD	SEAGATE

4.2.4 Major Accounts in the Past Two Years

A. Major Suppliers

Unit: NT\$ Thousand

Item	2021				2022				As of end of Q1, 2023			
	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer
1	A	272,003,795	53	Nil	A	247,275,639	49	Nil	A	50,803,336	45	Nil
2	Others	240,238,600	47	-	Others	261,597,779	51	-	Others	61,446,727	55	-
	Total Net Purchases	512,242,395	100	-	Total Net Purchases	508,873,418	100	-	Total Net Purchases	112,250,063	100	-

B. Major Clients

Unit: NT\$ Thousand

Item	2021				2022				As of end of Q1, 2023			
	Company	Amount	Percentage of total Net Sales	Relationship with the issuer	Company	Amount	Percentage of total Net Sales	Relationship with the issuer	Company	Amount	Percentage of total Net Sales	Relationship with the issuer
1	A	337,445,382	65	Nil	A	333,740,978	62	Nil	A	65,358,241	54	Nil
2	Others	182,286,666	35	-	Others	208,009,872	38	-	Others	54,824,663	46	-
	Total Net Sales	519,732,048	100	-	Total Net Sales	541,750,850	100	-	Total Net Sales	120,182,904	100	-

4.2.5 Production Value in the Most Recent Years

Unit: 1,000 pcs, NT\$ Thousand

Quantity and Value Major Product	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Total	125,587	48,676	441,372,373	142,333	60,570	455,705,337

4.2.6 Sales Value in the Most Recent Years

Unit: 1,000 pcs, NT\$ Thousand

Quantity and Value Major Product	2021				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
IT Product	6,249	51,206,509	179,217	468,174,892	2,999	46,908,308	114,421	492,563,585
Others	2	307,937	0	1,042,710	0	215,746	0	2,063,211
Total	6,251	51,514,446	179,217	468,217,602	2,999	47,124,054	114,421	494,626,796

4.3 Human Resources

Year		2021	2022	Up to Mar. 31, 2023
Employee Number	Direct Labor	19,671	15,605	14,245
	Indirect Labor	12,130	12,687	12,690
	Total	31,801	28,292	26,935
Average Age		31.81	32.67	33.64
Average Seniority		5.10	5.32	5.41
Education Distribution %	PhD Degree	0.20%	0.19%	0.20%
	Master Degree	8.11%	7.89%	7.92%
	College	36.99%	37.72%	38.26%
	High School (and below)	54.70%	54.20%	53.62%

4.4 Environmental Protection Expenditure

4.4.1 The losses incurred due to environmental pollution (including the compensation and violation of environmental laws and regulations in the environmental protection inspection results; the punishment date, punishment number, violation of regulations and articles, violation contents, and punishment contents):

In recent years and as of the date of publication, the Company has not suffered loss or punishment due to polluting the environment.

4.4.2 Future Solutions (Including Improvement Measures) and Possible Expenditures

To fulfill sustainable development strategies, the Company develops a series of actions every year. In 2022, the environmental protection expenditures of Inventec were more than TWD one hundred and sixty million and included mainly waste disposal, pollution prevention equipment maintenance, environment detection, ecological landscaping, green management system authentication, environmental label product certification, environmental education, energy conservation and carbon reduction engineering, environmental conservation activities, occupational health, green supply chain management, carbon emissions trading, etc.

To ensure the enterprise's sustainable development, the Company continuously optimizes existing whole green management system. Regarding a sustainable environment, in addition to carrying out energy saving measures and promoting energy efficiency equipment, to steadily improve renewable energy usage. In 2022, the factory in Mainland China purchased 51 million KWH of international renewable energy as certified to improve the proportion of renewable energy use, meet customer requirements and contribute to a sustainable environment. We will cooperate with the local government to conduct carbon management mechanisms and carbon trading on the required trading center platform to purchase carbon rights and implement carbon neutrality.

To expand the influence of a sustainable environment, the Company aggressively promotes a sustainable supply chain. We pass on such requirements as integrity operation, information disclosure, and conflict minerals to cooperative partners via assistances and integration with suppliers. We expect these efforts to contribute to the sustainable supply chain development.

The Company is dedicated to long-term environmental ecology protection. We adopt community parks, organize community environmental lectures, participate in the conservation of the important national wetlands at "Guandu Natural Park", have adopted the pond ecology area in "Guandu Natural Park", and sponsor wetland environmental education plans for schools in remote areas. We hope that more people and students may understand the function and importance of the wetlands, cherish this precious land, and help maintain diverse flora and fauna.

4.5 Labor Relations

Attaching importance to and maintaining harmonious labor-capital relationships has always been one of the important foundations of the Company's operation and management; measures that promote labor-capital relationships are summarized below:

4.5.1 Welfare Measure and Retirement System

The Company aims to provide a stable working environment with room for development, allowing talents to create value stably and continuously! Based on governmental laws and regulations, the Company's employees enjoy various basic labor conditions, including two days off every week, flexible working hours, and a complete leave request system. To encourage and promote attention on health and balance between life and work, various health, parenting, travel, finance management, sporting, relaxation, and inspirational lectures and activities are organized. The Company provides financial support for employees to establish club activities. So far, 31 clubs have been created, including sport, art, music, handicraft, and public welfare, allowing employees to expand their hobby fellow life circle through a casual and relaxing time. The employee welfare committee provides colleagues with various cash gifts and money for weddings, funerals, and festivals. The Company also provides group and travel insurance for all employees to supplement employees' accidental and medical protection. As for safety, health, and work protection, in addition to such basic welfare as labor, national health insurance, and pension fund, each employee may enjoy periodical physical checkups, complete group insurance, and employee retirement regulations based on the "Labor Pension Act", which are firmly implemented pursuant to relevant laws and regulations. Regarding the old system, appropriate labor pension funds were periodically reserved and deposited into a dedicated account in the Bank of Taiwan, while the Supervisory Committee of the Labor Pension Reserve was responsible for the management and application of the pension reserve. For the new system, aiming at employees who select the new system, the Company has appropriated 6% pension fund every month to the personal deposit account of the employee at the Labor Insurance Bureau since July 1, 2005 in accordance with the new system of retirement regulations concurrently adopted. For those who voluntarily submit pension deposits, the Company deducts the monthly salary of the employee based on the voluntary paid pension rate and deposits it into the personal savings account of the employee at the Labor Insurance Bureau on behalf of the employee. Furthermore, performance-oriented promotions, bonuses, and various incentive mechanisms are offered to achieve the goal of aggressive talent retention and profit sharing.

The regulations of the Labor Pension Act application to the Company are as follows: 1. A worker may request retirement in any of the following circumstances: (1) workers whose seniority exceeds fifteen years and are aged over 55, (2) workers whose seniority exceeds twenty-five years; (3) workers whose seniority exceeds ten years and are aged over 60. 2. Compulsory retirement: The Company may mandatorily order workers to retire in any of the following circumstances: (1) the age of the worker reaches 65, (2) the worker is incompetent to work due to mental/physical disability, (3) the Company may report to the central competent authority for the adjustment of age as stipulated in subparagraph 1 for workers engaging in such works requiring dangerous, heavy physical strength and are of a special nature, provided that the age shall not be less than 55 years old.

4.5.2 Work Environment and Employee Personal Safety Protection Measures

The implementation of workplace risk management and ensuring the employee's health and safety is the direction of our Company's continuous efforts. The Industrial Health and Safety Office is responsible for planning and implementing various health and safety management businesses, such as discussing health and safety-related regulations, promoting a health and safety management system, the relevant education and training implementation plan, preventing the harm caused by equipment or raw materials, the monitoring and improvement of the operating environment, workplace health management and health promotion and other matters, and supervising relevant departments to implement to ensure the effective operation of relevant systems with a commitment to creating a good and safe workplace. By the Occupational Health and Safety Act, the Company has set up a safety and health center, which holds regular meetings, discusses various safety strategies and proposals, and also reviews and analyzes the causes of false alarms, accidents, occupational disasters and discrepancies by employees and contractors, to formulate remedial measures and precautions to prevent similar situations from happening again and to ensure the safety of the work environment and the employees.

The Company has acquired all kinds of certifications in safety, health, and environment energy systems, including "TOSHMS Taiwan Occupational Safety and Health Management System" (Date of validity: 2/5/2024), "ISO-45001 International Occupational Health and Safety Assessment Series" (Date of validity: 2/14/2024), and "ISO-14001 Environmental Management System" (Date of validity: 2/17/2024). We have also actively coordinated with all kinds of government policies to promote and participate in relevant activities in order to further facilitate good and harmonious labor-capital relationships, fulfill our corporate social responsibility, and move towards the objective of corporate sustainable development.

1. Occupational safety and health policy: The Company has formulated its Occupational Safety and Health Policy according to the requirements of the Taiwan Occupational Safety and Health Management System (TOSHMS) and International Occupational Health and Safety Assessment Series (ISO 45001), taking them as the highest criteria for guaranteeing employees' work safety.
2. Occupational safety and health management plan and occupational disaster prevention: Occupational safety and health management plans are formulated pursuant to law and include occupational disaster prevention. Items that are planned to be formulated include: working environment or operation hazard identification, assessment and control, hazardous chemicals classification and marking, general education and management, purchase management, contractor management, change management, safety and health operational standard formulation, occupational disaster, near miss and investigation, handling and statistical analysis on events affecting physical and psychological health, safety, health, and environment management records, performance assessment measures, etc.
3. Medical examination, health management, and health promotion matter: New recruits will provide a medical examination report before entry as per the laws. In addition, under the laws and regulations, we regularly conduct medical examinations on all in-service staff, implement health management operations, prepare an annual labor health service plan, and promote various health promotion activities, such as sports incentives, health lectures, health education consultation activities, etc. In addition, we set up health consultation services with physicians and implement an employee assistance program (EAP) and

provide free "psychological, legal, and financial" counseling services to maintain the balance and health of the employees.

4. Operating environment monitoring and occupational disease prevention measures: Based on the operating environment hazard property of the Company, as well as monitoring purpose and relevant guidance announced by the central governing authority, the Company has formulated an operating environment monitoring plan that includes a sampling strategy and regularly carrying out operating environment monitoring accordingly, truly grasping the actual exposure of employees to various hazardous substances in the workplace, and perform analysis and comparison based on the monitoring results. If the testing data is abnormal, we will immediately start a hazard identification and risk assessment investigation and take the appropriate engineering control or operation control measures to reduce site hazards and achieve the objective of preventing occupational disease and reducing site risks and safeguarding the health and safety of employees.
5. ISH examination: The industrial safety and health office is responsible for archiving each OH&S examination. The Company also set up an ISH supervisor team for regular supervision every year. Each examination report is logged by the supervisor team including audit suggestions and specific countermeasures for the Board of Directors and relevant units' reference and improvement. Defects must be reviewed during the OH&S committee meeting.
6. Mechanical equipment safety management: Formulate an occupational health and safety management plan pursuant to the law every year and include all statutory equipment in administration. Publish auto-inspection operation measures for all equipment's check and inspection, including high-low pressure electrical equipment, forklift, high pressure gas container, lifters, second-class pressure containers and drying equipment etc. There is no dangerous machinery or equipment in our factory, and machinery and equipment such as stacking machines and lifts of less than one metric ton have been included in the management items. The Company will conduct all the inspections and keep the relevant inspection reports as per the law.
7. Each educational training implementation: The Company provides several EHS educational training courses in accordance with the law, including training on key equipment procurement, EHS management scheme formulations, EHS process change, OH&S committee member educational training, first-aid personnel educational training, education and training courses on hazardous chemicals, the safety of the environment, system risk hazard identification, and environmental considerations, EHS policy revision educational training, internal audit on the education and training at OSHMS, EHS document educational training, contractor safety and health educational training, special operations personnel, administrators, commanders, and supervisors of different levels, in-service staff annual EHS educational training, as well as new employees EHS educational training. In terms of occupational health and safety, we also encourage employees to participate in various health and safety training, such as fire management personnel training, CPR first aid training, and work health, and safety training, to strengthen their knowledge of health and safety. The education and training were about 10.5 hours in 2022.
8. Enhanced contractor administration: Establish the contractor management system -

formulate the "Contractor Safety Operation Management Measures" and various operation control forms, such as the contractor application for the in-factory activity, dangerous operation (fire/overhead/hypoxia, etc.) work safety permit, lifting hanging operation permit and application form, strictly require all contractors to conduct activities by the relevant regulations. Before the project is executed, the relevant units shall require the contractor to jointly hold an agreed organization meeting to agree on health and safety management, operation control, and approach control, and sign the company's "Agreement Organization/Contractor Safety and Health Meeting Minutes" and the "Contractor's Commitment on Safety and Health Management". In addition, the engineering unit shall conduct health and safety education and training for the contractor before the operation, implement the notification of project hazards, so that the staff will be informed to abide by the relevant regulations and enhance their work safety awareness and handle it by the relevant operation management measures to ensure the quality and safety of the project. Furthermore, the safety and health center is responsible for conducting the contractor's safety assessment, abnormal deficiency analysis, as well as reeducation to reduce possible risks during the contract period.

9. Hazard risk assessment identification: Pursuant to the Taiwan Occupational Safety and Health Management System "TOSHMS" and International Occupational Health and Safety Assessment Series "ISO 45001", the Company has formulated the health and safety hazard identification and risk assessment management approach, we will, for each hazardous factor, regularly carry out comprehensive hazard identification and risk assessment in a quantitative way to specifically evaluate the risk level of related hazards, screen out potential factors with high hazards and risks that may cause injuries or accidents, and then develop occupational health and safety objectives and management plans, and implement remedial and preventive measures as a basis for health and safety management system planning.
10. Emergency response implementation: Organize regular fire-fighting lectures and drills, urgent evacuation drills and fire-control routine inspections. Also inspect each safety facility through task marshaling to fully implement hazard prevention and relief work.
11. A statistical analysis of occupational hazards for staff in the current year and the related remedial measures: Occupational hazard accidents are classified into two categories: inside and outside the plant. The statistical objects include not only the employees of the Company but also contractors and dispatched staff. In 2022, there were 7 occupational disaster accidents and 7 people were injured. There were no cases of public injury inside the factory as all were traffic accidents outside the factory. The total number of days lost due to disability injury was 26. The total Frequency-Severity Indicator (FSI) in 2022 is 0.089, far lower than the set FSI control target – 0.55. All cases have been investigated, analyzed, and recorded by the provisions of the Occupational Safety Act, and the relevant investigation reports have been kept by the law. The cases of public injuries have also been included in the quarterly meeting of the occupational health and safety committee to conduct the relevant review and advocacy. In addition, the Company is committed to the implementation of zero disasters in the workplace and actively responds to the activities of disaster-free working hours recording. In 2022, the Company was awarded the "Disaster-Free Working Hours Record Award" by the Industrial Health and Safety Association of Taiwan. So far, the accumulated disaster-free working hours have reached

65,334,018 hours and are still increasing.

4.5.3 Further Education and Training for Employees

The Company adheres to a "talent-oriented" cultivation philosophy, provides outstanding internal and external teachers and diversified cultivation channels to company talents, and is devoted to balancing the emphasis on educational training and learning development in order to continuously promote the Company's corporate culture and continuously improve its competitive advantage. In 2022, the expenditures related to employee training were NT\$11,724,700, and the total training hours were 109,696 hours.

"Talent cultivation" is the foundation for Inventec's sustainable operation, and the Company continuously creates a friendly environment for employee's learning and growth. The educational training system of the Company is divided into five major types of courses centered on core value courses and delivers the corporate culture and value theory of Inventec. Taking level type course and function type course as the two major axis, the Company teaches employees in accordance with their aptitude, specifically plans personal development plan for employee's career development, and assists colleagues to strengthen the capabilities required at work. The language school provides further language education opportunities to the employees to improve their personal competitive advantage; digital courses provide a diversified learning environment, which allows colleagues to learn anytime, anywhere. Course descriptions are summarized below:

- (1) Core value course: Inventec pursues the maximization of shareholders' equity while implementing corporate responsibility to make a certain contribution to society. All the Company's colleagues, from top to bottom and from inside out, have been shaped with "Inventec" DNA through official conferences and activities, allowing employees to acknowledge the operation philosophy of the Company and become "Inventec Staff". Contents include such courses and activities as monthly meetings, assistant level meetings, management forums, strategic meetings, soft/incentive lectures, team building exercises, etc.
- (2) Level type course: Management courses are planned according to the demand of colleagues at different levels; through meetings and daily communication, it improves the colleagues' management capability and establishes a common communication language and management beliefs to improve organizational performance. Contents include: Inventec EMBA advanced class, senior supervisor training, advanced supervisor training, basic supervisor training, professional training, new employee training, production personnel training, etc.
- (3) Function type course: These provide all kinds of professional knowledge and technical bases, as well as advanced courses and lectures, to satisfy the functions of employees needed in different specialties. Contents include innovation, product technology, research and development production technology, patent and intellectual property, industry intelligence, environmental safety and health, etc.
- (4) Language school: In response to international development and the competition of the Group, Inventec has been devoted to cultivating technology talents with multi-language capabilities. English and Japanese seminars are held every quarter, thus providing

colleagues a learning environment for continuous language learning in the company, and foreign language skills classes are also set up to immediately satisfy colleagues' business demands. Meanwhile, internal English and Japanese tests will be held every quarter to encourage colleagues to pass the test to acquire substantial affirmation and allowance.

- (5) Digital course: Provide colleagues with an e-Library, e-Learning, and set up the Inventec digital learning platform, and is open as an important media for employees' independent learning in order to facilitate the improvement and innovation of technical capability, as well as further promote organizational learning and improve work value and organizational competitiveness. Its contents cover all kinds of language, management, and professional courses, thus allowing employees to learn independently without time and place limitations.

4.5.4 Employee Code of Conduct

The Company has formulated "Global Employee Code of Conduct Management Measures" in each plant, which stipulate the basic code of conduct for labor and capital on the basis of fairness and impartiality. As an Inventec employee, when facing all kinds of work behaviors and ethical and legal problems, we shall aim to create shareholder and employee value and ensure social responsibility; therefore, under the precondition of following the basic requirements of laws and ethical standards of each country or district, we shall abide by all kinds of internal control systems of the Company. Upon reporting for duty, every colleague must sign and abide by it, and it shall be placed on the internal portal website, so that all colleagues can read it at any time, and regularly carry out signing and promotion work; the code of conduct is hereby summarized below:

- (1) Safeguard a healthy work environment without sexual discrimination.
- (2) All company-related confidential information must be kept confidential.
- (3) Employees must protect the personal information of other persons circulated internally or acquired upon business execution.
- (4) Employees must protect intellectual property rights.
- (5) Employees must abide by copyright regulations.
- (6) Employees must not be involved in corruption or bribery of any kind.
- (7) Employees must not participate in insider trading and avoid conflicts of interest.

In case of violation of the relevant requirements above, relevant punishment will be imposed without exception.

In order to provide all employees with a healthy, safe, and highly efficient working environment, the "Global Employee Code of Conduct Management Measures" also stipulates that no employee or applicant shall be discriminated against or deprived of talent development opportunities due to gender, age, race, color, nationality, religion, disability, or other factors irrelevant to the legal interests of Inventec. Furthermore, each plant has set up an "Employee Complaint System" to guarantee a fair arbitration mechanism when employees suffer from human rights related infringements. In the plants in mainland China, a grassroots employee caring group has been especially set up to handle employee complaints and understand the employee's voice through employee interviews, etc.

4.5.5 Communication Mechanism between Employer and Employees

Through all the communication mechanisms listed below, the Company provides employees with real-time responses and regular communication channels in order to facilitate a harmonious working atmosphere and create a win-win situation for both the labor and capital.

- (1) Two-way talks between grassroots employees and senior supervisor: quarterly meetings and all kinds of symposiums occasionally held.
- (2) Management policy and business process communication: communication meetings for employee representatives from each department will be regularly held every month.
- (3) Cross-department communication and labor and capital communication: an internal portal platform sets the multi-functional "Employee Opinion Exchange Area".
- (4) Instant response problem and information consultation: each unit has established a service consultation window and service hot line.
- (5) Employee welfare policy and welfare promotion: employee welfare committee monthly meetings and temporary meetings.
- (6) Grassroots employees care group: handle employee complaints and understand the employees' voice through employee interviews, etc.

4.5.6 In the Most Recent Year and as of the Publication of the Annual Report, the Losses Arising from Labor Disputes (including Labor Inspection Results Violating the Labor Standards Act, the Date, File Number of Punishment, Violated Article, Content of Punishment) and Disclose an Estimate of Possible Expenses that could be Currently Incurred and in the Future and Measures being or to be Taken. If a Reasonable Estimate cannot be Made, an Explanation of the Facts of why it cannot be Made shall be Provided.

According to 2022's labor inspection results, there were 4 items in violation of the Labor Standards Act (date of punishment was 2022/02/10, 2022/03/25, 2022/05/09 and 2022/06/02, punishment No.-Taipei City Labor No.1110023376, No.1110075995, No.1110123598 and No.11160570861, contents of violation - Item 1 of Article 24, Item 2 of Article 32, Article 35 and Item 2 of Article 38 in the Labor Standards Act. The total was NT\$ 690,000). The Company did not suffer loss from labor dispute in most recent year and as of the publication of the annual report; it is estimated that the Company should not suffer the loss from labor dispute in condition that the Company continuously and aggressively promote and carry out various employee welfare measures.

4.6 Infocomm Security Management

4.6.1 Infocomm Security Management Strategy and Framework

1. Infocomm Security Risk Management Framework

(1) Infocomm Security Management Organization

The Company attaches importance to Infocomm security and designates its general manager to preside over the Infocomm security response team. This is from the PSG to EBG production line and OA infocomm security response team as well as reporting related issues

during the monthly Infocomm security meeting to implement and enhance Infocomm security management.

In accordance with the “Annual Internal Audit Plan” that was approved by the Inventec Board of Directors, the Audit Center does regular audits of information security items, supervises the risk appraisal and planning of the Information Security Management System (ISMS), implements conditions of the information security system, and reports risk management results to the Board on 2022/05/13. The results of the information security audit were reported to the Board on 2022/09/27.

(2) Infocomm security organization framework

Inventec set up a specific Infocomm security unit [Information Security Management Department] on 2020/01/01 to take charge of the company’s information security management system planning, monitoring and performing maintenance, as well as enhancing Infocomm security risk control, monitoring and management. Responsibilities of unit staff are as follows:

Infocomm security officer: takes charge of Infocomm security policy promoting and scheduling of resources and reports directly to the general manager.

Infocomm security department manager: takes charge of information security system planning and management and reports directly to the Infocomm security officer.

Infocomm security department colleagues: take charge of information security service execution, protection and monitoring.

2. Infocomm security policy

(1) Enterprise information security management policy

Establish Inventec’s information security policies based on ISO 27001 International Infocomm Security Management Standards for factory rules. Also set up Infocomm security targets for each factory by referring to local regulations and business specifications, to meet clients’ expectations, as well as ensure the confidentiality, integrity and accessibility of the enterprise system and network operation. According to these Infocomm security targets, each unit shall review its information security policy and target applicableness every year and organize a management review meeting to discuss and follow up on improvement.

(2) Enterprise information security risk management and continuous improvement structure framework

Inventec, based on the “Administrative Methods for Information Security Protection”, adopts a PDCA (Plan, Do, Check, and Act) administration cycle mechanism to implement information security management, prevent illegal use, organize regular Infocomm security educational training for its staff, and actively carry out risk vulnerability management. This thus guarantees physical environment security, computer mainframe security, network use security, system access security, development and maintenance security and mobile device security. Any violation of security protection provisions will be disposed of according to “Personnel Management Measures”.

Inventec does its utmost to promote ISO 27001 international Infocomm security certification and hopes to, through a third unit’s audit and verification, gain related

certifications for its Infocomm security operation procedures and specifications, achieve international standards, and meet clients' expectations. Currently, each factory's scope of certification is as follows:

Taipei Headquarters: The maintenance of sever room and CTM (Common Tracking Management) System in Inventec Shilin Site. (Certification institution: Afnor, 2020/10-2023/10).

Taoyuan Factory: The provision of (1) application system development, operation and maintenance for the Engineering BOM Management (EBM) by the Engineering System Development Department and the Process Engineering Notice (PEN) by the Manufacturing Execution System Division; (2) server and network infrastructure administration for Testing Tools by the World Wide Manufacturing Technology Sub-Center; (3) management of network infrastructure, server room and supporting information processing activities within the Server Information Development Center; and (4) related supporting security activities within the Administration Center. (Certification institution: BSI, 2021/12-2024/12)

Chongqing Factory: Official business, security and protection, production, test information system and machine room related information security management activities. (Certification institution: CQC, 2022/09-2025/09)

Shanghai Factory: In-company and production information system (including machine room) operations related to information security management activities. (Certification institution: CQC, 2022/08-2025/08)

Czech Factory: Server Assembly and Services, PC Assembly and Services. (Certification institution: SGS, 2020/11-2023/11)

Mexico Factory: Configuration, assembly, testing and repair of servers and racks. 2022/06-2025/06. (Certification institution: SGS, 2022/06-2025/06)

(3) Specific management schemes

Enhance company staff Infocomm security awareness: Company colleagues shall sign the "Staff Codes of Conduct" every year, including Infocomm security protection measures and publish an Infocomm security notice at the proper time to remind colleagues of Infocomm security risks. Besides this, the Company has regularly organized educational training for new-employed colleagues to let them know about Inventec's Infocomm security management regulations and cultivate their awareness for compliance. Moreover, the Company also advocates Infocomm security educational training among colleagues and provides them with the latest cases and hot news to upgrade their Infocomm security awareness.

AntiVirus and hacker monitoring: Monitor all factories' virus detection conditions around the world and provide necessary protection measures, virus checking and killing. For example, tracking the reasons a factory computer suffered from a virus attack and confirming that it is eradicated. Report virus attacks and Infocomm security information to the general manager every month, including hot events, Infocomm security prevention and countermeasures to avoid a production shutdown due to an Infocomm security event.

Vulnerability management and bug fixes: Regularly check whether the external service host

has any bugs with the help of the Vulnerability Scanning System and enhance system Patch update management. For example, sorting out system software update conditions every month and reporting it to the general manager to implement vulnerability management, and taking necessary bug fixes or prevention measures.

Infocomm security inspection: Accept clients' inspection, internal self-inspection and a third-party's information security auditing in accordance with ISO 27001, other Infocomm security frameworks, and control items. This includes security policy, information security organization, human resource security, assets management, access control, cryptology, physical and environmental security, operational security, communication security, information system development acquisition and maintenance, supplier relation, information event management, and continuous management and compliance inspection.

Regular drill: Conduct social engineering exercises for colleagues to strengthen their awareness of safety. To ensure an uninterrupted operation, we regularly perform data backup and restoration drills and conduct drills on abnormal system operations, network attacks, virus infections, machine room fires, and other abnormal asset security events to ensure that internal colleagues can deal with and respond correctly in real-time and carry out penetration tests to find out potential weaknesses and conduct repair and defense.

Defense-in-depth: Adopt a next-generation firewall, web application firewall, network access administration, intrusion detection system, antivirus software, vulnerability scanning, e-mail shield, Internet connection control, endpoint protection management, usability monitoring, log record, social engineering drill and internal Infocomm security management procedure. Also, cooperate with an external Infocomm security company to enhance monitoring and protection.

(4) Information security management resources input

The Company now has 10 specific Infocomm security staff (including the supervisor) and has twenty international information security certificates such as CISSP, CISM, ISO 27001, CCNA etc.

Information Security Meeting: In 2022, 175 meetings related to asset security were held (21 worldwide, 84 cross-plant, and 70 for individual plants), including a quarterly asset security management review meeting, a monthly asset security meeting, and a weekly asset security regular meeting, to implement asset security management.

Information Security Documents: In 2022, 22 documents related to asset security were revised, including 1 capital security policy manual, 60 capital security management procedure documents, and 54 types of asset security-related form documents.

Asset Security Budget: The asset security budget presented for 2022 was \$47 million, an increase of \$7 million from last year, representing a growth rate of 17.5 percent.

Information security objectives: Infocomm security objectives of the Company in 2022 are as below:

Enhancing Infocomm security awareness: (achieved)

Information security educational training rate for new colleagues reaches 95.3%.

Has organized professional Infocomm security training 5 times for IT colleagues (162 person-times).

Has organized professional Infocomm security training in four seasons for all colleagues (5,690 person-times).

All colleagues have signed Staff Codes of Conduct, with an achievement rate of 100%

Two social engineering drill sessions have been conducted six times for all colleagues.

Abiding by Infocomm security regulations: (achieved)

Regularly update manufacturer name list and sign a confidentiality agreement, discrepancies were identified in no more than 2 pieces.

Gathered information security-related regulations and identified newly increased/revised laws and regulations twice.

Firewall rule setup must conform to application and authorization with zero nonconformity.

Departing staff's domain account must be suspended upon the date of departure with zero nonconformity.

Implementing Infocomm security management: (achieved)

The different levels between account application forms and system accounts must not be less than 99% with zero nonconformity.

During privilege account checking, less than one abnormal account is allowed with zero nonconformity.

Conducted 4 vulnerability scannings in and out of the Company, computers detected with virus quantities more than 100 must be posted with a process sheet with zero nonconformity.

Ensuring company operation: (achieved)

External network service grade: SLA99.87%

Has checked fire equipment and finished UPS regular maintenance four times.

In case an Infocomm security event occurs, shall report immediately for countermeasures with zero nonconformity.

Has finished the continuous drill with respect to eleven above medium-grade operation items (BCP) once.

4.6.2 Significant Infocomm Security Event

In 2022, the Company was not involved in any significant Infocomm security event or suffered a loss thereof.

4.7 Important Contracts

Contract Nature	Counterparty	Contract Term	Major Contents	Restrictions
Sales Agreement	HP Inc.	Three years from 1998/6/1; automatically renewable for one year terms	Acceptance of order and production of HP branded notebook products	The duty of confidentiality
Quality Agreement		Same as above	Production of notebook products compliant with HP quality requirements based on Sales Agreement.	The duty of confidentiality
Service and Support Agreement		Same as above	Provision of necessary components, after sales services and related technical support for HP branded notebook products made based on Sales Agreement	The duty of confidentiality
Sales Contract	Hewlett Packard Enterprise Company	Four years from 2000/12/1; automatically renewable for one year term.	Acceptance of order and production of HP branded server products	The duty of confidentiality
Quality Agreement		Same as above	Production of server products compliant with HP quality requirements based on Sales Agreement.	The duty of confidentiality
Service and Support Agreement		Same as above	Provision of necessary components, after sales services and related technical support for HP branded server products made based on Sales Agreement	The duty of confidentiality
Syndicated Loans Contract	Syndicated Loans banks	2020/10/14~2025/10/13. An extension of three years may be applied for in writing within nine months from the date of signing the contract to three months before the expiration of the contract. Such an extension may only be implemented once.	The Participant banks agree to provide agreed credit line to Inventec Corporation during the contract term	None

V. Financial Information

5.1 Five Year Financial Summary

5.1.1 Five Year Financial Summary - Consolidated Balance Sheet

Unit: NT\$ Thousands

Item	Year	Five-Year Financial Summary					01/01/2023 ~3/31/2023
		2018	2019	2020	2021	2022	
Current Assets		167,904,434	152,167,709	173,469,952	207,623,422	190,194,241	185,756,556
Property, Plant and Equipment		30,324,516	30,729,458	28,004,583	27,466,491	31,210,871	31,236,637
Intangible Assets		885,307	880,774	875,801	967,451	975,242	966,110
Other Assets		6,689,665	9,314,912	11,811,101	11,558,058	11,835,251	12,612,591
Total Assets		205,803,922	193,092,853	214,161,437	247,615,422	234,215,605	230,571,894
Current Liabilities	Before Distribution	140,692,415	127,046,276	140,543,688	180,080,218	155,999,609	166,064,521
	After Distribution	146,073,628	131,709,994	147,180,517	185,102,683	161,022,074	-
Non-Current Liabilities		7,389,990	9,075,349	15,727,006	11,137,110	19,409,351	9,691,258
Total Liabilities	Before Distribution	148,082,405	136,121,625	156,270,694	191,217,328	175,409,351	175,755,779
	After Distribution	153,463,618	140,785,343	162,907,523	196,239,793	180,431,816	-
Total Equity Attributable to Owners of Parent		55,364,481	55,271,148	57,984,659	57,084,704	59,554,058	55,571,718
Share Capital		35,874,751	35,874,751	35,874,751	35,874,751	35,874,751	35,874,751
Capital Surplus		2,913,461	2,913,461	2,899,284	2,899,592	2,899,927	2,899,927
Retained Earnings	Before Distribution	18,223,198	18,304,941	21,112,549	21,024,959	22,227,169	17,723,168
	After Distribution	12,841,985	13,641,223	14,475,720	16,002,494	17,204,704	-
Other Equity Interest		-1,646,357	-1,822,005	-1,901,925	-2,714,598	-1,447,789	-926,128
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interests		2,357,036	1,700,080	-93,916	-686,610	-747,804	-755,603
Total Equity	Before Distribution	57,721,517	56,971,228	57,890,743	56,398,094	58,806,254	54,816,115
	After Distribution	52,340,304	52,307,510	51,253,914	51,375,629	53,783,789	-

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The Company also compiles individual statements. The brief individual balance sheet of the recent five years is as follows.

Note 3: The amount of item “After Distribution” was resolved by the Board on March 14, 2023.

Five Year Financial Summary - Individual Balance Sheet

Unit: NT\$ Thousands

Item \ Year		Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Current Assets		136,725,056	131,882,962	154,010,745	188,106,930	178,263,811
Property, Plant and Equipment		11,531,196	13,225,283	13,535,629	13,081,621	13,108,522
Intangible Assets		74,619	71,210	66,262	155,539	162,120
Other Assets		31,350,762	31,071,775	38,630,013	42,405,757	47,608,006
Total Assets		179,681,633	176,251,230	206,242,649	243,749,847	239,142,459
Current Liabilities	Before Distribution	119,029,566	116,006,733	135,951,357	178,953,972	163,619,001
	After Distribution	124,410,779	120,670,451	142,588,186	183,976,437	168,641,466
Non-current liabilities		5,287,586	4,973,349	12,306,633	7,711,171	15,969,400
Other liabilities		-	-	-	-	-
Total Liabilities	Before Distribution	124,317,152	120,980,082	148,257,990	186,665,143	179,588,401
	After Distribution	129,698,365	125,643,800	154,894,819	191,687,608	184,610,866
Share Capital		35,874,751	35,874,751	35,874,751	35,874,751	35,874,751
Capital Surplus		2,912,889	2,913,461	2,899,284	2,899,592	2,899,927
Retained Earnings	Before Distribution	18,223,198	18,304,941	21,112,549	21,024,959	22,227,169
	After Distribution	12,841,985	13,641,223	14,475,720	16,002,494	17,204,704
Other Equity Interest		-1,646,357	-1,822,005	-1,901,925	-2,714,598	-1,447,789
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	55,364,481	55,271,148	57,984,659	57,084,704	59,554,058
	After Distribution	49,983,268	50,607,430	51,347,830	52,062,239	54,531,593

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The amount of item “After Distribution” was resolved by the Board on March 14, 2023

5.1.2 Five Year Financial Summary-Consolidated Statement of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Five-Year Financial Summary					01/01/2023 ~ 03/31/2023
	2018	2019	2020	2021	2022	
Sales Revenues	506,884,018	500,952,813	508,294,198	519,732,048	541,750,850	120,182,904
Gross Profit from Operation	23,881,584	22,831,095	21,112,917	22,294,562	26,003,142	5,921,876
Operating Profit	7,490,715	6,403,495	4,441,086	4,724,634	6,669,076	1,284,814
Non-Operating Income and Expenses	642,547	105,566	5,904,619	2,974,550	507,959	-151,844
Profit before Income Tax	8,133,262	6,509,061	10,345,705	7,699,184	7,177,035	1,132,970
Profit for the Period from Continued Operations	5,318,996	4,836,997	6,572,978	5,947,093	6,062,009	871,257
Loss from Discontinued Operations	-	-	-	-	-	-
Profit (Loss) for the Period	5,318,996	4,836,997	6,572,978	5,947,093	6,062,009	871,257
Other Comprehensive Income (Loss) for the Period, Net of Tax	-914,777	-252,094	-152,304	-803,335	1,368,157	519,817
Total Comprehensive Income for the Period	4,404,219	4,584,903	6,420,674	5,143,758	7,430,166	1,391,074
Profit Attributable to Owners of Parent	6,499,856	5,507,960	7,547,985	6,537,765	6,128,786	880,683
Profit Attributable to Non-Controlling Interests	-1,180,860	-670,963	-975,007	-590,672	-66,777	-9,426
Comprehensive Income Attributable to Owners of Parent	5,599,822	5,287,308	7,391,406	5,736,566	7,491,484	1,398,873
Comprehensive Income Attributable to Non-Controlling Interests	-1,195,603	-702,405	-970,732	-592,808	-61,318	-7,799
Basic Earnings Per Share	1.81	1.54	2.10	1.82	1.71	0.25

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The Company also compiles individual statements. The brief individual comprehensive income sheet of the recent five years is as follows.

Five Year Financial Summary-Individual Statement of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Five-Year Financial Summary				
	2018	2019	2020	2021	2022
Sales Revenues	348,798,356	357,462,052	407,434,848	440,973,660	452,365,599
Gross Profit from Operation	14,045,103	12,523,082	11,783,972	13,159,226	17,735,705
Operating Profit	5,607,826	3,619,693	2,259,187	2,770,365	6,532,894
Non-Operating Income and Expenses	1,984,074	2,411,761	7,334,369	4,929,528	475,984
Profit before Income Tax	7,591,900	6,031,454	9,593,556	7,699,893	7,008,878
Profit for the Period	6,499,856	5,507,960	7,547,985	6,537,765	6,128,786
Loss from Discontinued Operations	-	-	-	-	-
Profit (Loss) for the Period	6,499,856	5,507,960	7,547,985	6,537,765	6,128,786
Other Comprehensive Income (Loss) for the Period, Net of Tax	-900,034	-220,652	-156,579	-801,199	1,362,698
Total Comprehensive Income for the Period	5,599,822	5,287,308	7,391,406	5,736,566	7,491,484
Profit Attributable to Owners of Parent	6,499,856	5,507,960	7,547,985	6,537,765	6,128,786
Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to Owners of Parent	5,599,822	5,287,308	7,391,406	5,736,566	7,491,484
Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Basic Earnings Per Share	1.81	1.54	2.10	1.82	1.71

Note 1: Above financial information has been audited (review) by CPA.

5.1.3 CPAs and Their Opinions for Most Recent 5-Year

Year	CPA Firm	CPA's Name	Auditing Opinion	Remarks
2018	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2019	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2020	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2021	KPMG	Lin, Wan-Wan and Kuo, Rou-Lan	Unqualified	Internal Adjustment in the Accounting Firm
2022	KPMG	Lin, Wan-Wan and Kuo, Rou-Lan	Unqualified	

5.2 Five-Year Financial Analysis

Item		Year		Five-Year Financial Analysis					01/01/2023~ 03/31/2023
		2018	2019	2020	2021	2022			
Capital structure (%)	Debt ratio	71.95	70.50	72.97	77.22	74.89	76.23		
	Ratio of long-term capital to property, plant and equipment	214.72	214.93	262.88	245.88	250.60	206.51		
Solvency (%)	Current ratio	119.34	119.77	123.43	115.29	121.92	111.86		
	Quick ratio	88.69	90.28	93.85	80.55	89.07	80.95		
	Times interest earned (Times)	5.60	4.70	10.81	11.43	3.36	2.01		
Operating ability	Accounts receivable turnover (Times)	5.92	5.54	5.63	5.31	5.60	5.44		
	Average collection period	62	66	65	69	65.17	67.09		
	Inventory turnover (Times)	11.21	11.32	11.81	9.30	8.83	8.60		
	Accounts payable turnover (Times)	6.45	6.47	6.69	6.25	6.91	6.40		
	Average days in sales	32.56	32.24	30.90	39.24	41.33	42.44		
	Property, plant, and equipment turnover (Times)	16.72	16.30	18.15	18.92	17.36	15.39		
	Total assets turnover (Times)	2.46	2.59	2.37	2.10	2.31	2.08		
Profitability	Return on total assets (%)	3.25	3.13	3.64	2.83	3.52	3.04		
	Return on stockholders' equity (%)	9.12	8.43	11.45	10.41	10.52	6.13		
	Profit before tax to pay-in Capital (%)	22.67	18.14	28.84	21.46	20.01	3.16		
	Net profit margin (%)	1.05	0.97	1.29	1.14	1.12	0.72		
	Basic earnings per share (\$)	1.81	1.54	2.10	1.82	1.71	0.25		
Cash flow	Cash flow ratio (%)	-3.93	9.64	3.08	-6.96	14.18	8.72		
	Cash flow adequacy ratio (%)	33.25	49.19	29.74	0.92	26.32	59.74		
	Cash reinvestment ratio (%)	-0.11	0.06	-0.00	-0.20	0.16	0.15		
Leverage	Operating leverage	4.72	6.01	5.59	5.85	4.05	3.86		
	Financial leverage	1.31	1.38	1.31	1.19	1.84	7.83		

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Times interest earned (Times): The impact of the US interest rate hike results in an increase in financial costs.
2. Return on total assets: This is caused by improvement of product portfolio. Therefore, the gross profit margin is increased.
3. Cash flow ratio: Due to the shortage of raw materials is mitigated, the inventory is improved and increases in operating cash flow.
4. Cash flow adequacy ratio: Due to the shortage of raw materials is mitigated, the inventory is improved and increases in operating cash flow.
5. Cash reinvestment ratio: Due to the shortage of raw materials is mitigated, the inventory is improved and increases in operating cash flow.
6. Operating leverage: This is caused by improvement of product portfolio. Therefore, the gross profit margin is increased.
7. Financial leverage: The impact of the US interest rate hike results in an increase in financial costs.

Note1: Above financial information has been audited (review) by CPA.

Note2: The Company compiles individual statements analysis of financial ratio shall be disclosed.

Note3: Equations:

(1). Capital Structure:

Debt ratio = Total liability / Total assets

Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Non-current liability) / Net property, plant and equipment

(2). Solvency:

Current ratio = Current assets / Current liability

Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liability

Times interest earned = Net income before tax and interest expense / Interest expense of the year

(3). Operating ability:

Account receivable turnover = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)

Days sales in accounts receivable = 365 / Account receivable turnover

Inventory turnover = Cost of goods sold / Average inventory amount

Account payable turnover = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)

Average days in sales = 365 / Inventory turnover

Ratio of property, plant and equipment = Net sales / Average of net property, plant and equipment

Total assets turnover = Net sales / Average total assets

(4). Profitability:

Return on assets = [Net income (loss) + Interest expense × (1 – Tax rate)] / Average total assets

Return on shareholders' equity = Net income (loss) / Net average shareholders' equity

Operating income (pre-tax income) to Paid-in Capital Ratio = Operating income (pre-tax Income) / Paid-in Capital

Profit ratio = Net income (loss) / Net sales

Basic earnings per share = (Profit attributable to owners of parent – Preferred stock dividend) / Weighted average stock shares issued

(5). Cash flow:

Cash flow ratio = Net cash flow from operating activity / Current liability

Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / In the past 5 years (Capital expenditure + Inventory interest + Cash dividend)

Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (property, plant and equipment + Long-term investment + Other assets + Working capital)

(6). Leverage:

Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income

Degree of financial leverage = Operating income / (Operating income – Interest expense)

Five-Year Individual Financial Analysis

Item \ Year		Five-Year Financial Analysis				
		2018	2019	2020	2021	2022
Capital structure (%)	Debt ratio	69.19	68.64	71.89	76.58	75.10
	Ratio of long-term capital to property, plant, and equipment	525.98	455.53	519.31	495.32	576.14
Solvency (%)	Current ratio	114.87	113.69	113.28	105.11	108.95
	Quick ratio	112.98	110.31	111.47	98.72	101.63
	Times interest earned (Times)	7.59	6.00	14.47	19.17	5.36
Operating ability	Accounts receivable turnover (Times)	4.76	4.72	5.06	4.62	4.93
	Average collection period	77	77	72	79	74.03
	Inventory turnover (Times)	144.21	111.91	123.89	61.28	36.87
	Accounts payable turnover (Times)	4.91	4.52	4.72	4.13	3.81
	Average days in sales	2.53	3.26	2.95	5.96	9.90
	Property, plant, and equipment turnover (Times)	30.25	27.03	30.10	33.71	34.51
	Total assets turnover (Times)	1.94	2.03	1.98	1.81	1.89
Profitability	Return on total assets (%)	4.45	3.64	4.24	3.06	3.07
	Return on stockholders' equity (%)	11.71	9.96	13.33	11.36	10.51
	Profit before tax to pay-in Capital (%)	21.16	16.81	26.74	21.46	19.54
	Net profit margin (%)	1.86	1.54	1.85	1.48	1.35
	Basic earnings per share (\$)	1.81	1.54	2.10	1.82	1.71
Cash flow	Cash flow ratio (%)	-5.93	12.88	-0.52	2.77	14.56
	Cash flow adequacy ratio (%)	75.93	83.15	46.29	20.18	73.74
	Cash reinvestment ratio (%)	-0.20	0.15	-0.07	-0.02	6.00
Leverage	Operating leverage	4.34	7.58	8.82	8.47	3.45
	Financial leverage	1.26	1.50	1.46	1.18	1.33

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Times interest earned: The impact of the US interest rate hike results in an increase in financial costs.
2. Inventory turnover (Times): Production and sales modes are adjusted, and inventories in individual companies are increased.
3. Average days in sales: Production and sales modes are adjusted, and inventories in individual companies are increased.
4. Cash flow ratio: Due to increase in operating cash flow.
5. Cash flow adequacy ratio: Due to increase in operating cash flow.
6. Cash reinvestment ratio: Due to increase in operating cash flow.
7. Operating leverage: This is caused by improvement of product portfolio. Therefore, the gross profit margin is increased.

Note 1: Above financial information has been audited (review) by CPA.

5.3 Audit Committee’s Report in the Most Recent Year

Inventec Corporation Audit Committee’s Review Report

The Board of Directors has prepared and submitted to us the Company’s 2022 Business Report, Financial Statements, and proposal for profit distribution. The Financial Statements have been audited, certified, and issued an audit report by Wan-Wan Lin and Kuo, Rou-Lan of KPMG Certified Public Accountants. The Business Report, Financial Statements and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Convener of the Audit Committee: Chang, Chang-Pang
Date: March 14, 2023

5.4 Individual Financial Statements for the Years Ended December 31, 2022, and 2021, and Independent Auditors’ Report

Please refer to Appendix I .

5.5 Consolidated Financial Statements for the Years Ended December 31, 2022, and 2021, and Independent Auditors’ Report

Please refer to Appendix II.

5.6 The Effect on Company or its Affiliates have Experienced Financial Difficulties:

Reinvestment company, Inventec Solar Energy Corporation, applied for a declaration of bankruptcy by resolution of the board of directors on April 8th, 2022, as it had been unable to pay off its debts due to insufficient assets. The board of directors of Inventec Solar Energy Corporation signed a settlement agreement with seven creditor banks on April 11th, 2022, before signing the revised contract agreement on April 13th of the same year. Inventec Solar Energy Corporation borrowed money from a third party to pay the settlement to seven creditor banks, and the creditor banks agreed

to dispense Inventec Solar Energy Corporation from its debts and waive all rights claimed by Inventec Solar Energy Corporation based on the credit contract. A creditor bank has withdrawn the legal proceedings filed against Inventec Solar Energy Corporation and returned all the promissory notes issued by Inventec Solar Energy Corporation in accordance with the credit contract. The consolidated company has recognized the accumulated losses of Inventec Solar Energy Corporation, and Inventec Solar Energy Corporation's application for a declaration of bankruptcy has no significant impact on the financial business of our company.

VI. Review of Financial Conditions, Operating Results, and Risk Management

6.1 Analysis of Financial Status

6.1.1. Consolidated

Unit: NT\$Thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		190,194,241	207,623,422	-17,429,181	-8.39%
Property, plant and equipment		31,210,871	27,466,491	3,744,380	13.63%
Intangible assets		975,242	967,451	7,791	0.81%
Other assets		11,835,251	11,558,058	277,193	2.40%
Total assets		234,215,605	247,615,422	-13,399,817	-5.41%
Current liabilities		155,999,609	180,080,218	-24,080,609	-13.37%
Non-current liabilities		19,409,742	11,137,110	8,272,632	74.28%
Total liabilities		175,409,351	191,217,328	-15,807,977	-8.27%
Share capital		35,874,751	35,874,751	-	-
Capital surplus		2,899,927	2,899,592	335	0.01%
Retained earnings		22,227,169	21,024,959	1,202,210	5.72%
Total equity attributable to owners of parent		59,554,058	57,084,704	2,469,354	4.33%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Non-current liabilities: Due to the extension of a joint loan.

6.1.2. Individual

Unit: NT\$Thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		178,263,811	188,106,930	-9,843,119	-5.23%
Property, plant and equipment		13,108,522	13,081,621	26,901	0.21%
Intangible assets		162,120	155,539	6,581	4.23%
Other assets		47,608,006	42,405,757	5,202,249	12.27%
Total assets		239,142,459	243,749,847	-4,607,388	-1.89%
Current liabilities		163,619,001	178,953,972	-15,334,971	-8.57%
Non-current liabilities		15,969,400	7,711,171	8,258,229	107.09%
Total liabilities		179,588,401	186,665,143	-7,076,742	-3.79%
Share capital		35,874,751	35,874,751	-	-
Capital surplus		2,899,927	2,899,592	335	0.01%
Retained earnings		22,227,169	21,024,959	1,202,210	5.72%
Total equity		59,554,058	57,084,704	2,469,354	4.33%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Non-current liabilities: Due to the extension of a joint loan.

6.1.3. Impact on Significant Changes in Financial Conditions Over the Past Two Years and the Future Response Plan

According to the analysis above, the Company can learn that changes in financial conditions of the Company over the past last two years have been caused by normal operating activities, hence there is no current requirement for a special future response plan.

6.2 Analysis of Operation Results

6.2.1 Consolidated

Unit: NT\$ Thousands

Item	Year		Amount changed	Change percentage (%)
	2022 Amount	2021 Amount		
Gross Sales Revenue	541,750,850	519,732,048	22,018,802	4.24%
Less : Sales Discounts and Allowances	-	-	-	-
Net Sales Revenue	541,750,850	519,732,048	22,018,802	4.24%
Operating Costs	-515,747,708	-497,437,486	-18,310,222	3.68%
Gross Profit from Operation	26,003,142	22,294,562	3,708,580	16.63%
Operating Expense	-19,334,066	-17,569,928	-1,764,138	10.04%
Operating Profit	6,669,076	4,724,634	1,944,442	41.16%
Non-operating Income and Expense	507,959	2,974,550	-2,466,591	-82.92%
Income from Operations of continued segments - before tax	7,177,035	7,699,184	-522,149	-6.78%
Less: Income Tax (Expense)	-1,115,026	-1,752,091	637,065	-36.36%
Profit attributable to owners of parent	6,128,786	6,537,765	-408,979	-6.26%
Profit attributable to non-controlling interests	-66,777	-590,672	523,895	-88.69%
Income from Operations of continued segments - after tax	5,062,009	5,947,093	114,916	1.93%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Operating Profit: This is caused by improvement of product portfolio and the sales increased. Therefore, the gross profit margin increased.
2. Non-operating Income and Expense: The impact of the US interest rate hike results in an increase in financial costs.
3. Income Tax Expense: Due to Income - before tax decreased.
4. Profit Attributable to Non-Controlling Interests: This has mainly been caused by the decrease in net loss.

Individual

Unit: NT\$ Thousands

Item	Year		Amount changed	Change percentage (%)
	2022	2021		
	Amount	Amount		
Gross Sales Revenue	452,365,599	440,973,660	11,391,939	2.58%
Less : Sales Discounts and Allowances	-	-	-	-
Net Sales Revenue	452,365,599	440,973,660	11,391,939	2.58%
Operating Costs	-434,629,894	-427,814,434	-6,815,460	1.59%
Gross Profit from operation	17,735,705	13,159,226	4,576,479	34.78%
Less : Unrealized Profit(Loss) from Sales	-22,319	-17,394	-4,925	28.31%
Plus : Realized Profit(Loss) from Sales	17,394	11,807	5,587	47.32%
Realized Gross Profit from operation	17,730,780	13,153,639	4,577,141	34.80%
Operating Expense	-11,197,886	-10,383,274	-814,612	7.85%
Operating Profit	6,532,894	2,770,365	3,762,529	135.81%
Non-operating Income and Expense	475,984	4,929,528	-4,453,544	-90.34%
Income from operations of continued segments - before tax	7,008,878	7,699,893	-691,015	-8.97%
Less: Income Tax Expense	-880,092	-1,162,128	282,036	-24.27%
Income from operations of continued segments - after tax	6,128,786	6,537,765	-408,979	-6.26%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Gross Profit from operation: This is caused by improvement of product portfolio
2. Unrealized Profit (Loss) from Sales: Mainly due to the early preparation of goods in advance by the end of the year in alignment with customer demand.
3. Realized Profit (Loss) from Sales: Mainly caused by customer's pickup of goods by the end of the year.
4. Operating Income: This is caused by improvement of product portfolio.
5. Non-operating Income and Expense: The impact of the US interest rate hike results in an increase in financial costs.
6. Income Tax Expense: Due to Income (before tax) decreased.

6.2.2 Expected Sales Volume and its Basis

In 2022, affected by the political and economic situations, the laptop market was in low demand and showed a recession trend. However, with the development of new models and the constant development of e-sports, NB shipments only decreased slightly compared to the previous year. Under the pressure of inventory depletion and weak market demand in 2023, the overall laptop outlook is generally conservative, and the operating growth is expected to weaken in the first quarter. However, the Company is committed to product innovation, combined with the recent Internet of things, e-sports products, and other related applications, and will be able to bring constant growth momentum for PC products, and shipment quantity and the average unit price are expected to increase.

As for the server, in 2022, due to the constantly growing demand for cloud computing driven by the epidemic, coupled with the new generation of server CPU platforms and the infrastructure construction of data centers, the shipment of servers grew. Looking ahead to 2023, the server market is expected to continue to grow as demand from cloud service providers CSP continues to increase and Intel and AMD release new CPU platforms, which will boost the tide of server upgrades.

The smart device industry saw its shipments grow in 2022 on the back of new products. In 2023, the overall market supply and demand gap in the intelligent device industry will be gradually improved, and the newly established Vietnam factory is expected to obtain new customers one after another. It's expected that the overall shipment, revenue, and profit contribution will increase after the mass production is started, and the growth is expected to be higher than that of the previous year.

6.2.3 Possible Impact on the Future Financial Business of the Company and Response Plan

In the face of an increasingly fierce competitive environment, the Company will continuously carry out vertical integration and enter into strategic alliances to seek new opportunities, as well as focusing on core business operations, so as to respond to further market changes in the future. As for the demand of investment that might occur due to the growth of operations, the professional team of the Company will see that excellent financial planning is put in place through rigorous internal and external financial risk management analysis, allocation of integrated financial resources, and consideration of the costs of investments to ensure smooth operation of the Company. The Company has no current doubts of significant impact on finances of the business.

6.3 Analysis of Cash Flow

Unit: NT\$ thousands

Beginning cash balance A	Annual net cash flow from operating activities B	Annual cash outflow C	Cash surplus (insufficient) amount A+B-C	Remedial measures for cash shortfall	
				Investment plan	Financial management plan
34,787,912	22,118,684	14,455,953	42,450,643	—	—

1. Analysis on change of cash flow this year:

Operating activity: The Group continues to adjust the proportion of products, improve the cost structure, and reduce operating expenses, so that the operating cash flow of the year would not be affected, and the overall cash flow was sufficient to meet the Group's operating expenses. The annual cash inflow is NT\$ 22,118,684 thousand. This has mainly been caused by the increase in profit from operations.

Investing activity: Due to expand production equipment in alignment with business needs. The annual cash outflow is NT\$ 6,043,974 thousand. This has mainly been caused by the increase in property, plant and equipment.

Financing activity: Due to pay cash dividends and repay long-term loans. The annual cash outflow is NT\$ 9,641,557 thousand.

2. Remedial measures for expected cash shortfall and liquidity analysis: There should be no circumstance causing insufficient cash this year.

3. Cash liquidity analysis in the coming year:

Beginning cash balance (A): NT\$ 42,450,643 thousand.

Expected annual net cash flow from operating activity (B): NT\$ 4,126,740 thousand.

Expected annual cash outflow (C): NT\$ 5,401,221 thousand.

Expected cash surplus (insufficient) amount (A+B-C): NT\$ 41,176,162 thousand.

Looking into 2023, the professional team of the Company will continuously improve the cost structure and devote itself to stabilizing the gross profit margin. Together with the significant impact of cost control, it is expected that cash flow for business activities will be abundant. As well as the expenditure for business activities due to investment activities such as assets procurement, equipment replacement, cash dividend distribution, and similar expenses, the Company also takes advantage of loans from financial institutions to invest in the business, resulting in efficient cash flow thanks to this proper arrangement and management.

6.4 Major Capital Expenditure Items

6.4.1 Employment of Significant Capital Expenditure and Capital Source:

Unit: NT\$ thousands

Planned project	Actual or expected capital source	Actual or expected completion date	Total capital needed	Circumstance of actual or expected capital employment			
				2022	2023	2024	2025
Purchase more plant space and equipment	Own Capital	Current year	18,850,066	4,850,066	6,000,000	5,000,000	3,000,000

Note: The actual and expected capital employment in significant capital expenditure is consolidated data.

6.4.2 The Impact of Significant Capital Expenditure on Financial Business

The above capital investment is made, based on operating requirements, for the construction of new plants to expand capacity in response to future orders. Purchase and update machines and R&D equipment to increase the new product R&D range, accelerate product development, and improve production efficiency.

6.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans, and the Investment Plans for the Coming Year

Inventec has been deeply engaged in contract manufacturing of hardware for a long period, and in recent years, has entered the system integration of hardware and software and increased service thinking. Under the guidance of a multi-angle development application and long-term layout, in 2022, the Group's reinvestment loss by equity method was about NT \$9,728,000, which was lower than the profit of the previous year, due to the active transformation. In the future, the Group will continue to carefully evaluate related reinvestment policies to optimize their performance.

6.6 Analysis of Risk Management

6.6.1 The Impact of Interest Rate, Change in Exchange Rate, Inflation on Loss and Profit of the Company, and Future Resolutions:

1. Impact on loss and profit of the Company:

2022	Net amount of interest income (expenditure)	Net amount of exchange (loss) profit
Unit: NT\$ thousands	(1,271,272)	667,898

2. Future resolutions:

- A. Interest rate: The cumulative effect of the rapid interest rate hike in 2022 and the willingness of conservative lending of financial institutions will result in risks in some European and American banking systems. There is a possibility of economic slowdown or even recession in 2023. The pace of interest rate hikes is expected to slow or pause, but inflationary pressures in major economies remain high, and rates are likely to remain high for a period. To manage the increase of interest caused by high interest rates, the Company will try to reduce its financing. If the Company must finance, it will evaluate the stability and interest rate advantages of banks and weigh up the interest rates in different currencies and for different periods to avoid price risks caused by market interest rate fluctuations. By taking into account liquidity and security, the allocation of fund portfolio can be optimized.
- B. Exchange rate: A recession in the United States and major economies is expected, and the focus on inflation will shift to regulating financial stability and reducing the risk of recession. The U.S. Federal Reserve rate hike is coming to an end, and the dollar is expected to gradually weaken against the Taiwan dollar in the medium to long term. Central banks face large international capital flows, and international connectivity and stability in the currency market remain their main objectives. The Company has developed close cooperation with international major manufacturers. The main exchange rate policy is natural hedging after debt offset and supplemented by foreign exchange hedging operations.
- C. Inflation: Bottlenecks in the global supply chain have eased and international institutions expect crude oil and other raw material prices to stabilize. International inflation is expected to fall gradually. However, due to the increase of tourism, leisure, and other entertainment service prices following COVID-19, as well as food prices driven up by avian influenza and COVID-19, and electricity prices following the increase of international prices, domestic inflation may gradually stabilize. In 2023, the Company will continue to actively observe market conditions and effectively control costs and operating expenses to mitigate the impact of inflation on operations and avoid any virtual profit and actual loss.

- D. Liquidity risk: Our credit lines with banks are sufficient to fulfill all contractual obligations. We have good credit with correspondent banks, and are secure and stable, and still have sufficient cash deposits and current assets. There is no liquidity risk in short-term and long-term circulating capital.

6.6.2 Engage in High Risk and High Leverage Investments, Lend Funds to Other Parties, Endorsement and Derivatives Transaction Policy, Main Reasons for Profit or Loss, and Future Resolutions:

Based on a steady operation philosophy, the Company mainly focuses on the operation of its original product field. Regarding investments, in addition to relevant investments in the original industry, upstream and downstream of the product field, vertical cooperation, etc., the Company does not engage in any high risk or high leverage investments. Regarding lending funds to other parties, endorsements, and derivatives related transactions, such is actually handled according to the execution policy stipulated in Procedures for Acquisition and Disposal of Assets, Procedures for Lending Funds to Other Parties, and Procedures for Endorsements and Guarantees of the Company. In the future, the Company will still rigorously execute such matters according to the handling procedures of relevant regulations in order to guarantee the maximum rights and interests of the Company and its shareholders.

6.6.3 Future Research and Development Plan and Research and Development Expenditures Expected to be Invested.

1. Innovation and quality: "Innovation" is the cornerstone of differentiation, which is a main factor for breaking through in a competitive environment. The group will continuously adhere to its innovative business philosophy whether it is tangible or intangible and remain committed to customers and partners with the highest "quality" improvements in the future.
2. Future research and development plan:
 - A. Notebook computers: Inventec always regards customer demand as the top priority in research and development. With the development of artificial intelligence, the additive effect of hardware and software generated by AI platforms on laptop computers is non-negligible. Looking ahead to 2023, in addition to the application of a new generation of chips and processors to enhance the effectiveness and efficiency of products, new e-sports, and AI integration will be a new highlight in future development. Continuing with the mixed work pattern in the post-pandemic era, shipments are expected to be flat in 2023.
 - B. Servers and cloud services: The Company has strong hardware, software, and research and development capabilities and will continue to expand its alliance with strategic partners, in addition to the customized complete solutions to increase the added value of products, in order to pursue growth. In addition, the Company will continue to expand the smart factory to provide customers with high-performance products. The booming AI market and the growing maturity of 5G applications are indirectly driving the demand for servers, it is expected that in 2023 the

Company's server and cloud industry will hit a peak.

C. Smart devices: In addition to the original intelligent wearable products, the Company also focuses on intelligent medical treatment, cloud health management, and precision medicine. In the future, the Company will still be committed to research and development, production, and manufacturing of intelligent terminal products in various fields, and the layout of technologically forward-looking products, with the relevant cloud technology being introduced to create maximum customer value.

D. 5G: The future will be an era of a digital economy at the core, and the combination of 5G and the Internet of Things will accelerate the digital transformation of the industry. With a deep foundation of hardware, Inventec will integrate intelligent manufacturing in the 5G era, aiming to develop the 5G private network system integration ability.

3. Research and development expenditure expected to be invested:

The future development plan of the Company will continue to move by mastering market fluctuation and understanding customer demands. In response to new market environments, manufacturing process improvement, and technology development, the Group is expected to input more than NT\$ 10.9 billion in research and development this year and will control the product development and market sales schedule within six months.

4. The research and development plans in recent years, current progress of unfinished research and development plans, research and development expenses that need to be invested, expected time of completing mass production, and major factors influencing the success of research and development in the future:

Recent Annual Plans	Current Progress	Research and Development Expenses to be Invested	Time of Completing Mass Production (Note)	Major Factors Influencing the Success of Research and Development in the Future
Notebook computer	Under development	NT\$ 2.9 billion	2024	Provision of long-term accumulated software and hardware technology and customized overall solutions
Server and cloud computing	Under development	NT\$ 3.8 billion	2024	Provision of long-term accumulated software and hardware technology and customized overall solutions
Smart phone and wireless communication devices	Under development	NT\$ 1.5 billion	2024	Continuous innovation, good quality, excellent talent, design, manufacturing, marketing, and after-sales service capability
5G and automotive products	Under development	NT\$ 0.6 billion	2024	Provision of long-term accumulated software and hardware technology and customized overall solutions

Note: This refers to the mass production time currently expected; the actual situation is still subject to market and customer demands.

6.6.4 Important Policies at Home and Abroad, the Impact of Law Changes on the Company's Financial Operations, and Resolutions:

According to Organization for Economic Cooperation and Development BEPS 2.0 which promoted two pillars for international anti-tax-evasion, No. 1 is the profit distribution principle and No. 2 is the global minimum tax together with Taiwan CFC Law that are all applicable in 2023. For this purpose, Inventec is also actively planning to reduce the group's tax risk and relevant compliance costs. Furthermore, in terms of ESG and net-zero carbon reduction, Inventec will still follow up on the competent authority's sustainable development blueprint with the corresponding guidance to reach international standards. The relevant units of the Company have always strictly followed important policies at home and abroad, as well as law changes, and pay close attention to any changes at all times. The Company actively coordinates to handle such matters as required.

6.6.5 The Impact of Technology Change and Industry Change on Company Financial Operations and Resolutions:

Across the world, 5G mobilizes new science and technology and also promotes horizontal alliances to upgrade each industry's competitiveness. Led by the digital economy, Inventec is actively engaged in 5G development and sets short, middle and long-term operation targets and financial indicators through blueprints for digital transformation. In addition, with the help of big data collection, application and analysis, and combined with the Internet of Things and AIT, it is committed to creating a 5G intelligent factory with high quality and excellent process. In the age of technological explosion and except for the digital application of information technology, Inventec must also enhance its Infocomm security management to create a low-risk and circulating financial administration tool.

COVID19 changed staff work modes and Working at Home has become normal. To this end, relevant network safety risks must be taken into consideration. What's more, as blurry network boundaries and diverse devices become new challenges, reinforcements of interior device identification, personnel verification, EDR monitoring, as well as colleagues' network safety awareness are priorities for this year. Inventec's current information technology security risks and countermeasures are as follows:

- (A). Promote NAC (Network Access Control) access administration, identify interior devices, inspect device security, and then connect to the intranet after being satisfied with virus defense, software update, correct domain devices and other security conditions.
- (B). Upgrade the next-generation firewall, consolidate the network boundary, guard against external threats, establish a two-layer defense architecture, separate the production line, client terminal, and computer room server network, and improve the depth of security protection.
- (C). Import the bastion host or jump host, simplify the online entry of the host, reduce the risk of infiltration, enhance the online monitoring of the host, and use the dynamic password to protect privileged accounts.
- (D). Promote two-factor authentication and send the second layer OTP (One Time Password)

through SMS to verify the identity of the logon to prevent the risk of the account and password being stolen or broken.

- (E). Strengthen APT attack protection and introduce an APT (Advanced Persistent Threat) protection scheme to prevent malware and hacker attacks and protect Inventec's information security.
- (F). Guard against hacker phishing email attacks, organize social engineering drills and enable e-mail protection mechanisms, filter malicious attachments and phishing links, and avoid social engineering attacks that will cause harm to the Company.
- (G). Participate in supplier conferences, advocate information security for suppliers, ask suppliers to establish information security systems, promote international information security certification, implement information security and health, provide information security-related resources for suppliers' reference, and establish information security event notification mechanism to strengthen the information security of the supply chain.

6.6.6 The Impact of Corporate Image Change on Corporate Crisis Management and Resolutions:

In the context of global climate change and sustainable development, countries are moving towards the goal of net zero emissions by 2050, and ESG-related measures and reforms are being put into practice. Inventec depends on social responsibility and takes ESG as its operating core value. It will continue to focus on ESG and digital transformation, enhance to implement a green supply chain, circular economy, improvement of the manufacturing process and promotion of renewable energy to enhance the company's competitiveness, and keep up with global trends. The Company adheres to a consistent operation philosophy and corporate culture. Through internal management mechanisms and external auditing execution, the Company vigorously examines and approves the setting and execution of objectives and strategies, actually mastering the overall organizational risk. As of the publication date of this annual report, the Company has no impact on enterprise crisis management caused by a change of corporate image.

6.6.7 Expected Benefits of Mergers, Possible Risks, and Resolutions:

Since 2022 and as of the publication date of this annual report, the Company has no circumstances related to conducting a merger.

6.6.8 Expected Benefits of Plant Expansion, Possible Risks, and Resolutions:

Due to political and geographical risks and epidemic factors, to increase the resilience of accepting orders, the factories have adjusted their operation plan to create a more flexible production mode. In addition to the ongoing expansion of the plant in Mexico, the Company is also expanding its footprint in Southeast Asia. Through careful planning, it's expected that the new production base will provide new energy to the Group. Under the capacity reallocation, old assets will continue to be activated to balance the risk of capital exposure.

6.6.9 Risks Faced in Centralized Goods Purchase and Sales and Resolutions:

Affected by the China-U.S. trade war, the epidemics, the political war environment, and other factors, the global supply chain is driven to move rapidly. To obtain more flexibility in supply and demand, the Company not only conducts capacity reconfiguration in various places and the localized supply of goods but also conducts effective management of suppliers to reduce the risk of over-concentration of imports and sales. The updating multi-angle layout and integration of software and hardware will lead the Group to a broader world.

6.6.10 The Impact of Massive Transfer or Change of Stock Equity between and among Directors, Supervisors, or Major Shareholders Holding More than Ten Percent of the Total Share of the Company and Resolutions: None.

6.6.11 The Impact of Change of Operation Rights of the Company, Risks, and Resolutions: None.

6.6.12 Litigation or Non-Litigation Cases:

1. Significant litigation, non-litigation or administrative litigation cases of the Company and affiliated companies in the past two years, such cases that have been sentenced or are currently pending, and the results thereof that have a significant impact on shareholders' equity or securities price: None.
2. As of the publication date of annual report, whether the Directors, Supervisors, President, and shareholders with shareholding ratio over ten percent of the Company are involved in any significant litigation, non-litigation or administrative litigation cases, such cases have been sentenced or are currently pending, and the results thereof have a significant impact on shareholders' equity or securities price: None.

6.6.13 Other Important Risks and Counter Measures

Risk of operational suspension due to the COVID-19 epidemic: In response to the continuation of the Covid-19 pandemic which is affecting supply chains and production all over the world, we are strengthening operation management to avoid the risk of a breakdown in operations. Through the risk management mechanism (BCP, Business Continuity Plan), Inventec has required all factories around the world to establish epidemic prevention response teams, formulate epidemic prevention plans, implement epidemic prevention measures, dispatch and schedule pandemic-safe procedures for employees and ensure a continuous chain of operations and uninterrupted customer service to protect the rights and interests of our stakeholders.

A. Externally:

(A). Uninterrupted customer service:

- a. Responding to Inventec's Epidemic Prevention Plan in accordance with the customer supply chain BCP plan.
- b. Participating in the training of COVID-19 prevention measures held by customers and

cooperating with customers in epidemic prevention and response.

- c. According to the requirements of the customer value chain, adjust the production of products in off-site factories to ensure fulfilment of local customer demands.

(B). Continuous supply chain management:

- a. Confirming the detailed material status of raw materials through the Inventec e-Supply Chain information system
- b. When the epidemic situation is critical, the purchasing staff cooperate with the Company HR's work-from-home plan to maintain operations.
- c. In line with customer value chain requirements, increase raw material inventory management to ensure the fulfilment of customer demand.

(C). Group companies are unaffected.

- a. Purchase of video and hardware equipment and connecting with each factory team to achieve project tasks.
- b. AR augmented real-time communication and intuitive remote guidance to improve the efficiency of remote communication.

B. Internally:

(A). Epidemic prevention and taking care of health

- a. Rolling adjustment of epidemic prevention policies.
- b. Switching to telephone or video conferencing.
- c. Wearing masks during the whole process to ensure the health and safety of employees.

(B). Two programs for travel and attendance management

- a. Remote workplace.
- b. Work from home.

(C). Steady growth in operation management

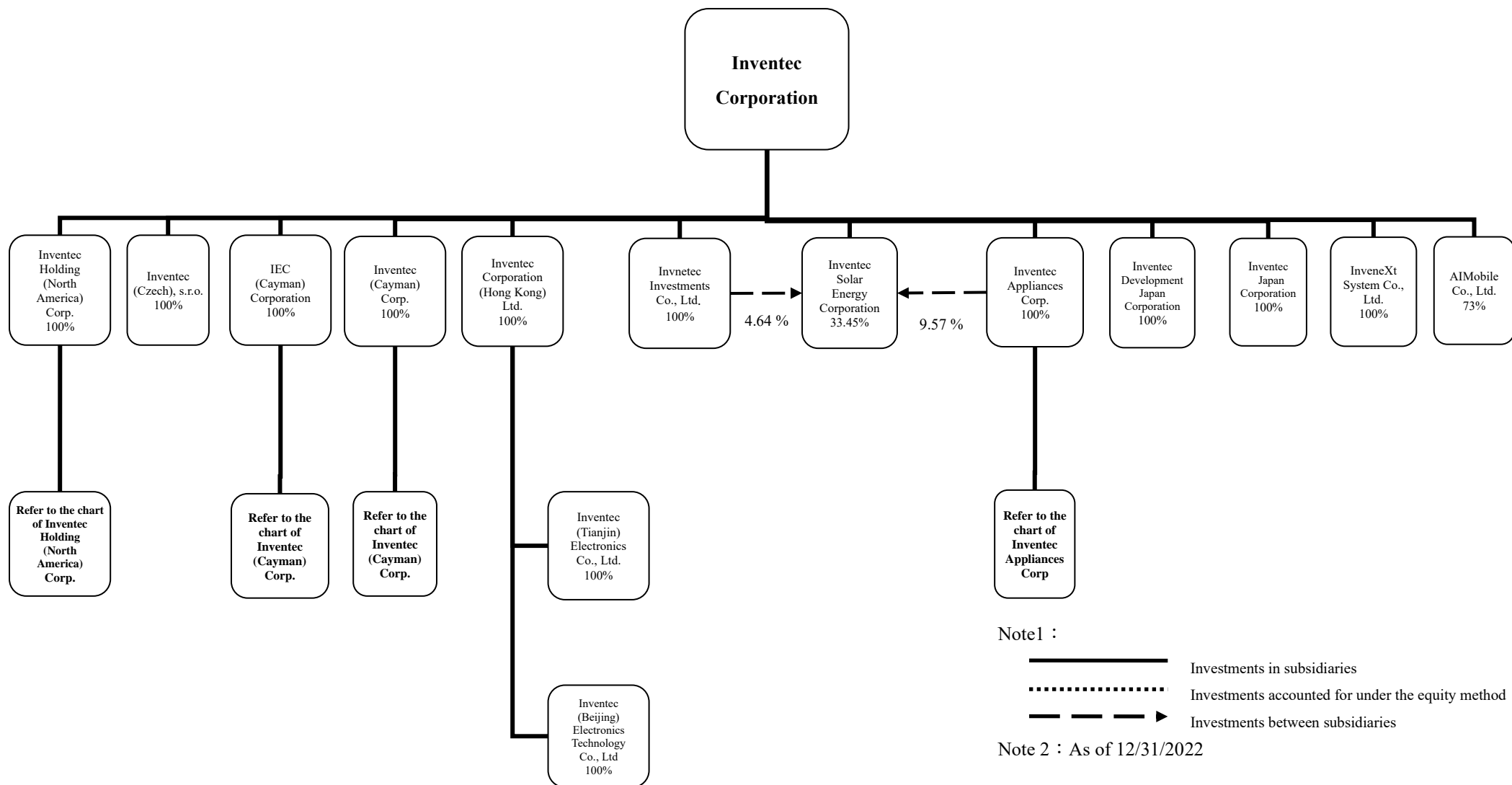
- a. Digital transformation.
- b. Industrial upgrading: combining smart factory to create the world's first open-architecture 5G independent enterprise private network.

6.7 Other Important Matters: None.

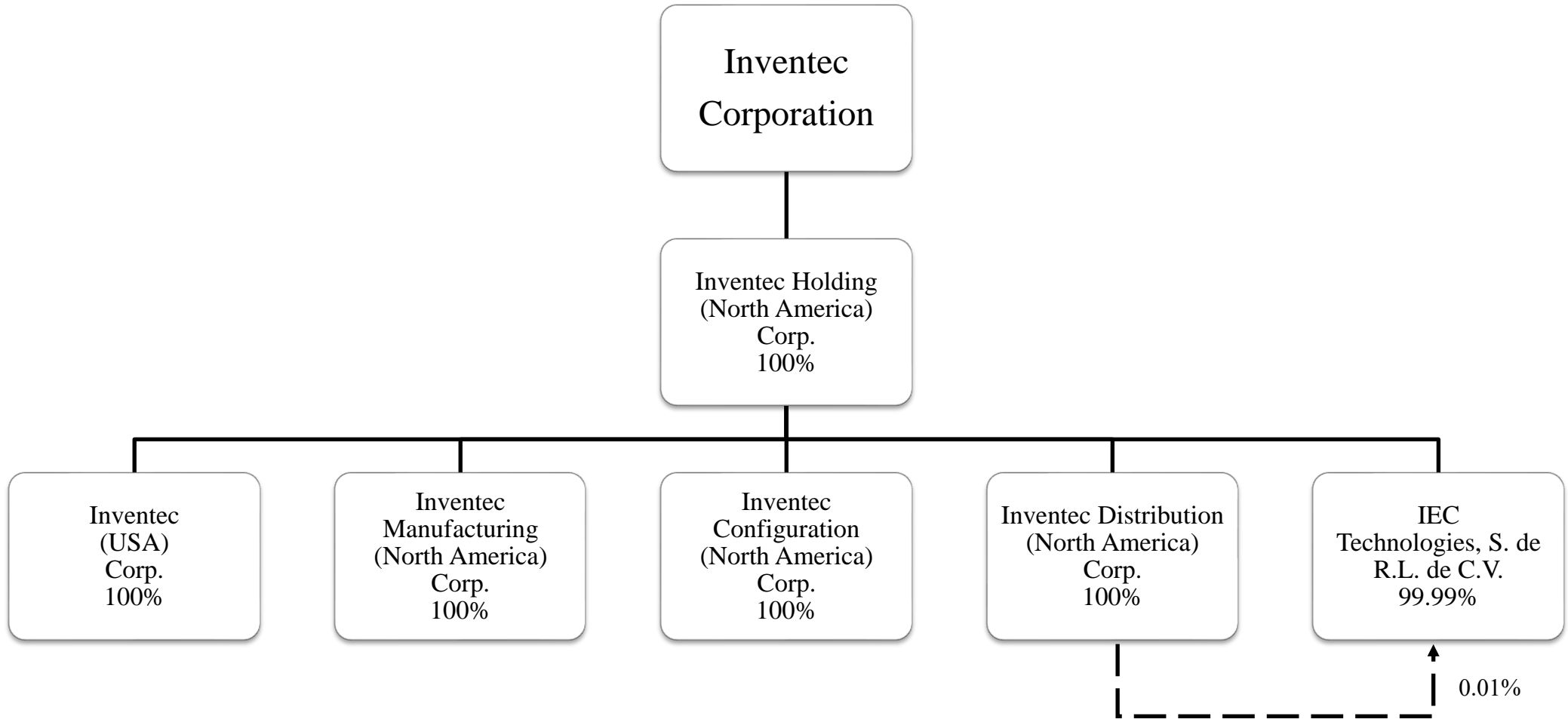
VII. Special Disclosure

7.1 Summary of Affiliated Companies

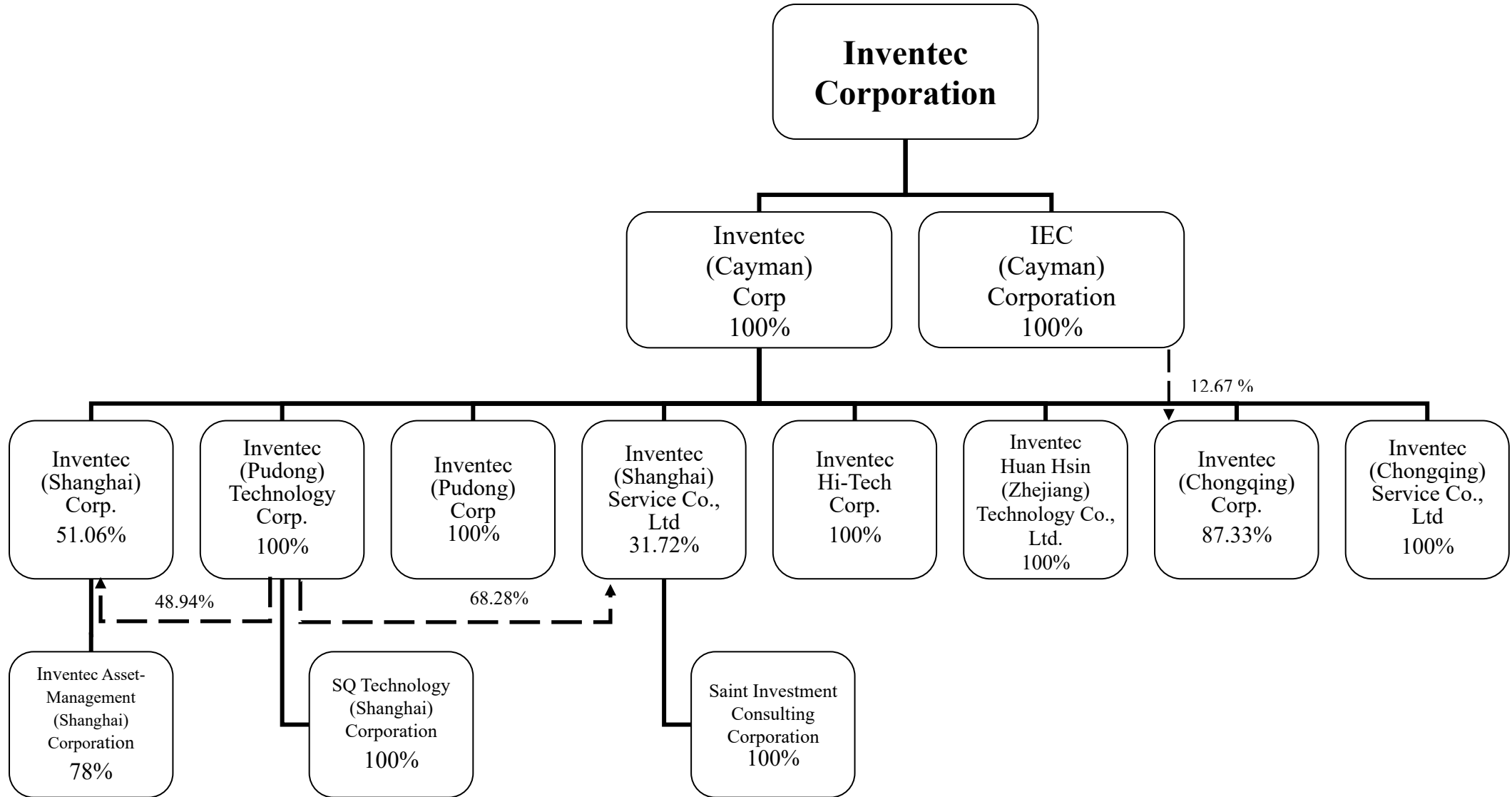
7.1.1 The Chart of Inventec Corporation



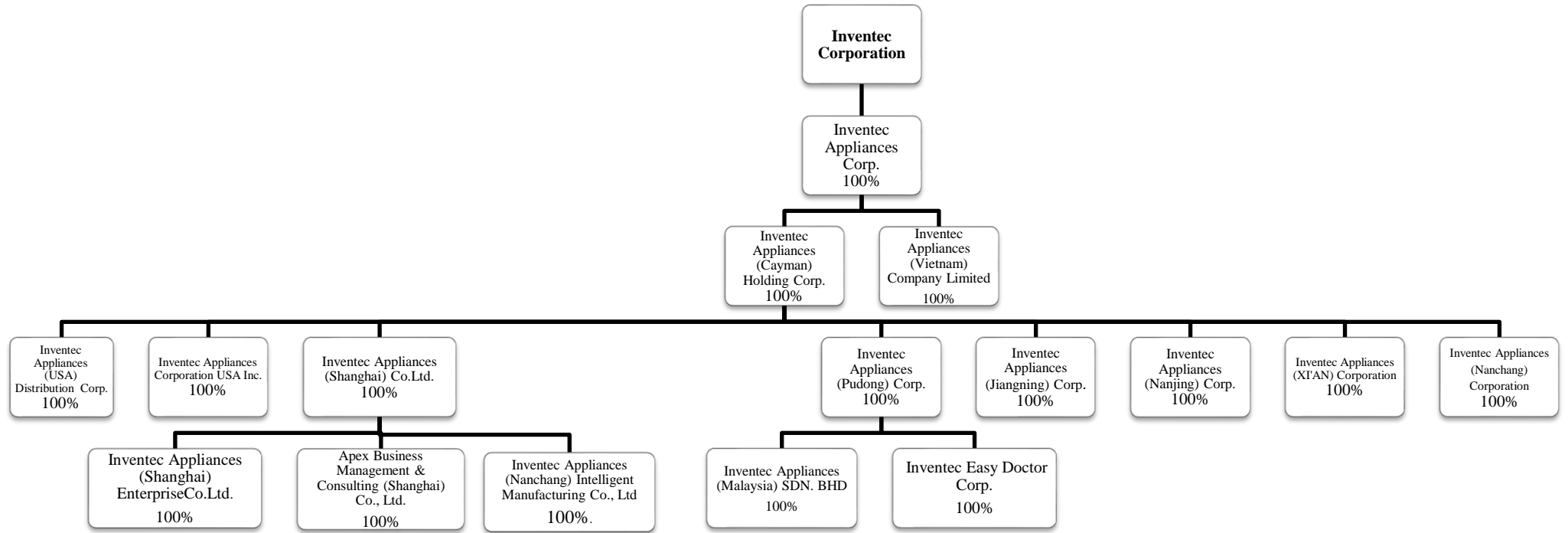
The Chart of Inventec Holding (North America) Corp.



The Chart of Inventec (Cayman) Corp.



The Chart of Inventec Appliances Corp.



7.1.2 Inventec Corporation Subsidiaries

Unit: NT\$ Thousands, as of 12/31/2022

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Inventec Corporation (Hong Kong) Ltd.	1990.08	20/F Euro Trade Centre 21-23 Des Voeux Road Central HK	9,878	Investing in Mainland China and import and export business
Inventec (Tianjin) Electronics Co., Ltd.	1993.11	Room 401-410, Wanzhao Smart Valley Building, No. 218 Hongqi Road, Nankai District, Tianjin, China	153,500	Electronic products software development.
Inventec (Beijing) Electronics Technology Co., Ltd.	1994.07	A206-207, Information Center, Zhongguancun Software Park, Beijing, China.	44,515	Production of computer-related products and after-sale services; sale of self-produced products; business information consultation
Inventec (Cayman) Corp.	2000.06	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	9,812,963	Holding Company
Inventec (Shanghai) Corp	2000.10	Room 402-4, Building 6, No.789 Puxing Road, Minhang District, Shanghai, China	2,107,774	Computer product assembly and sale of accessories
Inventec Asset-Management (Shanghai) Corporation	2014.06	Commercial 08, 1st Floor, Building 7, No. 1528, Gumei Road, Xuhui District, Shanghai, China	1,887,528	Real estate rental and leasing
Inventec (Pudong) Corp.	2003.01	Building 1, No.789, Puxing Road (5/1 Hill, Block 105, Pujiang Town), Minhang District, Shanghai, China	1,535,000	Computer product assembly and sale
Inventec (Pudong) Technology Corp.	2004.04	Building 6, No.789, Puxing Road(2/2 Hill, Block 106, Pujiang Town), Minhang District, Shanghai, China	1,798,766	Computer products and accessories production and marketing
SQ Technology (Shanghai) Corporation	2021.01	Building 6, No.789, Puxing Road(2/2 Hill, Block 106, Pujiang Town), Minhang District, Shanghai, China	235,046	Computer products and accessories production and marketing
Inventec (Shanghai) Service Co., Ltd	2004.03	Room 402-5, Building 6, No.789 Puxing Road, Minhang District, Shanghai, China	322,786	Computer products assembly operations and sale
Saint Investment Consulting Corporation	2019.09	Room C224, Building 2, No.1628 Suzhao Road, Minhang District, Shanghai, China	220,400	Business management consulting
Inventec Hi-Tech Corp.	2004.09	Building 2, No.789, Puxing Road (5/1 Hill, Block 105, Pujiang Town), Minhang District, Shanghai, China	1,535,000	Computer products assembly operations and sale
Inventec (Chongqing) Corp.	2010.05	No.66, Xiqu Scond Road, Shapingba District, ChongQing, China	2,302,500	Computer products assembly operations and sale
Inventec (Chongqing) Service Co., Ltd.	2010.05	3F Building No.98, Xiqu Scond Road, Shapingba District, ChongQing, China	30,700	Computer products assembly operations and sale
IEC (Cayman)	2013.11	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road,	739,500	Holding Company

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Corporation		Grand Cayman, KY1-1205 Cayman Islands.		
Inventec Holding (North America) Corp.	1997.09	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	61,728	Holding company in America
Inventec (USA) Corp.	1997.02	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	15,350	Computer product assembles and warranty services
Inventec Manufacturing (North America) Corp.	1997.09	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	61,400	Technical and Marketing support service
Inventec Distribution (North America) Corp.	1998.08	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	15,350	Sale of computer products
Inventec Configuration (North America) Corp.	1998.08	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	61,477	Assembly of computer products
IEC Technologies, S. de R.L. de C.V.	2006.09	Blvd. Miguel De La Madrid #8560 Col. Lote Bravo Cp 32695, Ciudad Juarez, Chihuahua, Mexico	2,578,977	Assembly of computer and related.
Inventec (Czech), s.r.o.	2004.02	Modrice, Central Trade Park Evropska 863 664 42 Modrice, Czech Republic	85,748	Assembly of computer products and after-sale services
Inventec Development Japan Corporation	2004.12	7F, No.1 Shinbashi-Ekimae BL.,2-20-15 Shinbashi, Minakotu-ku, Tokyo, Japan	9,220	Development, design, and sale of computer accessories
Invetec Investments Co., Ltd.	2009.08	3F-1, No.166, Sec. 4, Chengde Rd., Shilin Dist., Taipei City, Taiwan	1,088,000	Investment activities
Inventec Solar Energy Corporation	2010.10	No.349, Sec 2, Renhe Rd., Daxi Township, Taoyuan City, Taiwan.	3,233,548	Research and development, production, and sale of solar cells
Inventec Appliances Corp.	2000.05	No.37, Wugong 5th Road, Wugu District, New Taipei City, Taiwan	5,368,573	Smart device products
Inventec Appliances (Cayman) Holding Corp.	2000.06	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	6,126,941	Holding Company
Inventec Appliances (USA) Distribution Corp.	2000.07	5700 Tennyson Parkway Suite 300, Plano, Texas 75024	123	Sale of electronics products and accessories
Inventec Appliances Corporation USA Inc.	2006.04	2880 Lakeside Drive, Suite 247, Santa Clara, California 95054	31	Sales activities
Inventec Appliances (Shanghai) Co.Ltd.	1991.07	No.7, Gui Qing Rd., Shanghai, China.	1,584,120	Development, design, and sale of electronics products and leasing
Inventec Appliances (Shanghai) Enterprise Co.Ltd.	2015.04	Room B506, Building 3, No.7 Gui Qing Road, Xuhui District, Shanghai, China.	35,264	Industrial investment
Apex Business Management & Consulting (Shanghai) Co., Ltd.	2009.07	Room 701, Building 3, No.7 Gui Qing Road, Shanghai, China.	2,212	Business Administration
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	2018.06	No.189, Torch 3rd Road, Nanchang High-tech Industrial Development, Nanchang City, Jiangxi Province, China	264,480	Wearable intelligent equipment manufacturing, and the research and development, design, processing, manufacturing, and sale of electronic

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
				products and communication equipment
Inventec Appliances (Pudong) Corp.	2004.03	Building 1-3, No.789 Puxing Road, Minhang District, Shanghai, China	2,363,900	Development, design, and manufacturing of wireless communication products and mobile communication equipment
Inventec Appliances (Malaysia) SDN. BHD	2018.09	253G-4-3A, Premier Centre, Jalan Burma, 10350 Penang, Malaysia	881,482	Sale of related electronic materials and products
Inventec Easy Doctor Corp.	2021.07	3F, No.789 Puxing Road, Minhang District, Shanghai, China	44,080	Sale, and manufacturing of medical equipment
Inventec Appliances (Nanjing) Corp.	1993.10	Room 202-12, No.62, Su-Yuan Road, Jiangning Economic and Technological Development Zone, Nanjing, China.	153,500	Real estate rental and leasing
Inventec Appliances (Jiangning) Corp.	2004.02	No.133, Jiang-Jun Road, Jiangning Economic and Technological Development Zone, Nanjing, China.	2,087,600	Development, design, and manufacturing of mobile communication devices (mobile phones), telephone sets (excluding multimedia advanced functions), etc
Inventec Appliances (XI'AN) Corporation	2007.12	No.50 Jin-Ye 1st Road High-tech Industrial Development Zone, Xi'an China	122,800	Development and design of related communication and electronic products and software, related technical services, and house rentals
Inventec Appliances (Nanchang) Corporation	2008.12	C401-417, No. 698 Jingdong Boulevard, High-Tech Zone of Nanchang, Jiangxi, China.	64,470	Development, design, and sale of communication and electronic-related products and software
Inventec Appliances (Vietnam) Company Limited	2022.09	Lot No. 13, Quang Minh Industrial Zone, Quang Minh Town, Me Linh District, Hanoi City, Vietnam	92,100	Production and sale of wearable intelligent devices
AIMobile Co., Ltd.	2016.05	6F, No.166 Chengde Rd Sec 4, Shilin District, Taipei City, Taiwan	110,000	Research and development, production, and sale of intelligent mobile devices
Inventec Japan Corporation	2019.08	7F, No.1 Shinbashi-Ekimaie BL.,2-20-15 Shinbashi, Minakotu-ku, Tokyo, Japan	2,305	Commercial trade and management
InveneXt System Co., Ltd.	2022.11	7F, No.166 Chengde Rd Sec 4, Shilin District, Taipei City, Taiwan	50,000	Production and sale of related 5G equipments

7.1.3 Shareholders in Common of Inventec Corporation and Its Subsidiaries with Deemed Control and Subordination: None.

7.1.4 Industrial Classification in Inventec Corporation Subsidiaries

Industrial Classification	Company	Relationships to Related Party
Holding company	Inventec Corporation (HongKong) Ltd.	Direct investment in Inventec (Beijing) Electronics Technology Co., Ltd. and Inventec (Tianjin) Electronics Co., Ltd.
Electric Product Manufacturing	Inventec (Tianjin) Electronics Co., Ltd.	Electronic products software development
Electric Product Manufacturing	Inventec (Beijing) Electronics Technology Co., Ltd.	Manufacture, and warranty services of computers and related, Sales of self-manufactured products; as well as business information consultation.
Holding company	Inventec (Cayman) Corp.	Direct investment in Inventec (Shanghai) Corp. etc.
Electric Product Manufacturing	Inventec (Shanghai) Corp.	Import and export trade agency of computer products and accessories
Electric Product Manufacturing	Inventec Asset-Management (Shanghai) Corporation	Real estate rental and leasing
Electric Product Manufacturing	Inventec (Pudong) Corp.	Computer product assembly and sale
Electric Product Manufacturing	Inventec (Pudong) Technology Corp	Computer products and accessories production and marketing
Electric Product Manufacturing	SQ Technology (Shanghai) Corporation	Computer products and accessories production and marketing
Electric Product Manufacturing	Inventec (Shanghai) Service Co., Ltd	Computer product assembly and sale
Electric Product Manufacturing	Saint Investment Consulting Corporation	Business management consulting
Electric Product Manufacturing	Inventec Hi-Tech Corp.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec (Chongqing) Corp.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec (Chongqing) Service Co., Ltd.	Computer products assembly operations and sale
Holding company	IEC (Cayman) Corporation	Direct investment in Inventec Technology (Chongqing) Corp.
Holding company	Inventec Holding (North America) Corp.	Direct investment in Inventec (USA) Corp. etc.
Electric Products Manufacturing	Inventec (USA) Corp.	Computer product assembles and warranty services
Electric Product Manufacturing	Inventec Manufacturing (North America) Corp.	Technical and Marketing support service
Electric Product Manufacturing	Inventec Distribution (North America) Corp.	Computer product assembles and sales
Electric Products Manufacturing	Inventec Configuration (North America) Corp.	Computer product assembles
Electric Products Manufacturing	IEC Technologies, S. de R.L. de C.V.	Assembly of servers and related.
Electric Products Manufacturing	Inventec (Czech), s.r.o.	Computer product assembles and warranty services
Electric Product Manufacturing	Inventec Development Japan Corporation	Developing, designing and selling computer peripherals
Investment	Invetec Investments Co., Ltd.	Investment activities

Industrial Classification	Company	Relationships to Related Party
Energy Technical Services	Inventec Solar Energy Corporation	Developing, production and selling of solar cells.
Electric Product Manufacturing	Inventec Appliances Corp.	Communication and digital accessory product assemble and sales
Holding company	Inventec Appliances (Cayman) Holding Corp.	Investment in Inventec Electronics (Shanghai) Co., Ltd. etc.
Electric Product Manufacturing	Inventec Appliances (USA) Distribution Corp.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances Corporation USA Inc.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Shanghai) Co.Ltd.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Shanghai) Enterprise Co.Ltd.	Business Administration
Electric Product Manufacturing	Apex Business Management & Consulting (Shanghai) Co., Ltd.	Business Administration
Electric Product Manufacturing	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Pudong) Corp.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Malaysia) SDN. BHD	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Easy Doctor Corp.	Sale, and manufacturing of medical equipment
Electric Product Manufacturing	Inventec Appliances (Nanjing) Corp.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Jiangning) Corp.	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (XI'AN) Corporation	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Nanchang) Corporation	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	Inventec Appliances (Vietnam) Company Limited	Communication and digital accessory product assemble and sales
Electric Product Manufacturing	AIMobile Co., Ltd.	Research and development, production, and sale of intelligent mobile devices
Electric Product Manufacturing	Inventec Japan Corporation	Commercial trade and management
Electric Product Manufacturing	InveneXt System Co., Ltd.	Production and sale of related 5G equipments

7.1.5 Rosters of directors, supervisors, and presidents of Inventec corporation's subsidiaries

Unit: Shares ; % As of 12/31/2022

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Corporation (Hong Kong) Ltd.	Director Director	Representative of Inventec Corporation : Yeh, Kuo-I Cho, Tom-Hwar	2,500,000	100%
Inventec (Tianjin) Electronics Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Corporation (Hong Kong) Ltd. : Tsai, Chih-An Yen, Cheng-Lung Fan, Kang Chen, Pei-Chia Fan, Kang	N/A	100%
Inventec (Beijing) Electronics Technology Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Corporation (HongKong) Ltd. : Wu, Yung-Tsai Chen, Pei-Chia Chiu, Chuan-Cheng	N/A	100%
Inventec (Cayman) Corp.	Director	Representative of Inventec Corporation : Cho, Tom-Hwar	301,768,161	100%
Inventec (Shanghai) Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Wu, Yung-Tsai Chen, Pei-Chia Wu, Yung-Tsai	N/A	51.06%
Inventec Asset-Management (Shanghai) Corporation.	Chairman Director Supervisor Director *General manager	Representative of Inventec (Shanghai) Corp. : Wu, Yung-Tsai Wang, Tien-Hui Chen, Pei-Chia Representative of Shanghai Caohejing Hi-Tech Park Development Corp. : Jiang, Shih-Ciang Wang, Tien-Hui	N/A	78% 22%
Inventec (Pudong) Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Wu, Yung-Tsai Chen, Pei-Chia Wang, Tien-Hui	N/A	100%
Inventec (Pudong) Technology Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Yen, Cheng-Lung Liao, Meng-Chieh Chen, Pei-Chia Liao, Meng-Chieh	N/A	100%
SQ Technology (Shanghai) Corporation	Executive Director Supervisor *General manager	Representative of Inventec (Pudong) Technology Corp. : Tsai, Chih-An Chen, Pei-Chia Lin, Hung-Chou	N/A	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec (Shanghai) Service Co., Ltd	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Chen, Pei-Chia Liao, Meng-Chieh	N/A	31.72%
Saint Investment Consulting Corporation	Executive Director Supervisor *General manager	Representative of Inventec (Shanghai) Service Co., Ltd : Tsai, Chih-An Chen, Pei-Chia Yeh, Li-Cheng	N/A	100%
Inventec Hi-Tech Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Chen, Pei-Chia Liao, Meng-Chieh	N/A	100%
Inventec (Chongqing) Corp.	Chairman Director Supervisor Director *General manager	Representative of Inventec (Cayman) Corp. : Chang, Hui Yin, Fu-Ming Chen, Pei-Chia Representative of IEC (Cayman) Corporation : Yu, Sa-Hua Yu, Sa-Hua	N/A	87.33% 12.67%
Inventec (Chongqing) Service Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Chang, Hui Chen, Pei-Chia Yu, Sa-Hua	N/A	100%
IEC (Cayman) Corporation	Director	Representative of Inventec Corporation : Cho, Tom-Hwar	25,000,000	100%
Inventec Holding (North America) Corp.	Director Director Director *General manager	Representative of Inventec Corporation : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,010,700	100%
Inventec (USA) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	500,000	100%
Inventec Manufacturing (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,000,000	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Distribution (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	500,000	100%
Inventec Configuration (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,002,500	100%
IEC Technologies, S. de R.L. de C.V.	Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An	1,660,483,921	99.99%
Inventec (Czech), s.r.o.	Representative Representative Representative	Representative of Inventec Corporation : Tsai, Chih-An John William Busby Tseng, Kuang-Chao	N/A	100%
Inventec Development Japan Corporation	Representative Supervisor	Representative of Inventec Corporation : Cho, Tom-Hwar Yu, Chin-Pao	45,100	100%
Inventec Investments Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Corporation : Cho, Tom-Hwar Wu, Yung-Tsai Yu, Chin-Pao Cheng, Hsien-Ho Yu, Chin-Pao	108,800,000	100%
Inventec Solar Energy Corporation	Director Chairman Director Director Director Supervisor Supervisor General manager	Inventec Corporation Hsieh, Jui-Hai Representative of Inventec Investments Co., Ltd. : Yu, Chin-Pao Yen, Hao Lee, Wun-Huei Cheng, Hsien-Ho Hsu, Shen-Chun Yen, Hao	108,150,000 7,291,760 15,000,000 2,378,000 220,000 530,000 79,500 2,378,000	33.45% 2.26% 4.64% 0.74% 0.07% 0.16% 0.02% 0.74%
Inventec Appliances Corp.	Chairman Director Director Director Director Supervisor *General manager	Representative of Inventec Corporation : Chang, Ching-Sung Ho, Tai-Shui Yeh, Li-Cheng Chang, Hui Tsai, Chih-An Yu, Chin-Pao Ho, Tai-Shui	536,857,254	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Appliances (Cayman) Holding Corp.	Director	Representative of Inventec Appliances Corporation : Chang, Ching-Sung	199,574,638	100%
Inventec Appliances (USA) Distribution Corp.	Director *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Wang, Po-Hung	400,000	100%
Inventec Appliances Corporation USA Inc.	Director *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Wang, Po-Hung	10,000	100%
Inventec Appliances (Shanghai) Co.Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Tsai, Shih-Kuang Ho, Tai-Shui Tseng, Ching-An Tsai, Shih-Kuang	N/A	100%
Inventec Appliances (Shanghai) Enterprise Co.Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Chang, Ching-Sung Tseng, Ching-An Tsai, Shih-Kuang	N/A	100%
Apex Business Management & Consulting (Shanghai) Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Chang, Ching-Sung Chang, Shu-Ching Tsai, Shih-Kuang	N/A	100%
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Ho, Tai-Shui Chang, Ching-Sung Chang, Ju-Nan Chang, Shu-Ching Chang, Ju-Nan	N/A	100%
Inventec Appliances (Pudong) Corp.	Chairman Director Director Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Lin, Wen-Yao Chen, Kun-Hui Ho, Tai-Shui Wang, Hung-Hsiang Tseng, Ching-An Chen, Kun-Hui	N/A	100%
Inventec Appliances (Malaysia) SDN. BHD	Representative Director Director Director Director *General manager	Representative of Inventec Appliances (Pudong) Corp. : Chang, Ching-Sung Lee, Huai-En Lee, Tee-Hiang Chang, Ching-Sung Ho, Tai-Shui Chen, Kun-Hui Lee, Huai-En	121,000,000	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Easy Doctor Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Ho, Tai-Shui Chen, Kun-Hui Chang, Shu-Ching Tsai, Shih-Kuang	N/A	100%
Inventec Appliances (Nanjing) Corp.	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Chang, Shu-Ching Chen, Po-Cheng	N/A	100%
Inventec Appliances (Jiangning) Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Kao, Chao-Yang Chen, Po-Cheng Chang, Shu-Ching Chen, Po-Cheng	N/A	100%
Inventec Appliances (XI'AN) Corporation	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Chang, Shu-Ching Pien, Yung-Tsai	N/A	100%
Inventec Appliances (Nanchang) Corporation	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Chen, Kun-Hui Chang, Ju-Nan Chang, Shu-Ching Chang, Ju-Nan	N/A	100%
Inventec Appliances (Vietnam) Company Limited	Director *General manager	Representative of Inventec Appliances Corp. : Wu, Jie Wu, Jie	N/A	100%
AIMobile Co., Ltd.	Chairman Director Director Supervisor Supervisor General manager	Representative of Inventec Corporation : Yeh, Li-Cheng Wu, Yung-Tsai Representative of Advantech Co., Ltd. : Chiang, Ming-Chih Yu, Chin-Pao Tsai, Shu-Mei Chang, Kuo-Pin	8,030,000 2,970,000 0 0 0	73.00% 27.00% 0.00% 0.00% 0.00%
Inventec Japan Corporation	Representative Supervisor	Representative of Inventec Corporation : Cho, Tom-Hwar Yu, Chin-Pao	200	100%
InveneXt System Co., Ltd.	Chairman Director Director Supervisor General manager	Representative of Inventec Corporation : Yeh, Li-Cheng Wang, Chih-Cheng Chien, Chia-Nan Yu, Chin-Pao Chien, Chia-Nan	5,000,000	100%

Note: General managers marked with * are assigned and are not individual shareholders.

7.1.6 Operational highlights of Inventec company subsidiaries

Unit: NT\$ Thousands (Except EPS) ; As of 12/31/2022

Company	Capital	Total Assets	Total Liabilities	Total Stockholders' Equity	Sales Revenue	Operating Income	Income after Tax	EPS after Tax
Inventec Corporation (Hong Kong) Ltd.	9,878	146,152,624	145,735,123	417,502	312,347,716	(345)	15,722	—
Inventec (Tianjin) Electronics Co., Ltd.	153,500	353,294	90,682	262,612	239,799	9,731	17,712	—
Inventec (Beijing) Electronics Technology Co., Ltd.	44,515	108,404	31,128	77,276	29,470	(1,166)	(3,173)	—
Inventec (Cayman) Corp.	9,812,963	26,681,541	0	26,681,541	0	(258)	(223,128)	—
Inventec (Shanghai) Corp.	2,107,774	2,872,015	786,003	2,086,013	9,399,358	(23,453)	40,154	—
Inventec Asset-Management (Shanghai) Corporation	1,887,528	5,320,644	3,592,093	1,728,551	0	(28,326)	(27,947)	—
Inventec (Pudong) Corp.	1,535,000	5,311,698	993,072	4,318,626	0	(29,084)	74,189	—
Inventec (Pudong) Technology Corp.	1,798,766	24,334,653	16,433,111	7,901,543	37,585,941	(351,587)	(1,539,436)	—
SQ Technology (Shanghai) Corporation	235,046	30,614,437	31,120,379	(505,942)	58,501,504	(152,745)	(1,278,964)	—
Inventec (Shanghai) Service Co., Ltd	322,786	318,109	36,008	282,101	0	(2,046)	26,462	—
Saint Investment Consulting Corporation	220,400	245,301	0	245,301	0	(115)	27,850	—
Inventec Hi-Tech Corp.	1,535,000	2,107,302	415,195	1,692,107	0	(46,476)	(32,065)	—
Inventec (Chongqing) Corp.	2,302,500	81,870,029	70,007,177	11,862,852	270,514,349	897,570	1,458,411	—
Inventec (Chongqing) Service Co., Ltd.	30,700	41,356	683	40,673	14,768	(82)	642	—
IEC (Cayman) Corporation	739,500	1,774,967	0	1,774,967	0	(243)	212,028	—
Inventec Holding (North America) Corp.	61,728	4,929,336	31,604	4,897,732	0	(26)	158,727	—
Inventec (USA) Corp.	15,350	267,520	37,639	229,882	0	0	0	—
Inventec Manufacturing (North America) Corp.	61,400	430,063	128,802	301,261	281,285	9,962	4,457	—
Inventec Distribution (North America) Corp.	15,350	29,374,715	28,915,357	459,358	97,691,362	18,193	5,803	—
Inventec Configuration (North America) Corp.	61,477	1,361,442	376,388	985,054	1,125,032	3,725	5,453	—
IEC Technologies, S. de R.L. de C.V.	2,578,977	3,324,270	311,478	3,012,792	1,052,376	191,949	133,889	—
Inventec (Czech), s.r.o.	85,748	1,283,553	1,052,031	231,522	810,638	68,832	49,496	—
Inventec Development Japan Corporation	9,220	19,998	55	19,943	0	(603)	(644)	—
Inventec Investments Co., Ltd.	1,088,000	68,408	169	68,239	0	(206)	(22,354)	(0.21)

Company	Capital	Total Assets	Total Liabilities	Total Stockholders' Equity	Sales Revenue	Operating Income	Income after Tax	EPS after Tax
Inventec Solar Energy Corporation	3,233,548	16,298	2,078,951	(2,062,653)	0	(942)	(45,374)	(0.14)
Inventec Appliances Corp.	5,368,573	25,024,482	17,411,164	7,613,318	31,578,069	468,038	(211,657)	(0.39)
Inventec Appliances (Cayman) Holding Corp.	6,126,941	12,791,356	0	12,791,356	0	0	(896,866)	—
Inventec Appliances (USA) Distribution Corp.	123	207,936	106,016	101,920	700,122	1,216	971	—
Inventec Appliances Corporation USA Inc.	31	23,823	8,078	15,745	18,297	1,473	808	—
Inventec Appliances (Shanghai) Co.Ltd.	1,584,120	1,713,291	197,544	1,515,747	39,230	(204,786)	(125,126)	—
Inventec Appliances (Shanghai) EnterpriseCo.Ltd.	35,264	21,223	954	20,269	0	(4,070)	(2,181)	—
Apex Business Management & Consulting (Shanghai) Co., Ltd.	2,212	142,146	14,701	127,445	67,842	19,612	17,527	—
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	264,480	221,970	300,052	(78,082)	357,403	(133,037)	(82,230)	—
Inventec Appliances (Pudong) Corp.	2,363,900	14,371,428	6,991,485	7,379,943	23,571,846	(481,817)	(818,851)	—
Inventec Appliances (Malaysia) SDN. BHD	881,482	3,278,970	3,374,609	(95,639)	3,792,759	(461,346)	(603,838)	—
Inventec Easy Doctor Corp.	44,080	34,569	4,052	30,517	8,525	(13,210)	(12,600)	—
Inventec Appliances (Nanjing) Corp.	153,500	510,616	115,072	395,544	543,396	9,906	33,551	—
Inventec Appliances (Jiangning) Corp.	2,087,600	4,629,934	1,074,111	3,555,823	4,096,476	(144,536)	(30,725)	—
Inventec Appliances (XI'AN) Corporation	122,800	110,990	35,944	75,046	0	(18,390)	12,241	—
Inventec Appliances (Nanchang) Corporation	64,470	19,590	19,981	(391)	27,290	(38,682)	(38,128)	—
Inventec Appliances (Vietnam) Company Limited	92,100	95,966	6,278	89,688	0	(2,837)	(2,322)	—
AIMobile Co., Ltd.	110,000	210,163	148,785	61,378	401,590	(44,867)	(44,010)	(4.00)
Inventec Japan Corporation	2,305	3,649	484	3,165	9,271	339	220	—
InveneXt System Co., Ltd.	50,000	50,012	140	49,872	0	(154)	(128)	(0.03)

7.1.7 Consolidated financial statements of affiliates

Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Inventec Corporation

Chairman: Tom-Hwar Cho

Date: March 14, 2023

7.2 Private Placement Securities in the Most Recent Years: None

7.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

7.4 The Matters Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might Materially Affect Shareholders' Equity or the Price of the Company's Securities: None

7.5 Other Matters that Require Additional Description: None

Appendix I : Individual Financial Statements Audited by CPA of 2022

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the financial statements of Inventec Corporation(“the Company”), which comprise the balance sheet as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION
BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 17,934,207	8	12,188,253	5	2100	Short-term borrowings (Note (6)(l))	\$ 21,453,196	9	32,678,217	13
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	446,422	-	209,799	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	292,383	-	112,133	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	554,557	-	1,521,476	1	2130	Current contract liabilities (Note (6)(s))	11,642,202	5	6,692,362	3
1170	Accounts receivable, net (Notes (4) and (6)(c))	50,146,727	21	68,410,419	28	2170	Accounts payable	32,078,566	13	48,062,057	20
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	29,383,904	12	35,489,138	14	2180	Accounts payable due to related parties, net (Note (7))	78,955,538	33	68,966,168	28
1200	Other receivables, net (Notes (6)(d) and (7))	67,056,985	28	58,209,619	24	2230	Current tax liabilities	1,521,513	1	1,144,254	-
1310	Inventories (Notes (4) and (6)(e))	11,823,036	5	11,354,230	5	2200	Other payables (Note (7))	6,188,727	2	5,495,327	2
1470	Other current assets (Note (6)(k))	917,973	-	723,996	-	2280	Current lease liabilities (Notes (4) and (6)(m))	5,723	-	5,069	-
		<u>178,263,811</u>	<u>74</u>	<u>188,106,930</u>	<u>77</u>	2322	Long-term borrowings, current portion (Note (6)(l))	300,000	-	7,217,500	3
Non-current assets :						2399	Other current liabilities	<u>11,181,153</u>	<u>5</u>	<u>8,580,885</u>	<u>4</u>
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	132,622	-	788,955	-			<u>163,619,001</u>	<u>68</u>	<u>178,953,972</u>	<u>73</u>
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	2,616,524	1	2,151,728	1	Non-current Liabilities :					
1550	Investments accounted for using equity method (Notes (4), (6)(f) and (7))	42,794,216	18	37,875,505	16	2540	Long-term borrowings (Note (6)(l))	10,746,000	5	2,450,000	1
1600	Property, plant and equipment (Notes (4), (6)(h) and (8))	13,108,522	6	13,081,621	5	2580	Non-current lease liabilities (Notes (4) and (6)(m))	3,951	-	3,423	-
1755	Right-of-use assets (Notes (4) and (6)(i))	9,631	-	8,352	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))	478,194	-	589,919	-
1780	Intangible assets (Notes (4) and (6)(j))	162,120	-	155,539	-	2670	Other non-current liabilities, others (Note (6)(f) and (6)(p))	<u>4,741,255</u>	<u>2</u>	<u>4,667,829</u>	<u>2</u>
1900	Other non-current assets (Notes (6)(k), (6)(p) and (8))	<u>2,055,013</u>	<u>1</u>	<u>1,581,217</u>	<u>1</u>			<u>15,969,400</u>	<u>7</u>	<u>7,711,171</u>	<u>3</u>
		60,878,648	26	55,642,917	23	Total Liabilities		<u>179,588,401</u>	<u>75</u>	<u>186,665,143</u>	<u>76</u>
						Equity:					
						3110	Ordinary shares (Note (6)(q))	35,874,751	15	35,874,751	15
						3200	Capital surplus (Note (6)(q))	2,899,927	1	2,899,592	1
							Retained earnings (Note (6)(q)):				
						3310	Legal reserve	12,747,957	5	12,093,033	5
						3320	Special reserve	2,714,597	1	1,901,925	1
						3350	Unappropriated retained earnings	6,764,615	3	7,030,001	3
						3400	Other equity (Note (6)(q))	<u>(1,447,789)</u>	<u>-</u>	<u>(2,714,598)</u>	<u>(1)</u>
						Total Equity		<u>59,554,058</u>	<u>25</u>	<u>57,084,704</u>	<u>24</u>
TOTAL ASSETS		<u>\$ 239,142,459</u>	<u>100</u>	<u>243,749,847</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY	<u>\$ 239,142,459</u>	<u>100</u>	<u>243,749,847</u>	<u>100</u>	

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

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(s) and (7))	\$ 452,365,599	100	440,973,660	100
5000	Operating costs (Notes (6)(e) and (7))	434,629,894	96	427,814,434	97
	Gross profit from operations	17,735,705	4	13,159,226	3
5910	Less: Unrealized profit (loss) from sales (Note (7))	22,319	-	17,394	-
5920	Add: Realized profit (loss) from sales (Note (7))	17,394	-	11,807	-
		17,730,780	4	13,153,639	3
	Operating expenses (Notes (6)(c), (d), (t) and (7)):				
6100	Selling expenses	2,144,210	-	2,062,040	1
6200	Administrative expenses	1,887,769	-	1,815,954	-
6300	Research and development expenses	7,176,225	2	6,430,989	1
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	(10,318)	-	74,291	-
		11,197,886	2	10,383,274	2
	Net operating income	6,532,894	2	2,770,365	1
	Non-operating income and expenses (Notes (6)(f), (6)(u) and (7)):				
7100	Interest income	176,060	-	10,466	-
7010	Other income	63,894	-	154,191	-
7020	Other gains and losses	1,959,579	-	100,515	-
7050	Finance costs	(1,609,256)	-	(423,852)	-
7070	Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	(114,293)	-	5,088,208	1
		475,984	-	4,929,528	1
7900	Profit before tax	7,008,878	2	7,699,893	2
7950	Less: Income tax expenses (Notes (4) and (6)(p))	880,092	-	1,162,128	-
8200	Profit	6,128,786	2	6,537,765	2
	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	59,282	-	16,050	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(802,122)	-	15,162	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(412,858)	-	(259,598)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	11,856	-	3,210	-
		(1,167,554)	-	(231,596)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	286,241	-	(52,317)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,244,011	-	(517,286)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		2,530,252	-	(569,603)	-
	Other comprehensive income (loss), net of income tax	1,362,698	-	(801,199)	-
8500	Total comprehensive income	\$ 7,491,484	2	5,736,566	2
	Earnings per share (Notes (4) and (6)(r))				
9750	Basic earnings per share (NT dollars)	\$ 1.71		1.82	
9850	Diluted earnings per share (NT dollars)	\$ 1.70		1.81	

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

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

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings			Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2021	\$ 35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659
Profit for the period	-	-	-	-	6,537,765	-	-	6,537,765
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)
Changes in equity of associates and joint ventures accounted for using equity method	-	308	-	-	-	-	-	308
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-
Balance at December 31, 2021	35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704
Profit the period	-	-	-	-	6,128,786	-	-	6,128,786
Other comprehensive income (loss) for the period	-	-	-	-	95,889	2,530,252	(1,263,443)	1,362,698
Total comprehensive income (loss) for the period	-	-	-	-	6,224,675	2,530,252	(1,263,443)	7,491,484
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(5,022,465)	-	-	(5,022,465)
Changes in equity of associates and joint ventures accounted for using equity method	-	335	-	-	-	-	-	335
Balance at December 31, 2022	\$ 35,874,751	2,899,927	12,747,957	2,714,597	6,764,615	(506,716)	(941,073)	59,554,058

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 7,008,878	7,699,893
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	637,720	634,481
Amortization expense	418,421	650,761
Expected credit (reversal gain) loss	(10,318)	74,291
Interest expense	1,609,256	423,852
Interest income	(176,060)	(10,466)
Dividend income	(32,504)	(123,577)
Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	114,293	(5,088,208)
Gain on disposal of property, plant and equipment	(2,779)	(7,017)
Gain on disposal of other assets	-	(339)
Loss on disposal of investments accounted for using equity method	-	25,025
Unrealized foreign exchange loss (gain)	309,392	(144,632)
Other adjustments	31	-
Total adjustments to reconcile profit	<u>2,867,452</u>	<u>(3,565,829)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	(158,733)	122,521
Decrease (increase) in accounts receivable	22,591,072	(17,387,183)
Increase in other receivable	(10,013,756)	(3,590,528)
Increase in inventories	(468,806)	(8,966,285)
(Increase) decrease in other current assets	(193,977)	2,148,982
Total changes in operating assets	<u>11,755,800</u>	<u>(27,672,493)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	180,250	(69,935)
Increase in contract liabilities	4,949,840	455,983
(Decrease) increase in accounts payable	(4,382,524)	27,351,060
Increase (decrease) in other payables	407,269	(171,999)
Increase in other current liabilities	2,600,268	724,686
Decrease in net defined benefit liabilities	(52,443)	(50,202)
Total changes in operating liabilities	<u>3,702,660</u>	<u>28,239,593</u>
Total changes in operating assets and liabilities	<u>15,458,460</u>	<u>567,100</u>
Total adjustments	<u>18,325,912</u>	<u>(2,998,729)</u>
Cash inflow generated from operations	25,334,790	4,701,164
Interest received	173,590	10,899
Dividends received	176,447	790,087
Interest paid	(1,313,524)	(403,837)
Income taxes paid	(548,076)	(148,181)
Net cash flows from operating activities	<u>23,823,227</u>	<u>4,950,132</u>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(300,000)	(41,845)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	4,838
Acquisition of financial assets at fair value through profit or loss	-	(32,250)
Proceeds from disposal of financial assets at fair value through profit or loss	578,443	-
Acquisition of investments accounted for using equity method	(3,031,400)	(194,740)
Acquisition of property, plant and equipment	(661,000)	(190,345)
Proceeds from disposal of property, plant and equipment	3,483	25,306
Acquisition of intangible assets	(193,856)	(247,305)
Proceeds from disposal of intangible assets	-	40
Increase in other non-current assets	(629,031)	(309,677)
Net cash flows used in investing activities	<u>(4,233,361)</u>	<u>(985,978)</u>
Cash flows from financing activities:		
Decrease (increase) in short-term borrowings	(10,509,979)	8,648,131
Proceeds from long-term borrowings	10,509,400	18,145,000
Repayments of long-term borrowings	(8,809,900)	(17,198,000)
(Decrease) increase in other non-current liabilities	(5,166)	5,529
Cash dividends paid	(5,022,465)	(6,636,829)
Payment of lease liabilities	(5,802)	(5,854)
Net cash flows (used in) from financing activities	<u>(13,843,912)</u>	<u>2,957,977</u>
Net increase in cash and cash equivalents	5,745,954	6,922,131
Cash and cash equivalents at beginning of period	12,188,253	5,266,122
Cash and cash equivalents at end of period	<u>\$ 17,934,207</u>	<u>12,188,253</u>

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

(2) Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Significant Accounting Policies

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

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

- (a) Statement of compliance

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

- (b) Basis of preparation

1. Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note (4)(p).

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

2. Functional and presentation currency

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

(c) Foreign currencies

1. Foreign currency transaction

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

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

2. Foreign operations

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

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

1. Financial assets

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

For the years ended December 31, 2022 and 2021

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

4) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments and hedge accounting

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

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

(g) Inventories

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

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

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INVENTEC CORPORATION

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

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(h) Investment in associates

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

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

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

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

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

The Company discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

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

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(i) Investment in subsidiaries

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

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

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

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(k) Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there are any lease modifications

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

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

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

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

(ii) As a lessor

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

(l) Intangible assets

1. Recognition and measurement

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

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

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

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2. Subsequent expenditure

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

3. Amortization

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

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

Computer software cost	1 year~6 years
------------------------	----------------

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

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(n) Provisions

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

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

(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

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

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

2) Consulting services and Management services

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

3) Financing components

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

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(p) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Termination benefits

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

4. Short-term employee benefits

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

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(q) Income taxes

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

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

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

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

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

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

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

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

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(r) Earnings per share

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

(s) Operating segments

Please refer to the consolidated financial report of Inventec Corporation for the years ended December 31, 2022 and 2021 for operating segments information.

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

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

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(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 738	1,001
Demand deposits and checking accounts	17,193,469	11,451,699
Time deposits	740,000	735,553
Cash and cash equivalents in statement of cash flows	<u>\$ 17,934,207</u>	<u>12,188,253</u>

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 316,300	28,391
Foreign exchange swap	119,565	163,696
Non-derivative financial assets		
Emerging stock	65,461	114,198
Unquoted financial instruments	67,161	674,757
Unsecured convertible bonds	10,557	17,712
Total	<u>\$ 579,044</u>	<u>998,754</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 30,966	109,891
Foreign exchange swap	261,417	2,242
Total	<u>\$ 292,383</u>	<u>112,133</u>

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The Company uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities on December 31, 2022 and 2021:

1) Financial assets:

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

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 814,000	USD to TWD	2022.01.13~2022.06.17
Forward	USD 235,000	USD to TWD	2022.02.09~2022.03.29

2) Financial liabilities:

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

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 45,000	USD to TWD	2022.03.08~2022.03.14
Forward	USD 624,000	USD to TWD	2022.01.13~2022.06.17

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2. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 614,445	1,538,951
Stocks of unlisted companies	2,556,636	2,134,253
Total	<u>\$ 3,171,081</u>	<u>3,673,204</u>

1) Equity investments at fair value through other comprehensive income

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

WK Technology Fund IV Corp. was liquidated on October 29, 2021. The fair value of the residual property received by the Company was \$240, resulting in the Company to realize a loss of \$1,373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

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

3) As of December 31, 2022 and 2021, the aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - related parties	\$ 29,383,904	35,489,138
Accounts receivable - non-related parties	50,181,605	68,477,452
Less: Loss allowance	(34,878)	(67,033)
	<u>\$ 79,530,631</u>	<u>103,899,557</u>

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

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

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 76,502,388	0.00%~0.50%	34,016
1 to 180 days past due	3,063,121	0.04%~0.50%	862
More than 180 days past due	-	0.04%~100%	-
	<u>\$ 79,565,509</u>		<u>34,878</u>

As of February 21, 2023, the amount received in subsequent period by the Company is \$44,169,761.

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 97,230,320	0.00%~0.50%	41,237
1 to 180 days past due	6,710,729	0.04%~0.50%	255
More than 180 days past due	25,541	0.04%~100%	25,541
	<u>\$ 103,966,590</u>		<u>67,033</u>

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 67,033	34,867
Impairment losses recognized (reversed)	(5,567)	32,590
Amounts written off	(26,588)	(424)
Balance at December 31	<u>\$ 34,878</u>	<u>67,033</u>

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

As of December 31, 2022 and 2021, none of the receivables above are pledged as collateral for loans and borrowings.

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As of December 31, 2022 and 2021, the Company sold its accounts receivable without recourse as follows:

December 31, 2022						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	<u>\$ 20,338,289</u>	<u>USD 483,515</u>	<u>USD 662,485</u>	-	4.99%~5.59%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2021						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	<u>\$ 24,852,588</u>	<u>USD 1,822</u>	<u>USD 898,178</u>	-	0.86%~0.98%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

(d) Other receivables

	December 31, 2022	December 31, 2021
Other accounts receivable—related parties	\$ 66,877,754	58,071,654
Other accounts receivable—non-related parties	250,823	214,308
Less: Loss allowance	(71,592)	(76,343)
	<u>\$ 67,056,985</u>	<u>58,209,619</u>

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 76,343	34,642
Impairment losses recognized (reversed)	(4,751)	41,701
Balance at December 31	<u>\$ 71,592</u>	<u>76,343</u>

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(e) Inventories

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Raw materials and consumables	\$ 6,740,808	7,637,842
Work in process	2,476,998	1,472,908
Finished goods	2,605,230	2,243,480
	<u>\$ 11,823,036</u>	<u>11,354,230</u>

For the years ended December 31, 2022 and 2021, the write-down of inventories amounted to \$90,312 and \$88,326, respectively. Write-down of inventory valuation is due to obsolescence or out of use, which causes the net realizable value of inventory to be lower than the cost and is recognized as operating costs. For the years ended December 31, 2022 and 2021, idle capacity loss amounted to \$2,302 and \$24,528, respectively.

As of December 31, 2022 and 2021, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Subsidiaries	\$ 42,572,062	37,623,774
Associates	222,154	251,731
	<u>\$ 42,794,216</u>	<u>37,875,505</u>

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Subsidiaries	\$ 661,071	633,253

1. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

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2. Associates

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

	December 31, 2022	December 31, 2021
Individually insignificant associates	\$ 221,154	251,731
	For the years ended December 31,	
	2022	2021
The Company's share of (loss) profit of the associates		
(Loss) profit from continuing operations	\$ (32,607)	41,015
Other comprehensive income	3,030	405
Total comprehensive income (loss)	\$ (29,577)	41,420

As of December 31, 2022 and 2021, the Company's investments under equity method has not been pledged as collaterals.

3. Judgment on whether the invested company has substantial control

- 1) For whether the invested company has substantial control, refer to the consolidated financial report for the years ended December 31, 2022.
- 2) Judgment on existence of substantial control over investee

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

(g) Loss of control over subsidiaries

Inventec Manufacturing (India) Private Limited dismissed on July 7, 2021. It is currently in liquidation process. As a result, The Company loss control over it.

The details of assets and liabilities of the aforesaid subsidiaries were as follows:

Cash and cash equivalents	\$ 8,309
Account receivables	4,984
Other payables	(196)
Carrying amount of net asset of the former subsidiary	\$ 13,097

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(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Cost or deemed cost:								
Balance at January 1, 2022	\$ 7,641,024	5,134,289	1,089,220	23,676	2,230,016	1,382,858	11,719	17,512,802
Additions	170,564	133,422	80,987	6,010	105,699	150,646	4,070	651,398
Disposals	-	-	(9,146)	(12,030)	(77,832)	(20,739)	-	(119,747)
Others	-	-	3,308	-	5,952	10,640	(11,719)	8,181
Balance at December 31, 2022	<u>\$ 7,811,588</u>	<u>5,267,711</u>	<u>1,164,369</u>	<u>17,656</u>	<u>2,263,835</u>	<u>1,523,405</u>	<u>4,070</u>	<u>18,052,634</u>
Balance at January 1, 2021	\$ 7,641,024	5,134,289	1,136,857	25,798	2,255,496	1,255,292	114,501	17,563,257
Additions	-	-	16,713	-	112,088	52,970	11,719	193,490
Disposals	-	-	(89,111)	(2,122)	(149,320)	(1,391)	-	(241,944)
Others	-	-	24,761	-	11,752	75,987	(114,501)	(2,001)
Balance at December 31, 2021	<u>\$ 7,641,024</u>	<u>5,134,289</u>	<u>1,089,220</u>	<u>23,676</u>	<u>2,230,016</u>	<u>1,382,858</u>	<u>11,719</u>	<u>17,512,802</u>
Depreciation and impairment losses:								
Balance at January 1, 2022	\$ -	1,072,614	482,045	19,859	1,990,680	865,983	-	4,431,181
Depreciation for the period	-	122,104	206,185	3,387	162,375	137,964	-	632,015
Disposals	-	-	(9,146)	(12,030)	(77,195)	(20,713)	-	(119,084)
Balance at December 31, 2022	<u>\$ -</u>	<u>1,194,718</u>	<u>679,084</u>	<u>11,216</u>	<u>2,075,860</u>	<u>983,234</u>	<u>-</u>	<u>4,944,112</u>
Balance at January 1, 2021	\$ -	952,627	371,440	18,717	1,969,601	715,243	-	4,027,628
Depreciation for the period	-	119,987	195,108	3,264	158,116	152,131	-	628,606
Disposals	-	-	(84,503)	(2,122)	(137,037)	(1,391)	-	(225,053)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,072,614</u>	<u>482,045</u>	<u>19,859</u>	<u>1,990,680</u>	<u>865,983</u>	<u>-</u>	<u>4,431,181</u>
Carrying amounts:								
Balance at December 31, 2022	<u>\$ 7,811,588</u>	<u>4,072,993</u>	<u>485,285</u>	<u>6,440</u>	<u>187,975</u>	<u>540,171</u>	<u>4,070</u>	<u>13,108,522</u>
Balance at December 31, 2021	<u>\$ 7,641,024</u>	<u>4,061,675</u>	<u>607,175</u>	<u>3,817</u>	<u>239,336</u>	<u>516,875</u>	<u>11,719</u>	<u>13,081,621</u>
Balance at January 1, 2021	<u>\$ 7,641,024</u>	<u>4,181,662</u>	<u>765,417</u>	<u>7,081</u>	<u>285,895</u>	<u>540,049</u>	<u>114,501</u>	<u>13,535,629</u>

As of December 31, 2022 and 2021, the property, plant and equipment were pledged as collateral, please refer to Note (8).

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(i) Right-of-use assets

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

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 6,508	13,598	20,106
Additions	-	7,038	7,038
Reductions	(54)	(6,725)	(6,779)
Balance as of December 31, 2022	<u>\$ 6,454</u>	<u>13,911</u>	<u>20,365</u>
Balance at January 1, 2021	\$ 6,348	12,919	19,267
Additions	160	5,010	5,170
Reductions	-	(4,331)	(4,331)
Balance at December 31, 2021	<u>\$ 6,508</u>	<u>13,598</u>	<u>20,106</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2022	\$ 3,841	7,913	11,754
Depreciation for the period	1,291	4,414	5,705
Reductions	-	(6,725)	(6,725)
Balance at December 31, 2022	<u>\$ 5,132</u>	<u>5,602</u>	<u>10,734</u>
Balance at January 1, 2021	\$ 2,540	7,670	10,210
Depreciation for the period	1,301	4,574	5,875
Reductions	-	(4,331)	(4,331)
Balance at December 31, 2021	<u>\$ 3,841</u>	<u>7,913</u>	<u>11,754</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 1,322</u>	<u>8,309</u>	<u>9,631</u>
Balance at December 31, 2021	<u>\$ 2,667</u>	<u>5,685</u>	<u>8,352</u>
Balance at January 1, 2021	<u>\$ 3,808</u>	<u>5,249</u>	<u>9,057</u>

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(j) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>Software cost</u>
Cost:	
Balance at January 1, 2022	\$ 1,290,413
Additions	193,856
Disposals	(346,600)
Others	4,492
Balance at December 31, 2022	<u>\$ 1,142,161</u>
Balance at January 1, 2021	\$ 1,154,751
Additions	247,305
Disposals	(111,643)
Balance at December 31, 2021	<u>\$ 1,290,413</u>
Amortization and impairment losses:	
Balance at January 1, 2022	\$ 1,134,874
Amortization for the period	191,767
Disposals	(346,600)
Balance at December 31, 2022	<u>\$ 980,041</u>
Balance at January 1, 2021	\$ 1,088,489
Amortization for the period	158,028
Disposals	(111,643)
Balance at December 31, 2021	<u>\$ 1,134,874</u>
Carrying amounts:	
Balance at December 31, 2022	<u>\$ 162,120</u>
Balance at December 31, 2021	<u>\$ 155,539</u>
Balance at January 1, 2021	<u>\$ 66,262</u>

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

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 984	6,451
Operating expenses	190,783	151,577
Total	<u>\$ 191,767</u>	<u>158,028</u>

As of December 31, 2022 and 2021, none of the aforesaid intangible assets were pledged as collateral.

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

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

	December 31, 2022	December 31, 2021
Refundable deposits	\$ 183,264	32,403
Current asset recognized as right to recover products from customers	300,998	145,190
Restricted assets	130,735	117,832
Deferred tax assets	1,210,223	1,128,332
Payments on behalf of others	373,540	456,626
Others	774,226	424,830
	<u>\$ 2,972,986</u>	<u>2,305,213</u>

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

As of December 31, 2022 and 2021, other assets, which were pledged as collateral, were discussed further in Note (8).

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(l) Long-term and short-term borrowings

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

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

December 31, 2021				
	<u>Interest Rate</u>	<u>Currenc</u>	<u>Maturity Date</u>	<u>Amount</u>
		<u>y</u>		
Unsecured bank loans	0.41%~1.03%	TWD	2022.01.13~2022.03.31	\$ 8,600,000
	%%	USD	2022.01.03~2022.02.11	30,995,717
Secured bank loans	1.19%%	TWD	2031.02.26	<u>2,750,000</u>
Total				<u>\$ 42,345,717</u>
Current				\$ 39,895,717
Non-current				<u>2,450,000</u>
Total				<u>\$ 42,345,717</u>
Unused credit line				<u>\$ 22,325,093</u>

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

2. Important borrowing restrictions

The Company entered into syndicated credit agreements with a number of financial institutions. Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2022 and 2021, the Company was in compliance with the above financial covenants.

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(m) Lease liabilities

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	<u>\$ 5,723</u>	<u>5,069</u>
Non-current	<u>\$ 3,951</u>	<u>3,423</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 86</u>	<u>128</u>
Expenses relating to short-term leases	<u>\$ 2,760</u>	<u>1,586</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 225</u>	<u>195</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 8,873</u>	<u>7,763</u>

1. Real estate leases

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

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

2. Other leases

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

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

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(n) Operating Leases

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

	December 31, 2022	December 31, 2021
Less than one year	\$ 4,493	16,697
One to two years	1,801	2,286
Two to three years	1,417	415
Three to four years	1,417	-
Four to five years	591	-
Total undiscounted lease receivables	<u>\$ 9,719</u>	<u>19,398</u>

The rental revenues incurred by leasing land, offices and plants were \$31,390 and \$30,614 for the years ended December 31, 2022 and 2021, respectively.

(o) Employee benefits

1. Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 1,318,757	1,356,731
Fair value of plan assets	(840,563)	(766,812)
Net defined benefit liabilities	<u>\$ 478,194</u>	<u>589,919</u>

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

1) Composition of plan assets

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

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The Company's pension reserve account in Bank of Taiwan amounted to \$840,563 at the end of December 31, 2022. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ 1,356,731	1,400,254
Current service costs and interest cost	18,079	17,370
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demography assumption	-	34,468
— Experience adjustments arising on the actuarial gain or loss	17,717	(24,591)
— Actuarial loss (gain) arising from changes in financial assumptions	(17,547)	(16,580)
Benefits paid by the plan assets	<u>(56,223)</u>	<u>(54,190)</u>
Defined benefit obligation at December 31	<u>\$ 1,318,757</u>	<u>1,356,731</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 766,812	744,083
Interest income	4,995	3,864
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	59,452	9,348
Contributions made	65,527	63,707
Benefits paid by the plan assets	<u>(56,223)</u>	<u>(54,190)</u>
Fair value of plan assets at December 31	<u>\$ 840,563</u>	<u>766,812</u>

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 9,599	10,385
Net interest of net liabilities for defined benefit obligations	3,485	3,121
	\$ 13,084	13,506
Operating cost	\$ 1,253	1,396
Selling expenses	1,613	1,606
Administration expenses	3,094	3,146
Research and development expenses	7,124	7,358
	\$ 13,084	13,506

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	For the years ended December 31,	
	2022	2021
Discount rate	1.375%%	0.625%%
Future salary increases rate	2.250%%	1.625%%

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was \$68,588.

The weighted-average duration of the defined benefit obligation is 9.90.0 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2022 and 2021 shall be as follows:

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

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	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(32,994)	34,211

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

2. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$236,032 and \$224,616 for the years ended December 31, 2022 and 2021, respectively. Except for the accounts payable of \$62,696 and \$57,751 respectively, the Company have been contributed to the Bureau of Labor Insurance.

(p) Income taxes

1. The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current tax expense		
Current period	\$ 942,652	356,765
Others	(17,317)	(360,095)
	<u>925,335</u>	<u>(3,330)</u>
Deferred tax expense		
Origination and reversal of temporary differences	(45,243)	1,165,458
Income tax expense from continuing operations	<u>\$ 880,092</u>	<u>1,162,128</u>

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The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (11,856)</u>	<u>(3,210)</u>

Reconciliations between profit before tax and income tax expense for the years ended December 31, 2022 and 2021, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Profit before tax	<u>\$ 7,008,878</u>	<u>7,699,893</u>
Income tax using the statutory tax rate	1,401,775	1,539,979
Permanent differences	(147,960)	37,985
Tax incentives	(403,994)	(152,900)
Changes in unrecognized temporary differences	47,588	97,159
Others	(17,317)	(360,095)
Income tax expense	<u>\$ 880,092</u>	<u>1,162,128</u>

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

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Tax effect of deductible temporary differences	<u>\$ 1,073,676</u>	<u>1,026,088</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	<u>Gain (loss) on</u>	<u>Other</u>	<u>Total</u>
	<u>investment</u>		
Deferred Tax Liabilities:			
Balance at January 1, 2022	\$ 3,923,776	66,452	3,990,228
Recognized in profit or loss	114,956	(66,452)	48,504
Balance at December 31, 2022	<u>\$ 4,038,732</u>		<u>4,038,732</u>

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	<u>Gain (loss) on investment</u>	<u>Other</u>	<u>Total</u>
Balance at January 1, 2021	\$ 2,865,814	-	2,865,814
Recognized in profit or loss	1,057,962	66,452	1,124,414
Balance at December 31, 2021	<u>\$ 3,923,776</u>	<u>66,452</u>	<u>3,990,228</u>

	<u>Deferred Income</u>	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2022	\$ 859,826	61,640	206,866	1,128,332
Recognized in profit or loss	171,339	(10,489)	(67,103)	93,747
Recognized in other comprehensive income	-	(11,856)	-	(11,856)
Balance at December 31, 2022	<u>\$ 1,031,165</u>	<u>39,295</u>	<u>139,763</u>	<u>1,210,223</u>
Balance at January 1, 2021	\$ 808,117	74,890	289,579	1,172,586
Recognized in profit or loss	51,709	(10,040)	(82,713)	(41,044)
Recognized in other comprehensive income	-	(3,210)	-	(3,210)
Balance at December 31, 2021	<u>\$ 859,826</u>	<u>61,640</u>	<u>206,866</u>	<u>1,128,332</u>

3. Assessment of tax

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

(q) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The balances of the capital surplus were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Share capital	\$ 2,891,959	2,891,959
Other	7,968	7,633
	<u>\$ 2,899,927</u>	<u>2,899,592</u>

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

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2. Retained earnings

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings Distribution

On March 15, 2022, and on March 30, 2021, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2021 and 2020. These earnings were appropriated for distribution as follows:

	2021		2020	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.40	<u>5,022,465</u>	1.85	<u>6,636,829</u>

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

On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings as follows:

	<u>2022</u>	
	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ 1.50	<u>5,381,213</u>

3. Other equity (net of taxes)

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>
Balance at January 1, 2022	\$ (3,036,968)	322,370
Exchange differences on foreign operations	286,241	-
Exchange differences on associates accounted for using equity method	2,244,011	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(802,122)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(461,321)
Balance at December 31, 2022	<u>\$ (506,716)</u>	<u>(941,073)</u>
Balance at January 1, 2021	\$ (2,467,365)	565,440
Exchange differences on foreign operations	(52,317)	-
Exchange differences on associates accounted for using equity method	(517,286)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	15,162
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(259,605)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373
Balance at December 31, 2021	<u>\$ (3,036,968)</u>	<u>322,370</u>

(r) Earnings per share

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders	<u>\$ 6,128,786</u>	<u>6,537,765</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	<u>\$ 1.71</u>	<u>1.82</u>

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	For the years ended December 31,	
	2022	2021
Diluted earnings per share:		
Profit attributable to ordinary shareholders (adjusted for the effects of all dilutive potential ordinary shares)	<u>\$ 6,128,786</u>	<u>6,537,765</u>
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	<u>26,851</u>	<u>28,459</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,614,326</u>	<u>3,615,934</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.70</u>	<u>1.81</u>

(s) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Primary geographical markets		
Taiwan	\$ 46,955,703	50,879,384
USA	370,084,543	337,629,814
Japan	3,693,134	3,652,353
Hong Kong, Macao and Mainland China	9,219,173	10,863,796
Other countries	<u>22,413,046</u>	<u>37,948,313</u>
	<u>\$ 452,365,599</u>	<u>440,973,660</u>
Major products		
Computer products	\$ 452,095,616	440,588,654
Services	<u>269,983</u>	<u>385,006</u>
	<u>\$ 452,365,599</u>	<u>440,973,660</u>

2. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	<u>\$ 11,642,202</u>	<u>6,692,362</u>	<u>6,236,379</u>

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

The amount of revenue recognized for the year ended December 31, 2022 and 2021 were \$2,289,025 and \$2,252,515, respectively.

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

(t) Remunerations of employees and directors

The Company's Articles of Incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration.

If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the Board of Directors.

The remuneration of employees amounted to \$516,364 and \$558,931 and the remuneration of directors amounted to \$68,342 and \$83,422 for the years ended December 31, 2022 and 2021, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2022 and 2021. Related information would be available at the Market Observation Post System website.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2022 and 2021 and the amounts stated in the individual reports.

(u) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 176,060	10,466

2. Other income

The details of other income for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Rent income	\$ 31,390	30,614
Dividend income	32,504	123,577
	\$ 63,894	154,191

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3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Losses on disposal of investments	\$ -	(25,025)
Foreign exchange gains (losses)	1,500,512	(814,054)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	374,119	883,282
Other gains and losses	84,948	56,312
	\$ 1,959,579	100,515

4. Finance costs

The details of finance expenses for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Interest expenses		
Bank borrowings	\$ 1,008,729	295,648
Others	600,527	128,204
	\$ 1,609,256	423,852

(v) Financial instruments

1. Credit risks

1) Credit risks exposure

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

2) Concentration of credit risk

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

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

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

As of December 31, 2022 and 2021, 84% and 76% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

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

	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 30,049,196	31,404,343	21,736,670	239,205	471,946	8,956,522	-
Secured bank loans	2,450,000	2,638,429	176,667	170,305	336,527	976,911	978,019
Accounts payable	111,034,104	111,034,104	111,034,104	-	-	-	-
Other payables	6,188,727	6,188,727	6,188,727	-	-	-	-
Lease liabilities	9,674	9,787	2,347	3,449	2,389	1,602	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	30,966	(3,976,530)	(3,976,530)	-	-	-	-
Inflow	-	3,945,564	3,945,564	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	261,417	(10,565,140)	(10,565,140)	-	-	-	-
Inflow	-	10,303,723	10,303,723	-	-	-	-
	\$ 150,024,084	150,983,007	138,846,132	412,959	810,862	9,935,035	978,019
December 31, 2021							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 39,595,717	39,619,004	39,619,004	-	-	-	-
Secured bank loans	2,750,000	2,901,352	165,990	165,098	327,519	961,136	1,281,609
Accounts payable	117,028,225	117,028,225	117,028,225	-	-	-	-
Other payables	5,495,327	5,495,327	5,495,327	-	-	-	-
Lease liabilities	8,492	8,564	2,315	2,815	3,434	-	-
Derivative financial liabilities							
Forward exchange swap contracts not used for hedging :							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange contracts not used for hedging:							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	\$ 164,989,894	164,940,339	162,198,728	167,913	330,953	961,136	1,281,609

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

3.Currency risks

1) Exposure to currency risks

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

		<u>December 31, 2022</u>		
		<u>Foreign currency (In thousand)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,324,936	USD : TWD 30.70	163,475,535
<u>Non-monetary items</u>				
USD		173,135	USD : TWD 30.70	5,315,234
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		4,644,759	USD : TWD 30.70	142,594,101
		<u>December 31, 2021</u>		
		<u>Foreign currency (In thousand)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,274,720	USD : TWD 27.67	173,621,502
<u>Non-monetary items</u>				
USD		68,148	USD : TWD 27.67	1,885,659
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		5,285,966	USD : TWD 27.67	146,262,679

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2) Sensitivity analysis

The Company's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2022 and 2021 would have increased or decreased the net profit after tax by \$83,526 and \$109,435, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss), including realized and unrealized, amounted to \$1,500,512 and (\$814,054), respectively. As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange cannot be fully disclosed by its materiality.

4. Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, the Company's profit will decrease or increase by \$64,998 and \$84,691 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate in borrowings.

5. Fair value of financial instruments

1) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 435,865	-	435,865	-	435,865
Non-derivative financial assets mandatorily measured at fair value through profit or loss	143,179	65,461	-	77,718	143,179
Subtotal	579,044	65,461	435,865	77,718	579,044
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	614,445	576,756	37,689	-	614,445
Accounts receivable	1,328,208	-	-	-	-
Unquoted equity instruments measured at fair value	2,556,636	-	-	2,556,636	2,556,636
Subtotal	4,499,289	576,756	37,689	2,556,636	3,171,081
Financial assets measured at amortized cost					
Cash and cash equivalents	17,934,207	-	-	-	-
Accounts receivable and other receivables	145,259,408	-	-	-	-
Other financial assets and refundable deposits	313,999	-	-	-	-
Subtotal	163,507,614	-	-	-	-
Total	\$ 168,585,947	642,217	473,554	2,634,354	3,750,125
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 292,383	-	292,383	-	292,383
Financial liabilities measured at amortized cost					
Bank loans	32,499,196	-	-	-	-
Notes payable and accounts payable	111,034,104	-	-	-	-
Other payables	6,188,727	-	-	-	-
Lease liabilities	9,674	-	-	-	-
Subtotal	149,731,701	-	-	-	-
Total	\$ 150,024,084	-	292,383	-	292,383

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 192,087	-	192,087	-	192,087
Non-derivative financial assets mandatorily measured at fair value through profit or loss	806,667	114,198	-	692,469	806,667
Subtotal	998,754	114,198	192,087	692,469	998,754
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,538,951	1,538,106	845	-	1,538,951
Unquoted equity instruments measured at fair value	2,134,253	-	-	2,134,253	2,134,253
Subtotal	3,673,204	1,538,106	845	2,134,253	3,673,204
Financial assets measured at amortized cost					
Cash and cash equivalents	12,188,253	-	-	-	-
Accounts receivable and other receivables	162,109,176	-	-	-	-
Other financial assets and refundable deposits	150,235	-	-	-	-
Subtotal	174,447,664	-	-	-	-
Total	\$ 179,119,622	1,652,304	192,932	2,826,722	4,671,958
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 112,133	-	112,133	-	112,133
Financial liabilities measured at amortized cost					
Bank loans	42,345,717	-	-	-	-
Notes payable and accounts payable	117,028,225	-	-	-	-
Other payables	5,495,327	-	-	-	-
Lease liabilities	8,492	-	-	-	-
Subtotal	164,877,761	-	-	-	-
Total	\$ 164,989,894	-	112,133	-	112,133

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

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

(2.1) Non-derivative financial instruments

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

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

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

(2.2) Derivative financial instruments

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

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2022 and 2021.

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

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2022	\$ 692,469	2,134,253
Total gains and losses recognized in		
Profit or loss	(36,308)	-
Other comprehensive income	-	122,383
Purchase	-	300,000
Proceeds from liquidation	(578,443)	-
Balance as of December 31, 2022	\$ 77,718	2,556,636
Balance as of January 1, 2021	\$ 605,511	2,124,983
Total gains and losses recognized in		
Profit or loss	54,708	-
Other comprehensive income	-	(27,497)
Purchase	32,250	41,845
Proceeds from capital reduction	-	(4,838)
Disposals	-	(240)
Balance as of December 31, 2021	\$ 692,469	2,134,253

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The aforementioned total gains and losses was recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income". The detailed of the assets which the Company still held as of December 31, 2022 and 2021, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total gains and losses recognized in:		
In profit or loss, and presented in "other gains and losses"	\$ (73,886)	54,708
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income")	122,383	(27,492)

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets at fair value through profit or loss— financial instruments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (0.99~2.04) • Discount due to Lack of Market liquidity (30%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through profit or loss— equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • Not applicable
Financial assets at fair value through profit or loss— equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (0.57~3.02) • Discount due to Lack of Market liquidity (30%~50%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income — equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • No applicable

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

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

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2022						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 389	(389)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	12,783	(12,783)
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Discount Rate	0.5%	\$ 3,462	(3,462)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	10,704	(10,704)

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

6. Offsetting financial assets and financial liabilities

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

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

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

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

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

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 103,916	-	103,916	-	-	103,916

December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 109,968	-	109,968	-	-	109,968

Note: Master netting arrangements are included.

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(w) Financial risk management

1. Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

2. Risk management framework

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

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

3. Credit risk

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

4. Liquidity risk

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

The Company use actual cost to estimate the cost of its products and services to better assist the Company's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2022, the capital and working funds of the Company are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2022 and 2021, the Company's unused credit line were amounted to \$36,947,603 and \$22,325,093, respectively.

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5. Market risk

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

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

1) Exchange rate risk

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

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

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

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

2) Interest rate risk

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

(x) Capital Management

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

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

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

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Total Liabilities	\$ 179,588,401	186,665,143
Less: cash and cash equivalents	(17,934,207)	(12,188,253)
Net debt	161,654,194	174,476,890
Total Equity	<u>\$ 59,554,058</u>	<u>57,084,704</u>
Debt to equity ratio	<u>271.44%</u>	<u>305.65%</u>

According to the Company's management, there were no changes in the Company's approach to capital management as of December 31, 2022.

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

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

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

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

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

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,446,000	1,247,000	(7,217,500)	(25,500)	2,450,000
Short-term borrowings(including current portion of long-term borrowings)	24,493,173	8,348,131	7,217,500	(163,087)	39,895,717
Lease liabilities (Note)	9,176	(5,854)	5,170	-	8,492
Total liabilities from financing activities	<u>\$ 32,948,349</u>	<u>9,589,277</u>	<u>5,170</u>	<u>(188,587)</u>	<u>42,354,209</u>

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

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(7) Related Parties Transactions

(a) Names and relationships with related parties

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

<u>Names of related party</u>	<u>Relationships with the Company</u>
Inventec Besta Co., Ltd.	Associates
Jiangsu Techuang Technology Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Corporation (Hong Kong) Ltd.	Subsidiary
Inventec Holding (North America) Corp.	Subsidiary
Inventec (Czech), s.r.o	Subsidiary
Inventec Development Japan Corporation	Subsidiary
Inventec Japan Corporation	Subsidiary
IEC (Cayman) Corporation	Subsidiary
Inventec (Cayman) Corp.	Subsidiary
Inventec Investment Co., Ltd.	Subsidiary
AIMobile Co., Ltd.	Subsidiary
Inventec Solar Energy Corporation	Subsidiary (Note 1)
InveneXt System Co., Ltd.	Subsidiary
Inventec Appliances Corp.	Subsidiary
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
E-TON Solar Tech Co., Ltd.	Substantive related party (Note 3)
IEC Technologies, S. de R.L. de C.V.	Indirect holding subsidiary
Inventec Appliances (Jiangning) Corp.	Indirect holding subsidiary

Note 1: Inventec Solar Energy Corp. resolved at its broad meeting on December 1, 2021, to file the bankruptcy to the court. As of December 31, 2022, the court has not yet announced the result of the ruling.

Note 2: Inventec Manufacturing (India) Private Limited, the company's subsidiary, has ceased operating since July 7, 2021 and is currently in the process of liquidation, resulting in the Company to lose control over it.

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

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(b) Significant transactions with related parties

1. Sale

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 90,749,638	78,253,326
Inventec (Czech), s.r.o	1,878,228	24,182,011
Other subsidiaries	121,131	128,854
Associates	360	3,871
	\$ 92,749,357	102,568,062

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

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

Unrealized profit (loss) from sales to the subsidiaries of the Company for the years ended December 31, 2022 and 2021 were \$22,319 and \$17,934, respectively.

2. Purchase

The amounts of significant purchase transactions between the Company and related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Corporation (Hong Kong) Ltd.	312,366,949	329,539,123
Other subsidiaries	1,224,937	6,979,023
	\$ 313,591,886	336,518,146

For the Company's purchase of materials used for after-sales service from subsidiaries, the price and terms were determined in accordance with mutual agreements with payment terms of 60~105 days.

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3. Accounts receivable from related parties

The amounts of accounts receivable between the Company and related parties were as follows:

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries		
	Inventec Holding (North America) Corp.	\$ 28,808,753	31,814,854
	Inventec (Czech), s.r.o	554,003	3,655,074
	Other subsidiaries	21,148	19,206
	Associates	-	4
Other receivables	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	66,771,166	57,988,820
	Other subsidiaries	34,994	4,020
	Associates	2	2,471
		<u>\$ 96,190,066</u>	<u>93,484,449</u>

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

4. Accounts payable to related parties

The amounts of accounts payables between the Company and related parties were as follows:

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	\$ 78,674,841	68,023,513
	Other subsidiaries	280,405	942,655
	Associates	292	-
Other payables	Subsidiaries	224,094	36,844
	Associates	19,722	1,256
		<u>\$ 79,199,354</u>	<u>69,004,268</u>

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

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5. Property transactions

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

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

	For the years ended December 31,	
	2022	2021
E-TON Solar Tech Co., Ltd.	\$ 308,880	-
Inventec Solar Energy Corporation	119,822	8,960
Other subsidiaries	402	5,375
Associates	38,826	5,580
	<u>\$ 467,930</u>	<u>19,915</u>

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

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

For the year ended December 31, 2021, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were \$9,608 and \$1,399, respectively.

3) In 2000, the Company paid property, deferred assets, assets stated under expense to investment Inventec Appliances Corp. resulting in gain on disposal of \$103,713 and other revenue of \$31,693. In addition, selling of property, plant and equipment, deferred assets and assets stated under expense has generated gain on disposal of \$5,829 and other revenue of \$6,427. As of December 31, 2022 and 2021, the unrealized gain on property disposal were \$17,361 and \$18,124, respectively.

4) In 1999, the Company sold property, deferred assets, assets stated under expense and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2022 and 2021, the unrealized other revenues are both \$1,211.

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

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

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 323,786	305,821
Inventec Corporation (Hong Kong) Ltd.	280,450	279,543
Inventec (Czech), s.r.o.	792,717	549,505
	<u>\$ 1,396,953</u>	<u>1,134,869</u>

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7.Acquisition of investments accounted for using equity method

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

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

Inventec Holding (North America) Corp. through a resolution of the Board of Directors, made a cash capital increase on November 12, 2021. With December 22, 2021 as the base date for capital increase, the Company invested 700 shares, amounting to \$194,740, and the shareholding ratio remained at 100%.

8.Others

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

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 6,568	6,857
Associates	1,761	5,112
Other related parties	13,254	-
	\$ 21,583	11,969

2) For the years ended December 31, 2022 and 2021, the amount of donation to other related parties were \$10,000 and \$10,000, respectively.

9.Guarantees and endorsements

For the year ended December 31, 2022 and 2021, the Company provided a guarantee of \$307,000 and \$276,700, respectively, for a bank loan to IEC Technologies, S. de R.L.de C.V., with the balance of the endorsement guarantee \$307,000 and \$276,700, respectively, as of the end of the period.

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

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 442,810	343,776
Post-employment benefit	5,467	4,500
	\$ 448,277	348,276

(8) Pledged Assets

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

Pledged assets	Object	December 31, 2022	December 31, 2021
Refundable deposits (Other non-current assets)	Customs duty guarantee, membership guarantee and secured deposits	\$ 183,264	32,403
Restricted assets (Other non-current assets)	The account of repatriated offshore funds	130,735	117,832
Land, buildings, and constructions (Property, plant and equipment)	Long-term borrowings	5,733,610	5,786,971
Total		\$ 6,047,609	5,937,206

(9) Significant Commitments and Contingencies

(a) Major Commitments:

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

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

	December 31, 2022	December 31, 2021
TWD	\$ 14,571,250	15,581,250
USD (in thousands)	1,724,000	1,693,000

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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(12) Other

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

By function	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,042,895	5,401,458	6,444,353	1,007,489	5,076,433	6,083,922
Labor and health insurance	91,420	394,487	485,907	97,448	379,167	476,615
Pension	31,582	217,534	249,116	32,713	205,409	238,122
Remuneration of directors	-	78,182	78,182	-	93,072	93,072
Others	36,568	149,612	186,180	32,986	131,365	164,351
Depreciation	328,237	309,483	637,720	315,292	319,189	634,481
Amortization	58,418	360,003	418,421	73,535	577,226	650,761

The Company For the years ended December 31, 2022 and 2021 employees and employee benefits expenses were as follows:

	2022	2021
Number of employees	<u>5,584</u>	<u>5,668</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,320</u>	<u>1,229</u>
The average salaries and wages	<u>\$ 1,155</u>	<u>1,074</u>
The adjustment rate of average employee salaries	<u>7.54%</u>	<u>3.67%</u>
Remuneration of by supervisors	<u>\$ -</u>	<u>-</u>

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

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

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

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- 1.Regardless operating profit or loss of the Company ' s business, the Company shall pay remuneration regularity to all directors. The remuneration is determined by the participation to the Company's operating performance of directors, the value of directors ' contribution to the Company's operations, and peer salary levels, then are reviewed by the remuneration committee and are submitted to the board of directors for further decision.
- 2.The individual salary and remuneration of directors and managers shall refer to the general salary level of peers. It should also consider personal duties, contributions, performance, and conjunct with the Company ' s operational risk management and sustainable operating performance. Policies should be reviewed by the remuneration committee and sent to the Board of Directors for further decision.
- 3.The employee's remuneration includes monthly salary based on job grades, bonuses in accordance to performance, and remuneration measured on the level of Company's profitability.

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

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XI'AN) Corporation	Other receivables	Y	101,936	39,672	17,632	3.045%	2	-	Working Capital	-	None	-	395,544	395,544
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	267,180	132,240	132,240	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	942,480	925,680	-	-	2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp. (Note 3)	Inventec Appliances (Malaysia) SDN.BHD.	Other receivables	Y	1,449,450	1,381,500	1,379,790	1.60%	2	-	"	-	"	-	1,522,664	3,045,327
4	Inventec Appliances (Nanjing)Corp.(Note 2)	Inventec Appliances (Malaysia) SDN.BHD.	Other receivables	Y	1,191,770	1,135,900	-	-	2	-	"	-	"	-	3,555,823	3,555,823

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
5	Inventec (Pudong) Corp. (Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,028,040	1,586,880	1,410,560	5.175%	2	-	-	-	-	-	1,727,450	1,727,450

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

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

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

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

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

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

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsement to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V.	2	29,777,029	322,100	307,000	-	-	0.52%	29,777,029	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	29,777,029	16,105	15,350	-	-	0.03%	29,777,029	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,806,659	2,801,018	2,785,484	924,155	-	36.59%	3,806,659	Y	N	N

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

1.The Company has business relationship.

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

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

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

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

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

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

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	554,557	0.96%	554,557	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	22,199	0.05%	22,199	
"	Arima Communications Corp.	-	"	7,390	37,689	10.15%	37,689	
"	Tomorrow Studio Co., Ltd	-	"	29	94	0.15%	94	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67%	-	
"	New E Materials Co., Ltd.	-	"	1,760	8,078	16.00%	8,078	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	291,600	13.76%	291,600	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20%	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	26,852	3.72%	26,852	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	35,395	2.16%	35,395	
"	QEEXO, Co. preferred stock	-	"	568	30,606	3.08%	30,606	
"	Rescale, Inc. preferred stock	-	"	355	6,946	1.16%	6,946	
"	Sensel, Inc. preferred stock	-	"	532	14,123	2.58%	14,123	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43%	-	
"	Atayalan, Inc. preferred stock	-	"	1,553	4,569	3.70%	4,569	
"	ZT Group Int'l, Inc.	-	"	-	2,138,373	10.00%	2,138,373	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	10,557	- %	10,557	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	11,722	6.71%	11,722	
"	Entire Technology Co., Ltd.	-	"	3,260	65,461	4.13%	65,461	
"	Imedtac Co., Ltd.	-	"	1,200	40,431	8.43%	40,431	
"	TMY Technology Inc.	-	"	2,857	12,538	8.00%	12,538	
"	Enflex Corporation	-	"	750	2,470	0.92%	2,470	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,194,630	13.17%	1,194,630	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,820	0.66%	2,820	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	85,341	0.66%	85,341	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	71,652	2.96%	71,652	
Inventec Hi-Tech Corp.	SCSB Winners Yijing Ling Financial Product	-	Current financial assets at fair value through profit or loss	-	220,400	- %	220,400	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	21,832	- %	21,832	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	31,772	- %	31,772	
Inventec Electronics (Tianjin) Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	42,255	%	42,255	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	43,844	- %	43,844	
"	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	44,814	- %	44,814	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	14,149	16.00%	14,149	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	39,406	0.12%	39,406	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	15,086	5.00%	15,086	
"	Sagacity Tech. Co., Ltd.	-	"	79	449	15.00%	449	
"	Living Pattern Technology Inc.	-	"	4	408	13.70%	408	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	108,617	7.32%	108,617	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38%	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67%	-	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15%	-	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	14.29%	1,000	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12%	-	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80%	-	
"	BGTMobile Corporation	-	"	314	-	2.88%	-	
"	Line Global Inc. (Proxiant, Inc.) preferred stock	-	"	594	-	5.30%	-	
"	Molekule, Inc. preferred stock	-	"	160	-	0.12%	-	
"	XMEMS LABS INC	-	"	3,375	57,488	3.78%	57,488	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	20,783	- %	20,783	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03%	-	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36%	-	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08%	-	

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

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,001	1,496,415	10	3,401,317	-	-	-	-	2,011	4,897,732
Inventec Holding (North America) Corp.	IEC TECHNOLOGIES, S. DE R.L. DE C.V.	"	"	"	160,484	514,373	1,500,000	2,498,420	-	-	-	-	1,660,484	3,012,792
The Company	Top Taiwan Xiv Venture Capital Co., Ltd.	Non-current financial assets at fair value through other comprehensive income	Incorporation by solicitation	Non-related parties	-	-	30,000	291,600	-	-	-	-	30,000	291,600

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Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Inventec Hi-Tech Corp.	SCSB Ching Hsiang Li series open-end wealth management products	Current financial assets at fair value through profit or loss	Bank of Shanghai	Non-related parties	-	-	-	443,100	-	444,770	443,100	1,670	-	-
"	SCSB Winners Zan Chong Jun Xiang Financial Product	"	"	"	-	433,992	-	9,108	-	453,185	443,100	10,085	-	-

Note 1: The amounts above are valued at exchange rate.

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Property, plant, and equipment	April 26, 2022	308,880	100%	E-TON Solar Tech. Co., Ltd.	Liquidated investee company	IL-EE INDUSTRY CO., LTD.	Non-related parties	In December of 2009	503,854	Appraisal report of Evemore Valuation: TWD 480,556	Owner-occupied plant	None

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	90,749,638	20.06%	105 days	Negotiated price	No general trading partner can be compared.	28,808,753	36.22%	
"	Inventec (Czech), s.r.o.	"	Sales	1,878,228	0.42%	105 days	"	"	554,003	0.70%	
"	AIMobile Co., Ltd.	"	Sales	114,899	0.03%	60 days	"	"	21,148	0.03%	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	312,366,949	70.71%	90-105 days	"	"	(78,674,841)	70.86%	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	141,774	0.03%	90 days	"	"	(24,122)	0.02%	
"	Inventec Holding (North America) Corp.	"	Purchases	450,779	0.10%	105 days	"	"	(161,151)	0.15%	
"	Inventec (Czech), s.r.o.	"	Purchases	632,205	0.14%	105 days	"	"	(95,132)	0.09%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	90,749,638	96.44%	105 days	Negotiated price	No general trading partner can be compared.	(28,808,753)	99.14%	
"	"	"	Sales	450,779	0.46%	105 days	"	"	161,151	1.06%	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	280,181	0.29%	105 days	"	"	19,769	0.13%	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	1,878,228	93.05%	105 days	"	"	(554,003)	91.27%	
"	"	"	Sales	632,205	77.99%	105 days	"	"	95,132	33.11%	
Inventec Corporation (Hong Kong) Ltd.	"	"	Sales	312,366,949	100.00%	90-105 days	"	"	78,674,841	53.97%	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	30,073,990	9.63%	105 days	"	"	(11,207,929)	7.69%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	12,858,158	4.12%	105 days	"	"	(8,604,858)	5.91%	
"	Inventec (Chongqing) Corp.	"	Purchases	269,434,355	86.26%	90 days	"	"	(58,862,054)	40.41%	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	30,073,990	80.01%	105 days	"	"	11,207,929	87.41%	
"	SQ Technology (Shanghai) Corporation	"	Sales	5,199,631	13.83%	105 days	"	"	993,473	7.75%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	430,915	1.28%	105 days	"	"	(247,177)	2.48%	
"	Inventec (Shanghai) Corp.	"	Sales	249,645	0.66%	105 days	"	"	59,698	0.47%	
Inventec (Shanghai) Corp.	SQ Technology (Shanghai) Corporation	"	Purchases	9,144,899	97.34%	105 days	"	"	(75,840)	55.95%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	249,645	2.66%	105 days	"	"	(59,698)	44.05%	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	269,434,355	99.60%	90 days	"	"	58,862,054	99.89%	
"	AIMobile Co., Ltd.	"	Sales	195,761	0.07%	90 days	"	"	39,265	0.07%	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	12,858,158	21.98%	105 days	"	"	8,604,858	33.27%	
"	Inventec (Shanghai) Corp.	"	Sales	9,144,899	15.63%	105 days	"	"	75,840	0.29%	
"	Inventec (Pudong) Technology Corp.	"	Sales	430,915	0.74%	105 days	"	"	247,177	0.96%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	5,199,631	8.64%	105 days	"	"	(993,473)	3.84%	
"	Inventec Holding (North America) Corp.	"	Purchases	280,181	0.47%	105 days	"	"	(19,769)	0.08%	
SQ Technology (Shanghai) Corporation	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	Sales	1,597,835	2.73%	75 days	"	"	1,284,109	4.97%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Associates	Purchases	21,648,802	74.07%	1-2 months	Negotiated price	No general trading partner can be compared.	(7,184,653)	81.50%	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	804,680	2.75%	1-2 months	"	"	(91,936)	1.04%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	354,476	1.21%	1-2 months	"	"	(25,012)	0.28%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	2,829,677	9.68%	1-2 months	"	"	(788,502)	8.95%	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	589,887	1.87%	1-2 months	"	"	105,876	1.85%	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	589,887	100.00%	1-2 months	"	"	(105,876)	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	21,648,802	98.21%	1-2 months	"	"	7,184,653	96.50%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	155,100	0.66%	90 days	"	"	139,523	1.87%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Sales	142,378	0.60%	90 days	"	"	117,392	1.58%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	973,012	5.05%	90 days	"	"	(330,051)	6.88%	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	"	Sales	804,680	19.64%	1-2 months	"	"	91,936	15.03%	
"	The Company	Parent	Sales	141,774	3.50%	90 days	"	"	24,122	3.94%	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	354,476	99.52%	60 days	"	"	25,012	99.55%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	155,100	70.50%	90 days	"	"	(139,523)	95.70%	

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	Sales	2,829,677	74.61%	1-2 months	Negotiated price	No general trading partner can be compared.	788,502	70.37%	
"	Inventec Appliances (Pudong) Corp.	"	Sales	973,012	25.65%	90 days	"	"	330,051	29.45%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	142,378	3.76%	90 days	"	"	(117,392)	11.61%	
AIMobile Co., Ltd.	The Company	Parent	Purchases	114,899	36.17%	60 days	"	"	(21,148)	34.58%	
"	Inventec (Chongqing) Corp.	Associates	Purchases	195,761	61.29%	90 days	"	"	(39,265)	64.20%	

Note 1: Based on the negotiated price while trading.

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

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	28,808,753	2.99	1,773,370	Received in the subsequent period	11,289,352	-
"	Inventec (Czech), s.r.o.	Subsidiary	554,003	0.89	352,945	Received in the subsequent period	98,857	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	66,771,166	-	17,955,084	Received in the subsequent period	22,520,722	-
Inventec Holding (North America) Corp.	The Company	Parent	161,151	2.11	-	-	115,302	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	78,674,841	4.26	14,184,837	Received in the subsequent period	35,411,511	-
"	Inventec (Pudong) Technology Corp.	Associates	4,242,794	-	1,984,258	Received in the subsequent period	529	-
"	SQ Technology (Shanghai) Corporation	Associates	21,149,856	-	9,356,968	Received in the subsequent period	2,795,682	-
"	Inventec (Chongqing) Corp.	Associates	41,378,516	-	6,613,858	Received in the subsequent period	19,724,511	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	11,207,929	3.38	1,609,711	Received in the subsequent period	993,165	-
"	SQ Technology (Shanghai) Corporation	Associates	993,473	1.53	-	-	684,736	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	58,862,054	4.67	8,790,413	Received in the subsequent period	32,687,960	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	8,604,858	1.89	3,784,712	Received in the subsequent period	1,730,386	-
"	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	1,284,109	2.40	149,637	Received in the subsequent period	1,283,960	-
"	Inventec (Pudong) Technology Corp.	Associates	247,177	2.00	106,625	Received in the subsequent period	196	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Associates	105,876	3.45	-	-	74,274	-
"	Inventec Appliances (Pudong) Corp.	Associates	369,627	3.67	119,941	Received in the subsequent period	202,428	-

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,184,653	3.04	-		3,472,308	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	139,523	0.84	127,686	Received in the subsequent period	18,859	-
"	Inventec Appliances (Malaysia) SDN. BHD.	Associates	117,392	2.29	-		-	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	788,502	5.34	-		366,601	-
"	Inventec Appliances (Pudong) Corp.	Associates	330,051	3.38	-		210,322	-

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

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

(b) Information on investment:

The following is the information on investees for the year ended December 31, 2022 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53%	222,154	(86,888)	(32,607)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00%	417,502	15,722	15,722	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,335,143	353,743	2,011	100.00%	4,897,732	158,727	158,727	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00%	8,382,773	(211,657)	(211,657)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00%	26,681,541	(223,128)	(223,128)	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00%	1,774,967	212,028	212,028	"
"	Inventec (Czech) S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00%	231,522	49,496	49,496	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00%	68,239	(22,354)	(22,354)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45%	(661,071)	(45,374)	(27,818)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00%	19,943	(644)	(644)	"

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00%	3,165	220	220	Subsidiary
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	182,500	8,030	73.00%	44,806	(44,010)	(32,150)	"
"	InvenexT System Co., Ltd.	Taipei	Production and sales of 5G equipment	50,000	-	5,000	100.00%	49,872	(128)	(128)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64%	(95,684)	(45,374)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,126,941	6,126,941	199,575	100.00%	12,791,356	(896,866)	-	"
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	92,100	-	-	100.00%	89,688	(2,322)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,400	189	35.87%	937	102	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	23,712	9,120	30.00%	20,644	(5,298)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57%	(197,300)	(45,374)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,560	24,560	400	100.00%	101,920	971	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,535	1,535	10	100.00%	15,745	808	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	881,482	881,482	121,000	100.00%	(95,639)	(603,838)	-	"

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

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	322,786	(2)	61,400	-	-	61,400	26,462	100.00%	26,462	282,101	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,700	(2)	30,700	-	-	30,700	642	100.00%	642	40,673	-
Inventec(Pudong) co.,Ltd	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	74,189	100.00%	74,189	4,318,626	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,107,774	(2)	905,650	-	-	905,650	40,154	100.00%	(17,718)	1,884,671	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,302,500	(2)	2,302,500	-	-	2,302,500	1,458,411	100.00%	1,458,411	11,862,852	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,798,766	(2)	1,535,000	-	-	1,535,000	(1,539,436)	100.00%	(1,542,084)	7,901,543	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	153,500	(2)	130,475	-	-	130,475	17,712	100.00%	17,712	262,612	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,515	(2)	44,515	-	-	44,515	(3,173)	100.00%	(3,173)	77,276	-
Inventec Hi-Tech Corporation	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	(32,065)	100.00%	(32,065)	1,692,107	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,887,528	(3)	-	-	-	-	(27,947)	78.00%	(21,799)	1,348,270	-
Saint Investment Consulting Corporation	Business management	220,400	(3)	-	-	-	-	27,850	100.00%	27,850	245,301	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	235,046	(3)	-	-	-	-	(1,278,964)	100.00%	(1,278,964)	(505,942)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	132,240	(3)	-	-	-	-	(14,608)	20.00%	(2,922)	22,676	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	44,080	(3)	-	-	-	-	17,391	15.00%	-	36,113	-
Testron Technology(JiangSu) Co., Ltd.	Production and sales of electronic products	122,594	(3)	-	-	-	-	144,541	9.99%	27,997	97,499	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,676	(3)	-	-	-	-	(3,010)	18.00%	(542)	43,541	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,584,120	(2)	1,477,223	-	-	1,477,223	(125,126)	100.00%	(125,126)	1,515,747	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,363,900	(2)	2,363,900	-	-	2,363,900	(818,851)	100.00%	(750,759)	7,088,624	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,087,600	(2)	1,289,400	-	-	1,289,400	(30,725)	100.00%	(31,152)	3,552,775	3,571,176

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec Appliances (Nanjing) Corp.	House leasing	153,500	(2)	275,732	-	-	275,732	33,551	100.00%	33,551	434,509	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	122,800	(2)	122,800	-	-	122,800	12,241	100.00%	12,241	75,046	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	64,470	(2)	64,470	-	-	64,470	(38,128)	100.00%	(38,128)	(391)	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,212	(3)	-	-	-	-	17,527	100.00%	17,527	127,445	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	35,264	(3)	-	-	-	-	(2,181)	100.00%	(2,181)	20,269	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	264,480	(3)	-	-	-	-	(82,230)	100.00%	(82,230)	(78,082)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices , software development	44,080	(3)	-	-	-	-	(12,600)	100.00%	(12,600)	30,517	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,144,710	8,144,710	-
Inventec Appliances Corp.	5,661,940	5,661,940	4,567,991

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

- (a) Direct investment in Mainland China.
- (b) Indirect investment in Mainland china through a subsidiary in a third place.
- (c) Others

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

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

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

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

Note 6: The amount of foreign currencies were exchanged to New Taiwan Dollars in historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of Dccember 31, 2022, deducted the accumulated remittance of earnings in current period, the difference of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: The subscribed capital contribution of CNY 7,500 thousand, with the base date set on December 31, 2048, was based on the articles of association. No capital had been contributed as of December 31, 2022.

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, are disclosed in "Information on significant transactions" .

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INVENTEC CORPORATION

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

For the years ended December 31, 2022 and 2021

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

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Taishin International Bank Co., Ltd, entrusted with custody of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		207,632,000	5.78%

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

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

(14) Segment Information

Please refer to consolidated financial report of Inventec Corporation for the year ended December 31, 2022.

INVENTEC CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ 450
	Foriegn cash	288
	Subtotal	<u>738</u>
Cash in banks	Checking accounts	378
	Demand deposits	343,852
	Foriegn deposits	16,849,239
		USD 548,780 thousands
		JPY 3,522 thousands
		CNY 59 thousands
		EUR 19 thousands
	Time deposits	<u>740,000</u>
	Subtotal	<u>17,933,469</u>
		<u>\$ 17,934,207</u>

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

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Share or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulate d impairment	Fair value		Note
								Unit price	Total amount	
WIN Semiconductors Corp.	Stock	4,063	\$ 40,630	<u>554,557</u>	- %	<u>113,690</u>	-	136.50	<u>554,557</u>	

INVENTEC CORPORATION
Statement of Accounts Receivables
December 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties:</u>			
A		\$ 37,202,702	
B		3,889,872	
C		2,747,984	
Others		<u>6,341,047</u>	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		50,181,605	
Less: Loss allowance		<u>(34,878)</u>	
Net amount		<u>50,146,727</u>	
<u>Related parties:</u>			
Inventec Holding (North America) Corp.		28,808,753	
Others		<u>575,151</u>	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		<u>29,383,904</u>	
Less: Loss allowance		-	
Net amount		<u>29,383,904</u>	
Total		<u>\$ 79,530,631</u>	

INVENTEC CORPORATION

Statement of Other Receivables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related parties	Payments on behalf of others	\$ 247,105	
Related parties	Payments of materials on behalf of others	66,806,162	
Current accrued income	Interest receivable from banks	<u>3,718</u>	
Total		<u><u>\$ 67,056,985</u></u>	

Statement of Inventory

Item	Amount		Note
	Cost	Net realized value	
Raw materials	\$ 6,951,112	6,740,808	
Work in process	2,490,878	2,476,998	
Finished goods	<u>2,625,308</u>	<u>2,605,230</u>	
Subtotal	12,067,298	<u><u>11,823,036</u></u>	
Less: Allowance for inventory valuation losses and obsolescence	<u>(244,262)</u>		
Total	<u><u>\$ 11,823,036</u></u>		

INVENTEC CORPORATION
Statement of Other Current Assets
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments	Premium	\$ 850	
	Payment of materials	61,400	
	Others	<u>84,947</u>	
	Subtotal	147,197	
Temporary debits	Others	3,714	
Payment on behalf of others	Others	373,540	
Asset recognized as right to recover products from customers		300,998	
Others	Others	<u>92,524</u>	
		<u>\$ 917,973</u>	

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

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares/(in thousand)	Fair value	Shares/(in thousand)	Amount	Shares/(in thousand)	Amount	Shares/(in thousand)	Fair value		
<u>Common Stock</u>										
Empass Technology Inc	495	\$ 17,464	65	-	-	5,742	560	11,722	None	
Entire Technology Co., Ltd.	3,260	114,198	-	-	-	48,737	3,260	65,461	"	
E-Ton Solar Tech Co., LTD	94,889	540,866	-	-	94,889	540,866	-	-	"	
Imedtac Co., Ltd.	1,200	54,480	-	-	-	14,049	1,200	40,431	"	
Tmy Technology Inc.	2,857	57,200	-	-	-	44,662	2,857	12,538	"	
Enflex Corporation	750	4,747	-	-	-	2,277	750	2,470	"	
Subtotal		<u>788,955</u>		<u>-</u>		<u>656,333</u>		<u>132,622</u>		
<u>Convertible bonds</u>										
SKSpruce Holding Limited	-	17,712	-	-	-	7,155	-	10,557	"	
Total		<u>\$ 806,667</u>		<u>-</u>		<u>663,488</u>		<u>143,179</u>		

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

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares (in thousand)	Fair value	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Fair value		
<u>Common Stock</u>										
Arima Communications Corp.	21,114	\$ 845	-	36,844	13,724	-	7,390	37,689		"
Tomorrow Studio Co., Ltd.	29	156	-	-	-	62	29	94		"
Tai Yi Precision Corporation	2,540	-	-	-	-	-	2,540	-		"
New E Materials Co., Ltd.	1,760	8,941	-	-	-	863	1,760	8,078		"
Top Taiwan Xiv Venture Capital Co., Ltd.	-	-	30,000	291,600	-	-	30,000	291,600		"
ZT Group Int'l, Inc.	70	2,031,072	-	107,301	-	-	70	2,138,373		"
Amphastar Pharmaceuticals Inc.	26	16,630	-	5,569	-	-	26	22,199		"
Subtotal		<u>2,057,644</u>		<u>441,314</u>		<u>925</u>		<u>2,498,033</u>		
<u>Preferred Stock</u>										
CloudMosa Technologies, Inc.	235	-	-	35,395	-	-	235	35,395		"
Rasilient Systems, Inc.	3,632	-	-	-	-	-	3,632	-		"
SKSpruce Holding Limited	3,746	45,054	-	-	-	18,202	3,746	26,852		"
QEEXO Co.	568	22,750	-	7,856	-	-	568	30,606		"
Rescale Inc.	355	12,385	-	-	-	5,439	355	6,946		"
Sensel Inc.	532	-	-	14,123	-	-	532	14,123		"
ASOCS LTD.	360	-	-	-	-	-	360	-		"
Atayalan, Inc.	1,553	13,895	-	-	-	9,326	1,553	4,569		"
Subtotal		<u>94,084</u>		<u>57,374</u>		<u>32,967</u>		<u>118,491</u>		
Total		<u>\$ 2,151,728</u>		<u>498,688</u>		<u>33,892</u>		<u>2,616,524</u>		

INVENTEC CORPORATION
Statement of Changes in Investments Accounted for Using the
Equity Method

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending balance			Market Value or Net Assets Value		Collateral	Note
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount		
Inventec Besta Co., Ltd.	23,405	\$ 251,731	-	-	-	29,577	23,405	37.53%	222,154	10.20	238,731	None	Note
Inventec Corporation (Hong Kong) Ltd.	2,500	389,244	-	28,258	-	-	2,500	100.00%	417,502	-	417,502	"	"
Inventec Holding (North America) Corp.	2,001	1,496,415	10	3,401,317	-	-	2,011	100.00%	4,897,732	-	4,897,732	"	"
Inventec Appliances Corp.	536,857	8,618,636	-	-	-	235,863	536,857	100.00%	8,382,773	-	8,382,773	"	"
Inventec (Cayman) Corp.	301,768	25,340,228	-	1,341,313	-	-	301,768	100.00%	26,681,541	-	26,681,541	"	"
IEC (Cayman) Corporation	25,000	1,426,351	-	348,616	-	-	25,000	100.00%	1,774,967	-	1,774,967	"	"
Inventec (Czech), S.R.O.	-	166,344	-	65,178	-	-	-	100.00%	231,522	-	231,522	"	"
Inventec Development Japan Corporation	45	19,018	-	925	-	-	45	100.00%	19,943	-	19,943	"	"
Inventec Japan Cororation	-	3,044	-	121	-	-	-	100.00%	3,165	-	3,165	"	"
Inventec Investment Co., Ltd.	108,800	87,874	-	-	-	19,635	108,800	100.00%	68,239	-	68,239	"	"
AI Mobile Co., Ltd.	18,250	76,620	-	-	10,220	31,814	8,030	73.00%	44,806	-	44,805	"	"
InveneXt System Co., Ltd.	-	-	5,000	49,872	-	-	5,000	100.00%	49,872	-	49,872	"	"
		<u>\$ 37,875,505</u>		<u>5,235,600</u>		<u>316,889</u>			<u>42,794,216</u>		<u>42,810,792</u>		
Inventec Solar Energy Corporation	108,150	<u>\$(633,253)</u>	-	<u>-</u>	-	<u>27,818</u>	108,150	33.45%	<u>\$(661,071)</u>	-	<u>\$(661,071)</u>	"	Note 1

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

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

INVENTEC CORPORATION
Statement of Other Non-current Assets
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred expense	Toolings	\$ 3,196,936	
Less: Accumulated depreciation		(2,908,917)	
Deferred tax assets		1,210,223	
Restricted assets	The account of repatriated offshore funds	130,735	
Refundable deposits	Membership guarantee and customs duty guarantee	183,264	
Other assets		<u>242,772</u>	
		<u>\$ 2,055,013</u>	

INVENTEC CORPORATION
Statement of Short-term Borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Category of loans</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Range of interest rate</u>	<u>Loan commitments</u>	<u>Collateral or guarantee</u>	<u>Note</u>
Short-term borrowings	E.SUN Bank	\$ 1,409,925	2023.01.18	5.15%	TWD 1,500,000	None	
	Citi Bank	1,090,484	2023.02.16	4.93%	USD 229,000	"	
	DBS Bank	4,611,687	2023.01.06-2023.02.03	4.56%-5.49%	USD 285,000	"	
	Bank of Taiwan	3,153,882	2023.01.13-2023.01.17	5.48%-5.53%	USD 150,000	"	
	Taishin Bank	1,228,000	2023.01.06	5.30%	USD 80,000	"	
	Land Bank	1,665,336	2023.01.19	5.03%	TWD 1,800,000	"	
	Sumito Mitsui Bank	4,052,036	2023.01.06-2023.01.17	4.40%-4.75%	USD 150,000	"	
	Cathay Bank	1,841,421	2023.01.06	4.58%	USD 60,000	"	
	First Bank	2,400,425	2023.01.13	5.13%	TWD 3,000,000	"	
		<u>\$ 21,453,196</u>					

INVENTEC CORPORATION

Statement of Accounts Payable

December 31, 2022

(In Thousands of New Taiwan Dollars)

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties:</u>			
W		\$ 9,948,808	
X		2,245,097	
Y		2,047,526	
Z		1,709,995	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>16,127,140</u>	
Subtotal		<u>32,078,566</u>	
<u>Related parties:</u>			
Inventec Corporation (Hong Kong) Ltd.		78,674,841	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>280,697</u>	
Subtotal		<u>78,955,538</u>	
Total		<u><u>\$ 111,034,104</u></u>	

INVENTEC CORPORATION

Statement of Other Payables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for salary, incentive and bonus	\$ 3,240,815
	Inventory processing fee	732,158
	Interest payable and royalty	484,280
	Insurance expense, professional service fee and tax	100,901
	Others	<u>1,630,573</u>
Total		<u><u>\$ 6,188,727</u></u>

Statement of Other Current Liabilities

Item	Description	Amount	Note
Other current liabilities	Advance receipts	\$ 622	
	Receipts under custody	1,288,034	
	Temporary credits	7,392,991	
	Others	<u>2,499,506</u>	
		<u><u>\$ 11,181,153</u></u>	

INVENTEC CORPORATION
Statement of Long-term Borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Contract period	Interest rate	Collateral or guarantee	Note
Syndicated agreement with Hua Nan Bank and other 13 participating banks	Syndicated Loans	\$ 7,675,000	2025.10.14	5.42%~5.81%	None	With financial covenant
Hua Nan Bank	Secured borrowings	1,633,333	2031.02.26	1.82%	Land, buildings and construction	Without financial covenant
Bank of Taiwan	"	816,667	2031.02.26	1.82%	"	"
E.SUN Commercial Bank	Unsecured borrowings	921,000	2025.07.07	4.75%	None	"
Less: Long-term Borrowings, current portion		(300,000)				
Total		<u>\$ 10,746,000</u>				

INVENTEC CORPORATION
Statement of Other Non-current Liabilities
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other non-current liabilities	Deferred tax liabilities	\$ 4,038,732	
	Deferred credits	40,891	
	Gaurantee deposits received	61	
	Credit balance of investments accounted for using equity method	<u>661,071</u>	
		<u><u>\$ 4,741,255</u></u>	

INVENTEC CORPORATION
Statement of Operating Costs
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from manufacturing	\$	66,058,861
Direct material	48,164,877	
Add: Raw material, January 1	7,751,715	
Purchases	49,623,391	
Gain on physical inventory	119	
Less: Raw material, December 31	(6,951,112)	
Transferred to expense	(364,361)	
Sales	(1,894,875)	
Direct labor	646,218	
Manufacturing expenses	2,053,822	
Cost of manufacturing	50,864,917	
Add: Work in process, January 1	1,488,177	
Purchases	17,603,499	
Less: Work in process, December 31	(2,490,878)	
Transferred to expense	(326,277)	
Loss on physical inventory	(49)	
Transferred to warranty	(13,025)	
Cost of finished goods	67,126,364	
Add: Finished goods, January 1	2,268,288	
Less: Finished goods, December 31	(2,625,308)	
Transferred to expense	(686,612)	
Transferred to warranty	(23,871)	
Cost of material sold		1,894,875
Cost of merchandise sold (triangle trade)		366,106,096
Loss on inventory valuation		90,312
Cost of warranty		633,326
Expense of idle capacity		2,302
Gain on physical inventory		(70)
Cost of provision of sales return		(155,808)
Total operating costs	\$	434,629,894

INVENTEC CORPORATION
Statement of Selling Expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 582,369	
Amortizations		158,330	
Freight		892,220	
Miscellaneous expense		144,393	
Other expenses		366,898	
		<u>\$ 2,144,210</u>	

Statement of Administrative Expenses

Item	Description	Amount	Note
Wages and salaries		\$ 1,011,051	
Miscellaneous expense		102,225	
Depreciation expense		143,887	
Repairs and maintenance expense		97,747	
Professional service fees		120,467	
Other expenses		412,392	
		<u>\$ 1,887,769</u>	

INVENTEC CORPORATION
Statement of Research and Development Expenses
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 4,093,914	
Consumable expense		1,296,932	
Examination expense		407,321	
Other expenses		<u>1,378,058</u>	
		<u>\$ 7,176,225</u>	

**Appendix II: Consolidated financial statements with subsidiaries
audited by CPA of 2022**

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the consolidated financial statements of Inventec Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

2. The offsetting agreements of financial assets and liabilities

Please refer to Notes (4)(g), (6)(b) and (6)(x) for accounting policy and detailed information on the agreements of financial assets and liabilities offsetting.

Description of the key audit matter:

In order to use fund flexibly, the Group handled multiple kinds of financial instruments which IAS was endorsed by FSC to offset financial assets and liabilities and be reported in the balance sheet. The disclosure of financial instruments which are not expired on the reporting date would influence the judgment of report reader.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included examining whether the amount of the signed contract were within the scope authorized by the Board of Directors; sampling transactions in 2022 to examine whether contracts were signed with banks; reviewing the contracts to check if the regulation of offsetting criteria was met; and assessing whether the disclosure of financial assets and liabilities offsetting is appropriate.

Other Matter

Inventec Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’ s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’ s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’ s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’ s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’ s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 42,450,643	18	34,787,912	14	2100	Short-term borrowings (Note (6)(m))	\$ 48,333,913	21	54,694,565	22
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	890,745	-	1,343,945	1	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	292,383	-	112,133	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	554,557	-	1,521,476	1	2130	Current contract liabilities (Note (6)(u))	12,596,823	5	7,562,873	3
1170	Accounts receivable, net (Notes (4), (6)(c) and (7))	89,507,203	38	103,795,621	42	2170	Accounts payable (Note (7))	64,404,174	28	84,907,477	34
1200	Other receivables, net (Notes (6)(d) and (7))	1,554,185	1	884,098	-	2230	Current tax liabilities	3,229,602	2	2,374,435	1
1310	Inventories (Notes (4) and (6)(e))	51,004,786	22	62,417,356	25	2200	Other payables (Note (7))	12,014,945	5	10,524,706	4
1470	Other current assets (Notes (6)(k) and (8))	4,232,122	2	2,873,014	1	2322	Long-term borrowings, current portion (Note (6)(m))	330,744	-	7,248,244	3
		190,194,241	81	207,623,422	84	2280	Current lease liabilities (Notes (4) and (6)(n))	210,376	-	182,996	-
Non-current assets :						2399	Other current liabilities, others (Notes (6)(l) and (q))	14,586,649	6	12,472,789	5
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	225,057	-	893,885	-			155,999,609	67	180,080,218	72
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	4,096,512	2	4,192,435	2	Non-current Liabilities :					
1550	Investments accounted for using equity method (Notes (4) and (6)(f))	443,563	-	300,127	-	2540	Long-term borrowings (Note (6)(m))	12,833,351	6	3,790,708	2
1600	Property, plant and equipment (Notes (4), (6)(h) and (8))	31,210,871	13	27,466,491	11	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))	478,194	-	589,919	-
1755	Right-of-use assets (Notes (4), (6)(i) and (8))	3,030,466	1	3,162,003	1	2580	Non-current lease liabilities (Notes (4) and (6)(n))	542,865	-	693,497	-
1780	Intangible assets (Notes (4) and (6)(j))	975,242	1	967,451	-	2670	Other non-current liabilities, others (Notes (6)(l) and (q))	5,555,332	2	6,062,986	3
1900	Other non-current assets (Notes (6)(k), (q) and (8))	4,039,653	2	3,009,608	2			19,409,742	8	11,137,110	5
		44,021,364	19	39,992,000	16	Total Liabilities		175,409,351	75	191,217,328	77
TOTAL ASSETS		\$ 234,215,605	100	247,615,422	100	Equity attributable to owners of parent :					
						3110	Ordinary shares (Note (6)(r))	35,874,751	15	35,874,751	14
						3200	Capital surplus (Note (6)(r))	2,899,927	1	2,899,592	1
						3300	Retained earnings (Note (6)(r))	22,227,169	9	21,024,959	9
						3400	Other equity (Note (6)(r))	(1,447,789)	-	(2,714,598)	(1)
							Total equity attributable to owners of parent	59,554,058	25	57,084,704	23
						36XX	Non-controlling interests (Note (r))	(747,804)	-	(686,610)	-
							Total Equity	58,806,254	25	56,398,094	23
						TOTAL LIABILITIES AND EQUITY		\$ 234,215,605	100	247,615,422	100

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(u) and (7))	\$ 541,750,850	100	519,732,048	100
5000	Operating costs (Notes (6)(e) and (7))	515,747,708	95	497,437,486	96
5900	Gross profit from operations	26,003,142	5	22,294,562	4
Operating expenses (Notes (6)(c), (6)(v) and (7)):					
6100	Selling expenses	3,241,707	1	3,076,667	-
6200	Administrative expenses	4,004,352	1	3,866,479	1
6300	Research and development expenses	12,095,376	2	10,593,339	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9	(7,369)	-	33,443	-
		19,334,066	4	17,569,928	3
6900	Net operating income	6,669,076	1	4,724,634	1
Non-operating income and expenses (Notes (6)(f), (w) and (7)):					
7100	Interest income	1,764,316	-	1,075,960	-
7010	Other income	263,128	-	378,252	-
7020	Other gains and losses	1,525,831	-	2,220,446	-
7050	Finance costs	(3,035,588)	-	(738,437)	-
7060	Shares of (loss) profit of associates and joint ventures accounted for using equity method	(9,728)	-	38,329	-
		507,959	-	2,974,550	-
7900	Profit before tax	7,177,035	1	7,699,184	1
7950	Less: Income tax expenses (Notes (4) and (6)(q))	1,115,026	-	1,752,091	-
8000	Profit	6,062,009	1	5,947,093	1
Other comprehensive income (loss):					
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	115,509	-	16,762	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(1,263,059)	-	(242,078)	-
8320	Shares of other comprehensive income (losses) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	2,607	-	(2,511)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	22,611	-	3,769	-
		(1,167,554)	-	(231,596)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	2,530,890	-	(574,653)	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	4,821	-	2,914	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		2,535,711	-	(571,739)	-
	Other comprehensive income (loss), net of income tax	1,368,157	-	(803,335)	-
8500	Total comprehensive income	\$ 7,430,166	1	\$ 5,143,758	1
Profit (loss), attributable to:					
8610	Profit, attributable to owners of parent	\$ 6,128,786	1	6,537,765	1
8620	Profit (loss), attributable to non-controlling interests	(66,777)	-	(590,672)	-
		\$ 6,062,009	1	\$ 5,947,093	1
Comprehensive income (loss) attributable to:					
8710	Comprehensive income, attributable to owners of parent	\$ 7,491,484	1	5,736,566	1
8720	Comprehensive income (loss), attributable to non-controlling interests	(61,318)	-	(592,808)	-
		\$ 7,430,166	1	\$ 5,143,758	1
Earnings per share (Notes (4) and (6)(t))					
9750	Basic earnings per share (NT dollars)	\$ 1.71		\$ 1.82	
9850	Diluted earnings per share (NT dollars)	\$ 1.70		\$ 1.81	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent					Other Equity		Total Equity Attributable to Owners of Parent	Non - controllin g Interests	Total Equity
	Share Capital		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2021	\$ 35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659	(93,916)	57,890,743
Profit (loss) for the period	-	-	-	-	6,537,765	-	-	6,537,765	(590,672)	5,947,093
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)	(2,136)	(803,335)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566	(592,808)	5,143,758
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)	-	(6,636,829)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-	-	-
Others	-	308	-	-	-	-	-	308	114	422
Balance at December 31, 2021	35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704	(686,610)	56,398,094
Profit (loss) for the period	-	-	-	-	6,128,786	-	-	6,128,786	(66,777)	6,062,009
Other comprehensive income (loss) for the period	-	-	-	-	95,889	2,530,252	(1,263,443)	1,362,698	5,459	1,368,157
Total comprehensive income (loss) for the period	-	-	-	-	6,224,675	2,530,252	(1,263,443)	7,491,484	(61,318)	7,430,166
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,022,465)	-	-	(5,022,465)	-	(5,022,465)
Others	-	335	-	-	-	-	-	335	124	459
Balance at December 31, 2022	\$ 35,874,751	2,899,927	12,747,957	2,714,597	6,764,615	(506,716)	(941,073)	59,554,058	(747,804)	58,806,254

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

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 7,177,035	7,699,184
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,171,055	2,361,213
Amortization expense	730,313	901,608
Expected credit (reversal gain) loss	(7,369)	33,443
Interest expense	3,035,588	738,437
Interest income	(1,764,316)	(1,075,960)
Dividend income	(34,266)	(133,902)
Share-based payments transactions	459	422
Shares of loss (profit) of associates and joint ventures accounted for using equity method	9,728	(38,329)
Gain on disposal of property, plant and equipment	(25,430)	(1,458,999)
(Gain) loss on disposal of investments accounted for using equity method	(186)	47,269
Impairment loss on non-financial assets	-	550,703
Unrealized foreign exchange gain	(105,185)	(228,023)
Other adjustments	(34,561)	1,401
Total adjustments to reconcile profit	<u>3,975,830</u>	<u>1,699,283</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	568	107,325
Decrease (increase) in accounts receivable	13,252,520	(12,291,774)
Decrease (increase) in other receivables	110,906	(79,815)
Decrease (Increase) in inventories	15,803,274	(22,067,263)
(Increase) decrease in other current assets	(194,813)	1,967,814
Total changes in operating assets	<u>28,972,455</u>	<u>(32,363,713)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	180,250	(136,640)
Increase (decrease) in contract liabilities	5,031,724	(262,058)
(Decrease) increase in accounts payable	(22,385,586)	11,691,774
Decrease in other payables	(74,113)	(1,124,694)
Increase in other current liabilities	2,078,535	741,515
Decrease in net defined benefit liabilities, non-current	(52,443)	(50,202)
Total changes in operating liabilities	<u>(15,221,633)</u>	<u>10,859,695</u>
Total changes in operating assets and liabilities	<u>13,750,822</u>	<u>(21,504,018)</u>
Total adjustments	<u>17,726,652</u>	<u>(19,804,735)</u>
Cash inflow (outflow) generated from operations	24,903,687	(12,105,551)
Interest received	808,417	1,035,979
Dividends received	34,266	133,902
Interest paid	(2,574,658)	(740,053)
Income taxes paid	(1,053,028)	(851,177)
Net cash flows from (used in) operating activities	<u>22,118,684</u>	<u>(12,526,900)</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (311,208)	(826,499)
Proceeds from disposal of financial assets at fair value through other comprehensive income	44,310	-
Acquisition of financial assets at fair value through profit or loss	(582,018)	(833,425)
Proceeds from disposal of financial assets at fair value through profit or loss	1,736,127	105,038
Acquisition of investments accounted for using equity method	(44,310)	(49,668)
Proceeds from disposal of investments accounted for using equity method	160	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	4,838
Acquisition of property, plant and equipment	(4,850,066)	(2,809,391)
Proceeds from disposal of property, plant and equipment	69,270	2,208,725
Acquisition of intangible assets	(196,393)	(250,596)
Net cash flows from loss of control of subsidiary	-	(8,309)
(Increase) decrease in other financial assets	(888,647)	172,944
Increase in other non-current assets	(1,021,199)	(836,384)
Net cash flows used in investing activities	(6,043,974)	(3,122,727)
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(7,573,816)	23,164,212
Proceeds from long-term borrowings	11,238,793	18,915,930
Repayments of long-term borrowings	(8,809,900)	(17,172,500)
Increase in other payables to related parties	729,982	-
Payments of lease liabilities	(197,327)	(209,820)
Decrease in other non-current liabilities	(6,824)	(187,459)
Cash dividends paid	(5,022,465)	(6,636,829)
Net cash flows (used in) from financing activities	(9,641,557)	17,873,534
Effect of exchange rate changes on cash and cash equivalents	1,229,578	(387,590)
Net increase in cash and cash equivalents	7,662,731	1,836,317
Cash and cash equivalents at beginning of period	34,787,912	32,951,595
Cash and cash equivalents at end of period	\$ 42,450,643	34,787,912

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

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INVENTEC CORPORATION AND SUBSIDIARIES
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(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

The consolidated financial statements of the Company as of and for the year ended December 31, 2022 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the production and sales of computer products and intelligent devices. Please refer to Note (4)(c) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of Significant Accounting Policies

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

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

- (a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

- (b) Basis of preparation

The consolidated entity, Inventec Solar Energy Corporation, resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. The financial statements were prepared on the assumption that the entity was unable to continue as a going concern and did not adopt a going concern accounting basis.

1. Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
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- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note (4)(p).

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests as their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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INVENTEC CORPORATION AND SUBSIDIARIES
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2. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2022	December 31, 2021	
The Company	Inventec Corporation (Hong Kong) Ltd.	Trading	100.00%	100.00%	
"	Inventec Holding (North America) Corp.	Holding Company	100.00%	100.00%	
"	Inventec (Cayman) Corp.	Holding Company	100.00%	100.00%	
"	IEC (Cayman) Corporation	Holding Company	100.00%	100.00%	
"	Inventec (Czech), s.r.o.	Production and sales of computer products	100.00%	100.00%	
"	Inventec Development Japan Corporation	Trading	100.00%	100.00%	
"	Inventec Investments Co., Ltd.	Investment company	100.00%	100.00%	
"	AIMobile Co., Ltd.	Developing, production and sales of intelligent mobile devices	73.00%	73.00%	
"	Inventec Japan Corporation	Trading and management services	100.00%	100.00%	
"	Inventec Appliances Corp.	Intelligent device products	100.00%	100.00%	
"	InveneXt System CO., LTD.	Production and sales of 5G equipment	100.00%	- %	InveneXt System CO., LTD. was established on November 17, 2022
The Company, Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Sales of solar cells and medical equipment	47.65%	47.65%	Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court, who, in turn, will grant the company's request upon its ruling.
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	100.00%	100.00%	
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00%	100.00%	
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Sales of computer products	100.00%	100.00%	
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00%	100.00%	
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00%	100.00%	
"	Inventec (Pudong) Technology Corp.	Production and sales of computer products	100.00%	100.00%	
"	Inventec Hi-Tech Corp.	Sales of computer products	100.00%	100.00%	
"	Inventec (Chongqing) Service Co., Ltd.	"	100.00%	100.00%	
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corp.	Production and sales of computer products	100.00%	100.00%	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Leasing	78.00%	78.00%	
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management	100.00%	100.00%	
Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation	Production and sales of computer products	100.00%	100.00%	
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Services of computer products	100.00%	100.00%	
"	Inventec Manufacturing (North America) Corporation	"	100.00%	100.00%	
"	Inventec Configuration (North America) Corporation	Production and sales of computer products	100.00%	100.00%	
"	Inventec Distribution (North America) Corporation	"	100.00%	100.00%	

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INVENTEC CORPORATION AND SUBSIDIARIES
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(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2022	December 31, 2021	
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	Production and sales of computer products	100.00%	100.00%	
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00%	100.00%	
"	Inventec Appliances (Vietnam) Company Limited	Production and sales of intelligent devices	100.00%	-	% Inventec Appliances (Vietnam) Company Limited was established on September 12, 2022
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00%	100.00%	
"	Inventec Appliances Corporation USA, Inc.	Sales service	100.00%	100.00%	
"	Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	100.00%	100.00%	
"	Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	100.00%	100.00%	
"	Inventec Appliances (Jiangning) Corp.	"	100.00%	100.00%	
"	Inventec Appliances (Nanjing) Corp.	"	100.00%	100.00%	
"	Inventec Appliances (XI'AN) Corporation	House leasing	100.00%	100.00%	
"	Inventec Appliances (Nanchang) Corporation	Development of intelligent devices	100.00%	100.00%	
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Business management	100.00%	100.00%	
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	"	100.00%	100.00%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	100.00%	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	"	100.00%	100.00%	
"	Inventec Easy Doctor Corporation	Production and sales of medical devices	100.00%	100.00%	

3.Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

1.Foreign currency transactions

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

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

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2. Foreign operations

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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(f) Cash and cash equivalents

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

(g) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

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5) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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The Group discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate or a joint venture is reduced, while the entity continues to apply the equity method, the Group reclassifies the proportion of the gain or loss, that had previously been recognized in other comprehensive income relating to that reduction in ownership interest, to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

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

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

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3. Depreciation

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

Land is not depreciated.

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

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

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

(k) Leases

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

1. As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- 4) there is no substantive change in other terms and conditions of the lease.

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

2.As a lessor

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

(l) Intangible assets

1.Recognition and measurement

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

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

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

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

2.Subsequent expenditure

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

3.Amortization

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

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

- | | |
|---------------------------|-----------------|
| 1) Trademark rights | 10 years |
| 2) Computer software cost | 1 years~6 years |

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Provisions

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

1. Warranties

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

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2. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

3. The Group has periodically assessed the obligation of all litigation and claims and relative legal costs based on historical experience. If settling present obligation is probable and the amount can be reasonably estimated, the Group recognizes a provision for legal claims.

(o) Revenue from contracts with customers

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

1. Sale of goods

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

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

2. Consulting services and Management services

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

3. Financing components

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

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(p) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Termination benefits

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

4. Short-term employee benefits

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

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(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors and the employees have made an agreement on the price and number of the new award.

(r) Income taxes

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

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

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

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

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

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

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

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

(s) Earnings per share

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

(t) Operating segments

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

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

(b) The value of an entity's assets without adopting a going concern accounting basis

When the management of the consolidated entity has no intention to continue its operation, it usually disposes of the assets to recover the economic benefit. The entity's assets are assessed and measured based on the recoverable amount; however, the evaluation method involves different assumptions (including orderly transactions, sufficient time to trade, and the expected number of market participants). When the creditors exercise right of claim, the entity's assets are estimated under abnormal market condition as a result of the forced sale or rapid liquidation. The estimated amount will be different from the amount under an orderly transaction with market participants that the entity could collect to sell assets, or need to pay to transfer liabilities, less directly attributable incremental cost of disposing of assets or cash-generating units.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 6,536	6,113
Demand deposits and checking accounts	38,356,241	28,473,081
Time deposits	4,087,866	6,308,718
Cash and cash equivalents in the consolidated statements of cash flows	\$ 42,450,643	34,787,912

Refer to Note (6)(x) for the sensitivity analysis and interest rate risk of the financial assets of the Group.

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(b) Financial instruments

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

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 316,300	28,391
Foreign exchange swap	119,565	163,696
Non-derivative financial assets		
Stocks of listed companies	39,406	67,540
Emerging stock	65,461	114,198
Unquoted financial instruments	543,730	1,831,498
Unsecured convertible bonds	31,340	32,507
Total	\$ 1,115,802	2,237,830

The liquidation of E-TON SOLAR TECH. CO., LTD. on November 24, 2022 resulted in the Group to receive the residual property amounting to \$674,840.

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 30,966	109,891
Foreign exchange swap	261,417	2,242
Total	\$ 292,383	112,133

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

1) Financial assets:

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

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	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 814,000	USD to TWD	2022.01.13~2022.06.17
Forward	USD 235,000	USD to TWD	2022.02.09~2022.03.29

2) Financial liabilities:

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

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 45,000	USD to TWD	2022.03.08~2022.03.14
Forward	USD 624,000	USD to TWD	2022.01.13~2022.06.17

2. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 723,062	1,690,042
Stocks of unlisted companies	3,928,007	4,023,869
Total	\$ 4,651,069	5,713,911

1) Equity investments at fair value through other comprehensive income

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

WK Technology Fund IV Crop. was liquidated on October 29, 2021. The fair value of the residual property received by the Group was \$240, resulting in the Group to realize a loss of \$1373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

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

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

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(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable- non-related parties	\$ 88,292,622	103,793,941
Accounts receivable- related parties	1,285,573	105,810
Less: Loss allowance	(70,992)	(104,130)
	\$ 89,507,203	103,795,621

The Group assessed that some accounts receivable were derived from the collection of contractual cash flows and sales. Therefore, those accounts receivable were measured at fair value through other comprehensive income. As of December 31, 2022 and 2021, the amounts of accounts receivable measured at fair value through other comprehensive income were \$5,107,315 and \$4,004,719, respectively.

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

	December 31, 2022		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance
Current	\$ 86,579,587	0%~0.5%	66,507
1 to 180 days past due	2,997,610	0.04%~10%	4,481
More than 180 days past due	998	0.04%~100%	4
	\$ 89,578,195		70,992

As of February 21, 2023, the amount received in subsequent period by the Group is \$61,936,361.

	December 31, 2021		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance
Current	\$ 102,820,512	0%~0.5%	76,184
1 to 180 days past due	1,053,698	0.04%~10%	2,405
More than 180 days past due	25,541	0.04%~100%	25,541
	\$ 103,899,751		104,130

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 104,130	72,433
Impairment losses recognized (reversed)	(7,369)	33,783
Amounts written off	(26,588)	(424)
Foreign exchange gains (losses)	819	(1,662)
Balance at December 31	\$ 70,992	104,130

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

As of December 31, 2022 and 2021, none of the receivables above are pledged as collateral for loans and borrowings.

As of December 31, 2022 and 2021, the Group sold its accounts receivable without recourse as follows:

(Unit: Foreign currency/TWD in Thousands)

December 31, 2022						
Purchaser	Amount	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
	Derecognized	Unpaid	Paid			
Non-related parties	\$ 37,006,722 USD	483,515 USD	1,205,431	-	4.82%~5.85%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligors' insolvency.
		Note				
December 31, 2021						
Purchaser	Amount	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
	Derecognized	Unpaid	Paid			
Non-related parties	\$ 36,612,816 USD	1,822 USD	1,323,195	-	0.86%~1.38%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligors' insolvency.
		Note				

Note: The amount advanced unpaid of subsidiaries which means that the purchaser has the right to make factoring transactions with the Group based on the amount allocated by the client under factoring agreement.

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(d) Other receivables

	December 31, 2022	December 31, 2021
Other accounts receivable	\$ 1,554,185	884,098

Other receivables consisted of interest receivable and other income.

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials and consumables	\$ 32,288,347	48,722,163
Work in process	10,080,564	5,824,908
Finished goods	7,575,629	6,547,660
Materials and supplies in transit	1,060,246	1,322,625
	\$ 51,004,786	62,417,356

For the years ended December 31, 2022 and 2021, the (write-down) write-up of inventories amounted to \$(619,750) and \$392,358, respectively. Write-down of inventory valuation is due to obsolescence or out of use, which causes the net realizable value of inventory to be lower than the cost and is recognized as operating costs. In addition, when the factor causing the net realized value of inventory to be lower than the cost is disappeared due to obsolescence or disposal, the increase of the net realizable value is recognized as deduction of operating costs. For the years ended December 31, 2022 and 2021, idle capacity loss amounted to \$73,252 and \$137,923, respectively.

As of December 31, 2022 and 2021, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Associates	\$ 443,563	300,127

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1. Associate

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

	December 31, 2022	December 31, 2021
Individually insignificant associates	\$ 443,563	300,127
	For the years ended December 31, 2022	2021
The Group's share of profit (loss) of the associates		
Loss from continuing operations	\$ (9,728)	38,329
Other comprehensive income	7,428	403
Total comprehensive income	\$ (2,300)	38,732

As of December 31, 2022 and 2021, the Group's investments under equity method were not pledged as collateral.

2. Judgment on existence of substantial control over investee

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

(g) Loss of control over subsidiaries

Iveentec Manufacturing (India) Private Limited dismissed on July 7, 2021. It is currently in liquidation process. As a result, The Group lose control over it.

The details of assets and liabilities of the aferesaid subsidiary were as follows:

Cash and cash equipment	\$ 8,309
Notes Receivables	4,984
Other Payables	(196)
Carrying amount of net asset of the former subsidiary	\$ 13,097

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(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Cost or deemed cost:									
Balance at January 1, 2022	\$ 7,784,757	16,578,652	17,891,798	102,302	5,126,195	7,131,447	736,066	3,215,599	58,566,816
Additions	170,564	229,787	1,823,836	6,108	387,287	86,827	1,455	2,186,115	4,891,979
Disposals	-	-	(2,442,840)	(16,016)	(293,977)	(46,536)	(4,962)	-	(2,804,331)
Others	203,235	-	17,581	-	14,574	2,355	(3,124)	(234,338)	283
Effect of movements in exchange rates	7,909	465,527	915,854	2,787	218,478	213,745	56,310	147,848	2,028,458
Balance at December 31, 2022	<u>\$ 8,166,465</u>	<u>17,273,966</u>	<u>18,206,229</u>	<u>95,181</u>	<u>5,452,557</u>	<u>7,387,838</u>	<u>785,745</u>	<u>5,315,224</u>	<u>62,683,205</u>
Balance at January 1, 2021	\$ 7,784,757	17,344,433	20,575,199	103,254	5,179,868	8,803,802	396,393	2,160,724	62,348,430
Additions	-	-	717,913	4,728	364,530	80,575	139,876	1,557,326	2,864,948
Disposals	-	(619,593)	(3,288,960)	(4,755)	(367,927)	(1,814,035)	(30,107)	-	(6,125,377)
Others	-	-	144,022	-	13,900	119,508	249,995	(481,516)	45,909
Effect of movements in exchange rates	-	(146,188)	(256,376)	(925)	(64,176)	(58,403)	(20,091)	(20,935)	(567,094)
Balance at December 31, 2021	<u>\$ 7,784,757</u>	<u>16,578,652</u>	<u>17,891,798</u>	<u>102,302</u>	<u>5,126,195</u>	<u>7,131,447</u>	<u>736,066</u>	<u>3,215,599</u>	<u>58,566,816</u>
Depreciation and impairment losses:									
Balance at January 1, 2022	\$ -	4,498,010	15,411,170	88,359	4,481,792	6,335,348	285,646	-	31,100,325
Depreciation for the period	-	377,571	898,622	8,147	357,392	191,158	55,449	-	1,888,339
Disposals	-	-	(2,403,142)	(16,016)	(288,635)	(45,785)	(4,963)	-	(2,758,541)
Others	-	-	-	-	-	-	620	-	620
Effect of movements in exchange rates	-	130,056	807,599	2,375	71,114	202,797	27,650	-	1,241,591
Balance at December 31, 2022	<u>\$ -</u>	<u>5,005,637</u>	<u>14,714,249</u>	<u>82,865</u>	<u>4,621,663</u>	<u>6,683,518</u>	<u>364,402</u>	<u>-</u>	<u>31,472,334</u>
Balance at January 1, 2021	\$ -	4,460,648	17,798,027	83,005	4,509,777	7,226,057	266,333	-	34,343,847
Depreciation for the period	-	369,522	944,240	10,402	371,511	330,684	51,817	-	2,078,176
Disposals	-	(293,181)	(3,194,065)	(4,495)	(350,395)	(1,564,122)	(23,708)	-	(5,429,966)
Impairment loss	-	-	135,914	129	-	409,832	785	-	546,660
Others	-	-	-	-	2,070	-	-	-	2,070
Effect of movements in exchange rates	-	(38,979)	(272,946)	(682)	(51,171)	(67,103)	(9,581)	-	(440,462)
Balance at December 31, 2021	<u>\$ -</u>	<u>4,498,010</u>	<u>15,411,170</u>	<u>88,359</u>	<u>4,481,792</u>	<u>6,335,348</u>	<u>285,646</u>	<u>-</u>	<u>31,100,325</u>
Carrying amounts:									
Balance at December 31, 2022	<u>\$ 8,166,465</u>	<u>12,268,329</u>	<u>3,491,980</u>	<u>12,316</u>	<u>830,894</u>	<u>704,320</u>	<u>421,343</u>	<u>5,315,224</u>	<u>31,210,871</u>
Balance at January 1, 2021	<u>\$ 7,784,757</u>	<u>12,883,785</u>	<u>2,777,172</u>	<u>20,249</u>	<u>670,091</u>	<u>1,577,745</u>	<u>130,060</u>	<u>2,160,724</u>	<u>28,004,583</u>
Balance at December 31, 2021	<u>\$ 7,784,757</u>	<u>12,080,642</u>	<u>2,480,628</u>	<u>13,943</u>	<u>644,403</u>	<u>796,099</u>	<u>450,420</u>	<u>3,215,599</u>	<u>27,466,491</u>

The subsidiary of the Group, Inventec Solar Energy Corporation, resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court. As of December 31, 2021, the subsidiary's assets are measured in recoverable amounts .

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The recoverable amount is based on a comprehensive analysis, which mainly relied on the cost method supplemented by the market value method and is classified as Level 3 fair value. The adjustment of residual value is analyzed by the utilization rate, physical life, economic life, and technical life of the equipment. In addition, the present value of the equipment is assumed to be reasonable based on the actual condition, availability, and market value of the equipment and considered the original acquisition information and the similar machine in the market.

As of December 31, 2022 and 2021, assets, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(i) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and other equipment. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings	Vehicles	Others	Total
Right-of-use assets cost:					
Balance at January 1, 2022	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Additions	-	196,296	7,038	492	203,826
Reductions	(54)	(518,667)	(6,725)	(101)	(525,547)
Others	-	107	-	-	107
Effect of changes in exchange rates	68,568	86,289	315	172	155,344
Balance at December 31, 2022	\$ 2,479,790	1,233,702	17,101	2,309	3,732,902
Balance at January 1, 2021	\$ 2,501,251	1,372,877	15,351	620	3,890,099
Additions	160	179,107	5,546	1,152	185,965
Reductions	(57,267)	-	(4,350)	-	(61,617)
Effect of changes in exchange rates	(32,868)	(82,307)	(74)	(26)	(115,275)
Balance at December 31, 2021	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Accumulated right-of-use assets depreciation and impairment losses:					
Balance at January 1, 2022	\$ 176,119	550,259	9,851	940	737,169
Depreciation for the year	68,653	208,696	4,982	385	282,716
Reductions	-	(362,232)	(6,725)	(7)	(368,964)
Others	-	(620)	-	-	(620)
Effect of changes in exchange rates	14,371	37,418	234	112	52,135
Balance at December 31, 2022	\$ 259,143	433,521	8,342	1,430	702,436
Balance at January 1, 2021	\$ 115,716	360,840	9,042	610	486,208
Depreciation for the year	67,751	209,752	5,184	350	283,037
Reductions	(2,971)	-	(4,331)	-	(7,302)
Effect of changes in exchange rates	(4,377)	(20,333)	(44)	(20)	(24,774)
Balance at December 31, 2021	\$ 176,119	550,259	9,851	940	737,169
Carrying amounts:					
Balance at December 31, 2022	\$ 2,220,647	800,181	8,759	879	3,030,466
Balance at January 1, 2021	\$ 2,385,535	1,012,037	6,309	10	3,403,891
Balance at December 31, 2021	\$ 2,235,157	919,418	6,622	806	3,162,003

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(j) Intangible assets

	<u>Goodwill</u>	<u>Software cost</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 980,719	1,303,779	2,284,498
Additions	-	196,393	196,393
Disposals	-	(346,625)	(346,625)
Reclassification	-	4,492	4,492
Effect of changes in exchange rates	-	140	140
Balance at December 31, 2022	<u>\$ 980,719</u>	<u>1,158,179</u>	<u>2,138,898</u>
Balance at January 1, 2021	\$ 980,719	1,173,014	2,153,733
Additions	-	250,596	250,596
Disposals	-	(119,804)	(119,804)
Effect of changes in exchange rates	-	(27)	(27)
Balance at December 31, 2021	<u>\$ 980,719</u>	<u>1,303,779</u>	<u>2,284,498</u>
Amortization and impairment losses:			
Balance at January 1, 2022	\$ 172,299	1,144,748	1,317,047
Amortization for the period	-	193,140	193,140
Disposals	-	(346,625)	(346,625)
Effect of changes in exchange rates	-	94	94
Balance at December 31, 2022	<u>\$ 172,299</u>	<u>991,357</u>	<u>1,163,656</u>
Balance at January 1, 2021	\$ 172,299	1,105,633	1,277,932
Amortization for the period	-	158,952	158,952
Disposals	-	(119,804)	(119,804)
Effect of changes in exchange rates	-	(33)	(33)
Balance at December 31, 2021	<u>\$ 172,299</u>	<u>1,144,748</u>	<u>1,317,047</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 808,420</u>	<u>166,822</u>	<u>975,242</u>
Balance at January 1, 2021	<u>\$ 808,420</u>	<u>67,381</u>	<u>875,801</u>
Balance at December 31, 2021	<u>\$ 808,420</u>	<u>159,031</u>	<u>967,451</u>

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The amortization of intangible assets and impairment losses are respectively included in the statements of comprehensive income:

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 1,042	6,649
Operating expenses	192,098	152,303
Total	\$ 193,140	158,952

As of December 31, 2022 and 2021, none of the aforeaid intangible assets were pledged as collateral.

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

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

	December 31, 2022	December 31, 2021
Refundable deposits	\$ 295,154	370,203
Current asset recognized as right to recover products from customers	300,998	145,190
Prepayments to suppliers	75,231	44,445
Restricted assets	1,676,578	695,032
Payments on behalf of others	373,540	456,626
Deferred tax assets	1,993,469	1,659,287
Others	3,556,805	2,511,839
	\$ 8,271,775	5,882,622

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

As of December 31, 2022 and 2021, other assets, which were pledged as collateral, were discussed further in Note (8).

(l) Other current liabilities and other non-current liabilities

The other current liabilities-others and other non-current liabilities of the Group were as follows:

	December 31, 2022	December 31, 2021
Provisions - Current	\$ 2,719,337	3,654,637
Temporary credits	8,125,748	6,120,642
Receipts under custody	3,236,436	2,384,309
Deferred tax liabilities	5,304,733	5,842,187
Others	755,727	534,000
	\$ 20,141,981	18,535,775

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(m) Long-term and short-term borrowings

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

December 31, 2022					
	Interest Rate	Currency	Maturity Date	Amount	
Secured bank loans	1.82%~4.88%	TWD	2031.02.26	\$ 2,450,000	
		CNY	2024.02.14	2,087,351	
Unsecured bank loans	0.57%~6.08%	TWD	2021.11.30~2023.03.08	3,653,770	
		USD	2021.11.30~2025.10.14	50,912,143	
		EUR	2021.11.30	1,535	
		CNY	2023.05.07~2023.11.24	<u>2,393,209</u>	
Total				<u>\$ 61,498,008</u>	
Current				\$ 48,664,657	
Non-current				<u>12,833,351</u>	
Total				<u>\$ 61,498,008</u>	
Unused credit line				<u>\$ 73,159,482</u>	
December 31, 2021					
	Interest Rate	Currency	Maturity Date	Amount	
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 2,750,000	
		CNY	2024.02.14	1,340,708	
Unsecured bank loans	0.35%~6.07%	TWD	2021.11.30~2022.03.31	14,240,682	
		%%	USD	2021.11.30~2022.06.08	45,230,602
		%	EUR	2021.11.30	2,071
		%%	CNY	2022.02.17~2022.03.07	<u>2,169,454</u>
Total				<u>\$ 65,733,517</u>	
Current				\$ 61,942,809	
Non-current				<u>3,790,708</u>	
Total				<u>\$ 65,733,517</u>	
Unused credit line				<u>\$ 53,788,358</u>	

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1. Please refer to Note (8) for details of the related assets pledged as collateral. Part of bank loans were pledged by machine as secondary collateral as of December 31, 2021.

2. Important borrowing restrictions

The Company entered into syndicated credit agreement with a number of financial institutions. Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2022 and 2021, the Company was in compliance with the above financial covenants.

3. Others

Due to insolvency, Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court. When the court grants the bankruptcy ruling, Inventec Solar Energy Corporation will start the legal procedures of bankruptcy. As of December 31, 2021 and June 30, 2021, after the bank allocated the remaining balance offset by the related expenses, interests, and principles, Inventec Solar Energy Corporation recognized the borrowing as short-term and long-term loans within a year or a business cycle since the company borrowings have defaulted.

Inventec Solar Energy Corporation, resolved at its Board meeting on April 8, 2022, to sign the statement of settlement with seven creditor banks on April 11, 2022, and to sign an amendment agreement on April 13, 2022. Inventec Solar Energy Corporation borrowed money from a third party to pay for settlement to seven creditor banks. Furthermore, the creditor banks agreed to forgive the debts, and to waive all rights to the income of Inventec Solar Energy Corporation based on the credit contracts. The creditor banks have withdrawn the legal proceedings against Inventec Solar Energy Corporation and returned all the promissory notes issued under the credit contracts. However, since the conditions for derecognizing financial liabilities and recognizing the benefits of debt settlement have not yet been fully met, a balance of \$1,109,367 is still accounted as short-term borrowings and current portion of long-term borrowings.

(n) Lease liabilities

The Group lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	\$ 210,376	182,996
Non-current	\$ 542,865	693,497

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

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interests on lease liabilities	\$ 23,934	26,038
Variable lease payments not included in the measurement of lease liabilities	\$ 37,835	39,988
Expenses relating to short-term leases	\$ 51,493	12,943
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 45,739	20,402
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	\$ -	1,029

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

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 356,328	309,191

1. Real estate leases

The Group leases land and buildings for its office space and plants. The leases of office space typically run for 2 to 13 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

2. Other leases

The Group leases vehicles and other equipment, with lease terms of two to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

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

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(o) Operating Leases

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

	December 31, 2022	December 31, 2021
Less than one year	\$ 116,142	191,230
One to two years	7,681	99,428
Two to three years	3,232	40,872
Three to four years	1,417	37,037
Four to five years	591	9,118
More than five years	-	269
Total undiscounted lease payments	<u>\$ 129,063</u>	<u>377,954</u>

The rental revenues incurred by leasing plants were \$228,862 and \$244,350 for the years ended December 31, 2022 and 2021, respectively.

(p) Employee benefits

1. Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 1,638,506	1,721,329
Fair value of plan assets	(1,339,731)	(1,235,817)
Net defined benefit liabilities	<u>\$ 298,775</u>	<u>485,512</u>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement. As of December 31, 2022 and 2021, the defined benefit plans amounted to \$179,419 and \$104,407, respectively, which were accounted as other current assets.

1) Composition of plan assets

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

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The Group's pension reserve account in Bank of Taiwan amounted to \$1,339,731 at the end of December 31, 2022. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group on 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ 1,721,328	1,768,018
Current service costs and interest cost	21,928	21,191
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demographic assumption	-	43,068
— Experience adjustments arising on the actuarial gain or loss	15,851	(26,660)
— Actuarial loss (gain) arising from changes in financial assumptions	(33,149)	(20,091)
Benefits paid by the plan assets	(87,074)	(64,198)
Contributions paid by the employer	(378)	-
Defined benefit obligation at December 31	<u>\$ 1,638,506</u>	<u>1,721,328</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group on 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 1,235,817	1,192,773
Interest income	7,996	6,164
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	95,756	15,165
Contributions made	87,236	85,913
Benefits paid by the plan assets	(87,074)	(64,198)
Fair value of plan assets at December 31	<u>\$ 1,339,731</u>	<u>1,235,817</u>

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group on 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 11,170	12,368
Net interest of net liabilities for defined benefit obligations	2,762	2,659
	\$ 13,932	15,027
Operating cost	\$ 1,270	1,426
Selling expenses	1,699	1,767
Administration expenses	3,445	3,788
Research and development expenses	7,518	8,046
	\$ 13,932	15,027

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

Present Value of defined benefit obligations:

	December 31, 2022	December 31, 2021
Discount rate	1.25%~1.38%	0.63%%
Future salary increases rate	2.00%~2.25%	1.63%~2.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date was \$90,310.

The weighted-average duration of the defined benefit obligation is 7.7~10.8 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2022 and 2021 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(36,267)	37,512
Future salary increasing rate	36,525	(35,495)

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	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(40,012)	41,453
Future salary increasing rate	40,269	(39,074)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

2. Defined contribution plans

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

The pension costs incurred from the contributions to the to the Bureau of the Labour Insurance amounted to \$267,556 and \$256,266 for the years ended December 31, 2022 and 2021, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$884,552 and \$828,669 for the years ended December 31, 2022 and 2021, respectively.

(q) Income taxes

1. The components of income tax expense (gain) for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current tax expenses		
Current period	\$ 1,833,533	905,068
Other	-	208,859
Adjustment for prior periods	(16,308)	(385,611)
	1,817,225	728,316
Deferred tax expense		
Origination and reversal of temporary differences	(1,000,082)	926,616
Change in unrecognized deductible temporary differences	297,883	97,159
	(702,199)	1,023,775
Income tax expense from continuing operations	\$ 1,115,026	1,752,091

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The amounts of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (22,611)	(3,769)

Reconciliations between profit before tax and income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
profit before tax	\$ 7,177,035	7,699,184
Income tax using the Company' s domestic tax rate	\$ 1,033,901	2,217,919
Permanent differences	(38,911)	(274,830)
Tax-exempt income	-	(10,635)
Tax incentives	(409,689)	(152,900)
Current-year losses for which no deferred tax asset was recognized	642,867	82,357
Changes in unrecognized temporary differences	(20,672)	95,792
Over provision in prior periods	(16,308)	(385,611)
Under provision of temporary differences	(6,859)	(16,472)
Others	-	281,906
Effect of loss carry forward	(69,303)	(85,435)
Income tax expense	\$ 1,115,026	1,752,091

The overestimate in the prior periods was the estimated difference between the approved amounts by the Tax Authority and the declared amounts.

2. Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Assets

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

	December 31,	December 31,
	2022	2021
Tax effect of deductible Temporary Differences	\$ 1,333,050	1,423,064
The carryforward of unused tax losses	1,496,408	1,100,822
	\$ 2,829,458	2,523,886

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The carryforward of unused tax credits were determined in accordance with the rules established by each taxation authorities, and can be applied to offset against profit and income tax in the future respectively. The deferred tax assets have not been recognized in respect of the aforementioned items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Subsidiaries located in China, where the income tax rate is 25%, in accordance with the rules for the implementation of the Income Tax Law of the People's Republic of China for enterprises with Foreign Investment and Foreign Enterprises, was entitled to the preferential treatment for advanced technology industries with respect to reduction of or exemption from income tax. Under such tax law, commencing with the first profit-making year is exempted from income tax in the first and second profitable year and is entitled to a 50% reduction from the third to fifth year.

The Group invested in the companies which were incorporated in the Cayman Islands. The earnings of these entities are not taxable by the local government in their respective jurisdictions. Other foreign subsidiaries are taxed in accordance with the Income Tax Law of their respective jurisdiction.

As of December 31, 2022 and 2021, the Group estimated that the part of the temporary differences have slight chance to realize in the visible future, so they were not recognized as deferred tax assets.

Each company is taxed in accordance with the income tax law of their respective jurisdiction. Unused operating loss carry-forwards can be applied to offset against profit in the future after being examined by the Tax Authority. As of December 31, 2022, the company that have loss carry forwards which can be used to offset profit were as follow. Among the taxable losses, \$0 were recognized as deferred tax assets.

As of December 31, 2022, the Group did not recognized its prior years' loss carry-forwards as deferred tax assets, whose expiry years were as follows:

	Unused loss	Expiry year
The carryforward of unused losses	\$ 4,501,983	2023~2032

Due to the unstable economic environment recovery, the realizability of tax assets of the tax losses, which amounted to \$4,501,983, is doubtful. Therefore, the Group has recognized the partial tax losses as deferred tax assets. If the sales grow continuously, the Group would recognize the aforementioned tax losses in the future and generate the additional tax benefits.

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2) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	<u>Gain (loss) on investment</u>	<u>Other</u>	<u>Total</u>	
Deferred Tax Liabilities:				
Balance at January 1, 2022	\$ 5,759,694	82,493	5,842,187	
Recognized in profit or loss	(481,133)	(56,321)	(537,454)	
Balance at December 31, 2022	<u>\$ 5,278,561</u>	<u>26,172</u>	<u>5,304,733</u>	
Balance at January 1, 2021	\$ 4,886,835	29,863	4,916,698	
Recognized in profit or loss	872,859	52,630	925,489	
Balance at December 31, 2021	<u>\$ 5,759,694</u>	<u>82,493</u>	<u>5,842,187</u>	
	<u>Warranty expense</u>	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2022	\$ 922,224	61,010	676,053	1,659,287
Recognized in profit or loss	190,641	(4,133)	(21,763)	164,745
Recognized in other comprehensive income	-	(22,611)	-	(22,611)
Effect of movements in exchange rate	-	-	192,048	192,048
Balance at December 31, 2022	<u>\$ 1,112,865</u>	<u>34,266</u>	<u>846,338</u>	<u>1,993,469</u>
Balance at January 1, 2021	\$ 896,514	74,819	796,193	1,767,526
Recognized in profit or loss	25,710	(10,040)	(113,956)	(98,286)
Recognized in other comprehensive income	-	(3,769)	-	(3,769)
Effect of movements in exchange rate	-	-	(6,184)	(6,184)
Balance at December 31, 2021	<u>\$ 922,224</u>	<u>61,010</u>	<u>676,053</u>	<u>1,659,287</u>

3. Income Tax approval

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

4. Profit-seeking enterprise income tax administrative remedies

The Group adopted the transfer pricing method on income tax declaration from year 2014 to 2016. As the calculation had a conflict with the opinion of the tax authority, the Group applied for administrative relief after paying the approved additional tax. The administrative appeal and litigation procedures are in progress.

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(r) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The balances of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	\$ 2,891,959	2,891,959
Other	7,968	7,633
	\$ 2,899,927	2,899,592

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

2. Retained earnings

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

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1) Legal reserve

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

2) Special reserve

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

3) Earnings Distribution

On March 15, 2022, and on March 30, 2021, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2021 and 2020. These earnings were appropriated for distribution as follows:

	2021		2020	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.40	5,022,465	1.85	6,636,829

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

On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings as follows:

	2022	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 1.50	5,381,213

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3. Other equity (net of taxes) and non-controlling interests

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests
Balance at January 1, 2022	\$ (3,036,968)	322,370	(686,610)
Exchange differences on foreign operations	2,525,431	-	5,459
Exchange differences on subsidiaries accounted for using equity method	4,821	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,263,059)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(384)	-
Profit attributable to non-controlling interest	-	-	(66,777)
Others	-	-	124
Balance at December 31, 2022	<u>\$ (506,716)</u>	<u>(941,073)</u>	<u>(747,804)</u>
Balance at January 1, 2021	\$ (2,467,365)	565,440	(93,916)
Exchange differences on foreign operations	(572,517)	-	(2,136)
Exchange differences on subsidiaries accounted for using equity method	2,914	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(242,078)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(2,365)	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373	-
Profit attributable to non-controlling interest	-	-	(590,672)
Others	-	-	114
Balance at December 31, 2021	<u>\$ (3,036,968)</u>	<u>322,370</u>	<u>(686,610)</u>

(s) Share-Based payments

1. AIMobile Co. Ltd

As of December 31, 2022, share-based payments of AIMobile Co. Ltd are as follows:

	Equity transaction
	Employee Stock
	Option Plan
Grant date	March 25, 2019
Number of shares granted	1,605 thousand units
Contractual life	5 year
Grant target	Employees of AIMobile Co. Ltd
Vesting conditions	Subsequent 2~4 years service

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1) Determining the fair value of equity instruments granted

AIMobile Co. Ltd adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	2022
	Employee Stock Option Plan
Fair value at grant date	2.28 / 2.77 / 3.29
Share price at grant date	10.4
Exercise price	10
Expected volatility(%)	30.971% / 34.193% / 36.901%
Expected life of the option (year)	2.60 / 3.30 / 4.15
Expected dividend yield rate	-%
Risk free interest rate (%)	0.574% / 0.597% / 0.621%

AIMobile Co. Ltd use the historical volatility as base to estimate the expected volatility; the duration of stock options is in accordance with the regulations. The expected dividends were set at 0, and the risk free rate was set considering the rate of the short term government bonds. The definition of fair value did not cover the service fee of the trade or the non-market achievement conditions.

2) Expenses and liabilities resulted from share-based payments

As of December 31, 2022 and 2021, expense and liability resulted from share-based payments are accounted as follow:

	2022	2021
Expenses resulting from granted employee stock option	\$ 459	422

(t) Earnings per share

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

	For the years ended December 31	
	2022	2021
Basic earnings per share:		
Profit attributable to ordinary shareholders	\$ 6,128,786	6,537,765
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Basic earnings per share (NT dollars)	\$ 1.71	1.82

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	For the years ended December 31	
	2022	2021
Diluted earnings per share:		
Profit attributable to ordinary shareholders (diluted)	\$ 6,128,786	6,537,765
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	26,851	28,459
Weighted average number of ordinary shares (diluted)	3,614,326	3,615,934
Diluted earnings per share (NT dollars)	\$ 1.70	1.81

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31, 2022		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 46,893,743	230,311	47,124,054
USA	397,673,128	613,415	398,286,543
Japan	4,185,300	396,040	4,581,340
Hong Kong, Macao and Mainland China	60,169,499	250,018	60,419,517
Other countries	31,247,840	91,556	31,339,396
	\$ 540,169,510	1,581,340	541,750,850
Major products			
Computer products	\$ 539,471,893	-	539,471,893
Services	697,617	34,134	731,751
Others	-	1,547,206	1,547,206
	\$ 540,169,510	1,581,340	541,750,850

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	For the years ended December 31, 2021		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 51,345,535	168,911	51,514,446
USA	355,405,434	119,353	355,524,787
Japan	4,068,317	251,306	4,319,623
Hong Kong, Macao and Mainland China	64,341,183	54,601	64,395,784
Other countries	43,975,213	2,195	43,977,408
	\$ 519,135,682	596,366	519,732,048

Major products			
Computer products	\$ 518,381,401	-	518,381,401
Services	754,281	21,027	775,308
Others	-	575,339	575,339
	\$ 519,135,682	596,366	519,732,048

2. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and Accounts receivable (included related parties)	\$ 89,578,195	103,899,751	91,883,742
Less: Loss allowance	(70,992)	(104,130)	(72,433)
Total	\$ 89,507,203	103,795,621	91,811,309
Contract liabilities	\$ 12,596,823	7,562,873	7,828,232

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021 were \$3,705,906 and \$3,118,347, respectively.

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

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(v) Remunerations of employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration.

If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the Board of Directors.

The remuneration of employees amounted to \$516,364 and \$558,931 and the remuneration of directors amounted to \$68,342 and \$83,422 for the years ended December 31, 2022 and 2021, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2022 and 2021. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2022 and 2021 and the amounts stated in the individual reports.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,764,316	1,075,960

2. Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	2021
Rent income	\$ 228,862	244,350
Dividend income	34,266	133,902
	\$ 263,128	378,252

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3. Other gains and losses

The details of other income and losses were as follows:

	For the years ended December 31	
	2022	2021
Foreign exchange gains (losses)	\$ 667,898	(351,570)
Gains (losses) on disposal of investments	186	(47,269)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	206,276	1,032,208
Gains on disposal of property, plant and equipment	25,430	1,458,999
Impairment losses on property, plant and equipment	-	(546,660)
Other impairment losses	-	(4,043)
Others	626,041	678,781
	\$ 1,525,831	2,220,446

4. Finance costs

The details of finance expenses were as follows:

	For the years ended December 31	
	2022	2021
Interest expenses		
Bank borrowings	\$ 1,920,834	455,843
Others	1,114,754	282,594
	\$ 3,035,588	738,437

(x) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

2) Concentration of credit risk

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

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

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

As of December 31, 2022 and 2021, 55% and 60% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

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

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,537,351	4,839,709	223,040	222,032	2,439,707	976,911	978,019
Unsecured bank loans	56,960,657	58,536,045	44,750,412	4,357,165	471,946	8,956,522	-
Accounts payable	64,404,174	64,404,174	64,404,174	-	-	-	-
Other payables	12,014,945	12,014,945	12,014,945	-	-	-	-
Lease liabilities	753,241	807,646	115,172	115,760	232,446	226,926	117,342
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	30,966	(3,976,530)	(3,976,530)	-	-	-	-
Inflow	-	3,945,564	3,945,564	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	261,417	(10,565,140)	(10,565,140)	-	-	-	-
Inflow	-	10,303,723	10,303,723	-	-	-	-
	\$ 138,962,751	140,310,136	121,215,360	4,694,957	3,144,099	10,160,359	1,095,361
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,090,708	4,393,692	201,243	199,555	398,544	2,312,741	1,281,609
Unsecured bank loans	61,642,809	61,728,151	61,728,151	-	-	-	-
Accounts payable	84,907,477	84,907,477	84,907,477	-	-	-	-
Other payables	10,524,706	10,524,706	10,524,706	-	-	-	-
Lease liabilities	876,493	955,665	103,414	101,797	187,361	375,356	187,737
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	\$ 162,154,326	162,397,558	157,352,858	301,352	585,905	2,688,097	1,469,346

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

3. Currency risks

1) Exposure to currency risks

The Group's significant exposure to foreign currency risks from its foreign currency denominated financial assets and liabilities was as follows:

		December 31, 2022		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,645,393	USD : TWD 30.70	173,313,565
		312,280	USD : CNY 6.96	9,586,996
		12,544	USD : CZK 22.62	385,101
CNY		5,039,190	CNY : USD 0.14	22,212,750
<u>Non-monetary items</u>				
USD		173,135	USD : TWD 30.70	5,315,234
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		4,934,576	USD : TWD 30.70	151,491,483
		197,792	USD : CNY 6.96	6,072,214
		18,797	USD : CZK 22.62	577,068
CNY		1,034,074	CNY : USD 0.14	4,558,198
		December 31, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,675,602	USD : TWD 27.67	184,713,907
		549,375	USD : CNY 6.38	15,201,206
		119,462	USD : CZK 21.94	3,305,514
CNY		1,192,315	CNY : USD 0.16	5,174,528
JPY		5,855	JPY : TWD 0.24	1,396
<u>Non-monetary items</u>				
USD		68,148	USD : TWD 27.67	1,885,659

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	December 31, 2021			
	Foreign currency (In thousand)	Exchange rate		TWD
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	5,699,357	USD : TWD	27.67	157,701,208
	1,158,418	USD : CNY	6.38	32,053,426
	132,624	USD : CZK	21.94	3,669,706
CNY	735,012	CNY : USD	0.16	3,189,879

2) Sensitivity analysis

The Group's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.25% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2022 and 2021 would have increased or decreased the net profit after tax by \$158,504 and \$53,011, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss), including realized and unrealized, amounted to \$667,898 and (\$351,570), respectively.

4. Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, the Group's net income would have decreased or increased by \$119,980 and \$129,406 for nine months ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

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5. Fair value of financial instruments

1) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 435,865	-	435,865	-	435,865
Non-derivative financial assets mandatorily measured at fair value through profit or loss	679,937	104,867	-	575,070	679,937
Subtotal	1,115,802	104,867	435,865	575,070	1,115,802
Financial assets at fair value through other comprehensive income					
Accounts receivable	5,107,315	-	-	-	-
Stocks of listed companies	723,062	685,373	37,689	-	723,062
Unquoted equity instruments	3,928,007	-	-	3,928,007	3,928,007
Subtotal	9,758,384	685,373	37,689	3,928,007	4,651,069
Financial assets measured at amortized cost					
Cash and cash equivalents	42,450,643	-	-	-	-
Accounts receivable and other receivables	85,954,073	-	-	-	-
Subtotal	128,404,716	-	-	-	-
Total	\$ 139,278,902	790,240	473,554	4,503,077	5,766,871

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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 292,383	-	292,383	-	292,383
Financial liabilities measured at amortized cost					
Bank loans	61,498,008	-	-	-	-
Accounts payable	64,404,174	-	-	-	-
Other payables	12,014,945	-	-	-	-
Lease liabilities	753,241	-	-	-	-
Subtotal	138,670,368	-	-	-	-
Total	\$ 138,962,751	-	292,383	-	292,383
	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 192,087	-	192,087	-	192,087
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,045,743	181,738	-	1,864,005	2,045,743
Subtotal	2,237,830	181,738	192,087	1,864,005	2,237,830
Financial assets at fair value through other comprehensive income					
Accounts receivable	4,004,719	-	-	-	-
Stocks of listed companies	1,690,042	1,689,197	845	-	1,690,042
Unquoted equity instruments	4,023,869	-	-	4,023,869	4,023,869
Subtotal	9,718,630	1,689,197	845	4,023,869	5,713,911
Financial assets measured at amortized cost					
Cash and cash equivalents	34,787,912	-	-	-	-
Accounts receivable and other receivables	100,675,000	-	-	-	-
Subtotal	135,462,912	-	-	-	-
Total	\$ 147,419,372	1,870,935	192,932	5,887,874	7,951,741

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 112,133	-	112,133	-	112,133
Financial liabilities measured at amortized cost					
Bank loans	65,733,517	-	-	-	-
Accounts payable	84,907,477	-	-	-	-
Other payables	10,524,706	-	-	-	-
Lease liabilities	876,493	-	-	-	-
Subtotal	162,042,193	-	-	-	-
Total	\$ 162,154,326	-	112,133	-	112,133

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

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

(2.1) Non-derivative financial instruments

- A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.
- B. The fair value of private equity is based on standard terms and quoted market prices.
- C. The fair value of unquoted equity instruments was estimated using the market comparable price or net asset value method. The assumption of market comparable price method was based on a comparison between the market prices of each listed company, multiplied by using the estimated price. The discount effect is adjusted due to lack of market liquidity in equity securities.
- D. The fair value of unquoted instruments was estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the investee on the measurement day.

(2.2) Derivative financial instruments

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

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3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2022 and 2021.

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

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2022	\$ 1,864,005	4,023,869
Total gains and losses recognized in		
Profit or loss	(159,883)	-
Other comprehensive income	-	(296,079)
Purchase	582,018	311,208
Disposals	(1,045,716)	(44,310)
Proceeds from liquidation	(674,840)	-
Transfers out of Level 3	-	(70,010)
Effect of movements in exchange rates	9,486	3,329
Balance as of December 31, 2022	<u>\$ 575,070</u>	<u>3,928,007</u>
Balance as of January 1, 2021	\$ 1,064,970	3,567,207
Total gains and losses recognized in		
Profit or loss	70,628	-
Other comprehensive income	-	(289,028)
Remeasured	833,425	752,249
Disposals	(103,824)	(240)
Proceeds from capital reduction	-	(4,838)
Balance as of December 31, 2021	<u>\$ 1,865,199</u>	<u>4,025,350</u>

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The aforementioned total gains and losses was recognized in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income”. The detailed of the assets which the Group still held as of December 31, 2022 and 2021, were as follow:

	For the years ended December 31,	
	2022	2021
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ (217,785)	69,411
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(296,079)	(289,023)

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

The Group uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets. Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through profit or loss – financial instruments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Discounted Rate (2.80%~3.40% on December 31, 2022 and 2.40%~3.60% on December 31, 2021) 	<ul style="list-style-type: none"> • The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss – equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • Not applicable
Financial assets at fair value through profit or loss – equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (0.98~2.04) • Discount due to Lack of Market liquidity (30%~50%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (0.57~3.02) • Discount due to Lack of Market liquidity (30%~50%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • Not applicable

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

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

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2022						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 3,432	(3,432)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	19,569	(19,569)
December 31, 2021						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 6,674	(6,674)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	20,087	(20,087)

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

6. Offsetting financial assets and financial liabilities

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

The Group also performs transactions not compliance with offsetting term of statement, but the Group has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

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

December 31, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 295,730,880	295,149,472	581,408	-	-	581,408
Derivative financial instruments	410,110	-	410,110	-	-	410,110
Accounts receivable and payable	5,037,453	3,854,667	1,182,786	-	-	1,182,786
Total	\$ 301,178,443	299,004,139	2,174,304	-	-	2,174,304

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

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 391,122,834	390,805,219	317,615	-	-	317,615
Derivative financial instruments	103,916	-	103,916	-	-	103,916
Total	\$ 391,226,750	390,805,219	421,531	-	-	421,531

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	December 31, 2021					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 109,968	-	109,968	-	-	109,968

Note: Master netting arrangements are included.

(y) Financial risk management

1. Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

2. Risk management framework

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

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

3. Credit risk

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

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4. Liquidity risk

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

The Group use actual cost to estimate the cost of its products and services to better assist the Group's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2022, the capital and working funds of the Group are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2022 and 2021, the Group's unused credit line were amounted to \$73,159,482 and \$53,788,358, respectively.

5. Market risk

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

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD), Czech Koruna (CZK), Japanese Yen (JPY) and China Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, JPY and CNY.

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

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

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

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2) Interest rate risk

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

(z) Capital Management

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

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

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

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

	December 31, 2022	December 31, 2021
Total Liabilities	\$ 175,409,351	191,217,328
Less: cash and cash equivalents	(42,450,643)	(34,787,912)
Net debt	\$ 132,958,708	156,429,416
Total Equity	\$ 58,806,254	56,398,094
Adjusted Capital	\$ 58,806,254	56,398,094
Debt to capital ratio	226.10%	277.37%

According to the Company's management, there were no changes in the Group's approach to capital management as of December 31, 2022.

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(aa) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended December 31, 2022 and 2021, were as follows:

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

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

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 3,790,708	2,728,893	6,617,500	(303,750)	12,833,351
Short-term borrowings (including current portion of long-term borrowings)	61,942,809	(7,873,816)	(6,617,500)	1,213,164	48,664,657
Lease liabilities (Note)	876,493	(197,327)	24,564	49,511	753,241
Total liabilities from financing activities	\$ 66,610,010	(5,342,250)	24,564	958,925	62,251,249

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,990,825	2,043,430	(7,217,500)	(26,047)	3,790,708
Short-term borrowings (including current portion of long-term borrowings)	32,221,499	22,864,212	7,217,500	(360,402)	61,942,809
Lease liabilities (Note)	964,514	(209,820)	185,965	(64,166)	876,493
Total liabilities from financing activities	\$ 42,176,838	24,697,822	185,965	(450,615)	66,610,010

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

(7) Related Parties Transactions

(a) Names and relationships with the Group

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Names of related party</u>	<u>Relationships with the Group</u>
Inventec Besta Co., Ltd.	Associates
Besta Digital Technology Co., Ltd.	Subsidiary of associates
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of associates
Good Future Biomedical Technology Corp.	Associates
Yingtengda (Guangdong) Technology Co., Ltd.	Associates
Gainia Intellectual Asset Services, Inc.	Associates
Intentech HongKong Technology Limit	Subsidiary of associates
Testron Technology (JiangSu) Co., Ltd.	Associates
E-TON Solar Tech. Co., Ltd.	Substantive related party (Note 1)

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<u>Names of related party</u>	<u>Relationships with the Group</u>
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Kou-I Yeh	Director of the Board of the Company
Ching-Sung Chang	Director of the Board of the Company
Shih-Chih Wen	Director of the Board of the Company
Tom-Hwar Cho	Chairman of the Company
Chiung-Nan Yang	Spouse of a director of the Company
Yu-Jung Wen, Yu-Chin Wen	Children of a director of the Company
Dai-Shui He	Key management personnel of the Group

Note 1: E-TON Solar Tech. Co., Ltd. has completed its liquidation on November 24, 2022.

Note 2: Inventec Manufacturing (India) Private Limited, the Group's subsidiary, has ceased operating since July 7, 2021 and is currently in the process of liquidation, resulting in the Group to lose control over it.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 1,600,318	486,965
Other related parties	107	1,546
	<u>\$ 1,600,425</u>	<u>488,511</u>

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of 30~90 days for sales. Receivables from related parties were not secured with collaterals, and did not require provisions for impairment.

2. Purchase

The amounts of significant purchase transactions between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	<u>\$ 294</u>	<u>811</u>

There is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling price agreed by both sides. The payment term is 30~75 days.

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3. Receivable from related parties

The amounts of accounts receivable between the Group and related parties were as follows:

<u>Account</u>	<u>Relationship Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Associates	\$ 1,285,573	105,810
Other receivables	Associates	22	2,471
		<u>\$ 1,285,595</u>	<u>108,281</u>

4. Payable to related parties

The amounts of accounts payables between the Group and related parties were as follows:

<u>Account</u>	<u>Relationship Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Associates	\$ 292	-
Other payables	Associates	83,975	2,816
"	Other related parties	914,682	300,000
		<u>\$ 998,949</u>	<u>302,816</u>

As of December 31, 2022 and 2021, the Group borrowed the amount of \$914,682 and \$300,000 from the shareholder, which were accounted as other payables. The borrowing interest rate was 1.06%~1.50%.

5. Property transactions

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

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 147,428	10,390
E-TON Solar Tech. Co., Ltd.	308,880	-
Other related parties	88,126	-
	<u>\$ 544,434</u>	<u>10,390</u>

2) In 1999, the Group sold property, deferred assets, assets stated under expense, and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2022 and 2021, the unrealized other revenues are both \$1,211.

3) Disposal of property, plant, equipment, intangible assets and other assets

For the year ended December 31, 2022, the Group sold its other assets to Inventec Besta Co., LTD. with a total price and gain on disposal amounted to \$1,060 thousand.

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6. Others

1) Rental and other revenue collected from related parties were as follows:

	For the years ended December 31	
	2022	2021
Associates	\$ 2,865	6,003
Other related parties	13,254	-
	\$ 16,119	6,003

2) Donations to other related parties were as follows:

	For the years ended December 31	
	2022	2021
Other related parties	\$ 10,000	10,000
	\$ 10,000	10,000

3) Payments for fixture expenses, system development expenses, maintenance expenses and service expenses to associates were as follows:

	For the years ended December 31	
	2022	2021
Associates	\$ 64,625	3,125
	\$ 64,625	3,125

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 537,330	444,314
Post-employment benefit	7,486	7,218
	\$ 544,816	451,532

(8) Assets Pledged as Security

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

Assets pledged as security	Liabilities secured by pledge	December 31, 2022	December 31, 2021
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 295,154	370,203
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	1,676,578	695,032
Land, buildings and constructions (Property, plant and equipment, and right-of-use assets)	Current portion long-term borrowings, long-term borrowings and other payables	8,813,003	8,945,371
Total		\$ 10,784,735	10,010,606

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(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Promissory notes issued for bank credit, forward contracts, secured deposits for executing technology agreements with the government and property deposits were as follows:

	December 31, 2022	December 31, 2021
TWD	\$ 18,201,232	22,120,465
USD (in thousands)	1,827,400	1,813,400

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By function	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	8,199,305	9,564,801	17,764,106	8,162,075	8,934,465	17,096,540
Labor and health insurance	768,571	837,885	1,606,456	760,960	786,195	1,547,155
Pension	621,752	544,288	1,166,040	599,946	500,016	1,099,962
Others	653,762	334,867	988,629	541,914	308,288	850,202
Depreciation	1,375,877	795,178	2,171,055	1,544,474	816,739	2,361,213
Amortization	239,297	491,016	730,313	192,549	709,059	901,608

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XTAN) Corporation	Other receivables	Y	101,936	39,672	17,632	3.045%	2	-	Working Capital	-	None	-	395,544	395,544
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	267,180	132,240	132,240	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	942,480	925,680	-		2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,449,450	1,381,500	1,379,790	1.60%	2	-	"	-	"	-	1,522,664	3,045,327
4	Inventec Appliances (Jiangning) Corp. (Note 2)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,191,770	1,135,900	-		2	-	"	-	"	-	3,555,823	3,555,823
5	Inventec (Pudong) Corp.(Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,028,040	1,586,880	1,410,560	5.175%	2	-	"	-	"	-	1,727,450	1,727,450

Note 1: Purpose of fund financing for the borrower:

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

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

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

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

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

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

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2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V	2	29,777,029	322,100	307,000	-	-	0.52%	29,777,029	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	29,777,029	16,105	15,350	-	-	0.03%	29,777,029	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,806,659	2,801,018	2,785,484	924,155	-	36.59%	3,806,659	Y	N	N

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

1. The Company has business relationship.
2. Subsidiaries in which the Company holds more than 50 percent of its voting power.
3. A investee in which the Company and subsidiary holds more than 50 percent of its voting shares.
4. Subsidiaries in which the Company holds more than 90 percent of its voting power.
5. Companies in accordance with contractual provisions established by mutual applicants or in need of project.
6. Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
7. The performance of pre-sale house sales contract between intra-industry companies is in accordance with the Consumer Protection Law required joint guarantees.

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

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

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

3. Securities held at the reporting date (excluding investment subsidiaries, associates and joint ventures) :

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	554,557	0.96%	554,557	0.96%	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	22,199	0.05%	22,199	0.05%	
"	Arima Communications Corp.	-	"	7,390	37,689	10.15%	37,689	10.15%	
"	Tomorrow Studio Co., Ltd	-	"	29	94	0.15%	94	0.15%	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Tai Yi Precision Corporation	-	Non-current financial assets at fair value through other comprehensive income	2,540	-	6.67%	-	6.67%	
"	New E Materials Co., Ltd.	-	"	1,760	8,078	16.00%	8,078	16.00%	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	291,600	13.76%	291,600	15.00%	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20%	-	6.20%	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	26,852	3.72%	26,852	3.72%	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	35,395	2.16%	35,395	2.16%	
"	QEEEXO, Co. preferred stock	-	"	568	30,606	3.08%	30,606	3.08%	
"	Rescale, Inc. preferred stock	-	"	355	6,946	1.16%	6,946	1.16%	
"	Sensel, Inc. preferred stock	-	"	532	14,123	2.58%	14,123	2.93%	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43%	-	1.44%	
"	Atayalan, Inc. preferred stock	-	"	1,553	4,569	3.70%	4,569	3.70%	
"	ZT Group Int'l, Inc.	-	"	-	2,138,373	10.00%	2,138,373	10.00%	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	10,557	- %	10,557	- %	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	11,722	6.71%	11,722	6.75%	
"	Entire Technology Co., Ltd.	-	"	3,260	65,461	4.13%	65,461	4.13%	
"	Imedtac Co., Ltd.	-	"	1,200	40,431	8.43%	40,431	8.43%	
"	TMY Technology Inc.	-	"	2,857	12,538	8.00%	12,538	8.00%	
"	Enflex Corporation	-	"	750	2,470	0.92%	2,470	0.92%	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,194,630	13.17%	1,194,630	13.17%	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,820	0.66%	2,820	0.66%	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	85,341	0.66%	85,341	0.66%	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	71,652	2.96%	71,652	2.96%	
Inventec Hi-Tech Corp.	SCSB Winners Yijing Ling Financial Product	-	Current financial assets at fair value through profit or loss	-	220,400	- %	220,400	- %	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	21,832	- %	21,832	- %	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	31,772	- %	31,772	- %	
Inventec Electronics (Tianjin) Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	42,255	%	42,255	%	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	43,844	- %	43,844	- %	
"	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	44,814	- %	44,814	- %	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	14,149	16.00%	14,149	16.00%	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	39,406	0.12%	39,406	0.12%	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	15,086	5.00%	15,086	5.00%	
"	Sagacity Tech. Co., Ltd.	-	"	79	449	15.00%	449	15.00%	
"	Living Pattern Technology Inc.	-	"	4	408	13.70%	408	13.70%	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	108,617	7.32%	108,617	7.32%	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38%	-	9.38%	
"	Tai Yi Precision Corporation	-	"	635	-	1.67%	-	1.67%	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15%	-	0.15%	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	14.29%	1,000	14.29%	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12%	-	0.12%	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80%	-	4.80%	
"	3GTMobile Corporation	-	"	314	-	2.88%	-	2.88%	
"	Linc Global Inc. (Proximiant, Inc.) preferred stock	-	"	594	-	5.30%	-	5.30%	
"	Molekule, Inc. preferred stock	-	"	160	-	0.12%	-	1.50%	
"	XMEMS LABS INC	-	"	3,375	57,488	3.78%	57,488	3.78%	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	20,783	- %	20,783	- %	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03%	-	0.03%	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36%	-	2.36%	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08%	-	2.08%	

Note 1: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name	Account name	Counter-party	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,001	1,496,415	10	3,401,317	-	-	-	-	2,011	4,897,732
Inventec Holding (North America) Corp.	IEC TECHNOLOGIES, S. DE R.L. DE C.V.	"	"	"	160,484	514,373	1,500,000	2,498,420	-	-	-	-	1,660,484	3,012,792
The Company	Top Taiwan Xiv Venture Capital Co., Ltd.	Non-current financial assets at fair value through other comprehensive income	Incorporation by solicitation	Non-related parties	-	-	30,000	291,600	-	-	-	-	30,000	291,600
Inventec Hi-Tech Corp.	SCSB Ching Hsiang Li series open-end wealth management products	Current financial assets at fair value through profit or loss	Bank of Shanghai	Non-related parties	-	-	-	443,100	-	444,770	443,100	1,670	-	-
"	SCSB Winners Zan Chong Jun Xiang Financial Product	"	"	"	-	433,992	-	9,108	-	453,185	443,100	10,085	-	-

Note 1: The ending balance includes adjustments of valuation.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Property, plant and equipment	April 26, 2022	308,880	100%	E-TON Solar Tech. Co., Ltd	Liquidated investee company	JL-EE INDUSTRY CO., LTD.	Non-related parties	In December of 2009	503,854	Appraisal report of Evermore Valuation: TWD 480,556	Owner-occupied plant	None

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	90,749,638	20.06%	105 days	Negotiated price	No general trading partner can be compared.	28,808,753	36.22%	
"	Inventec (Czech), s.r.o.	"	Sales	1,878,228	0.42%	105 days	"	"	554,003	0.70%	
"	AIMobile Co., Ltd.	"	Sales	114,899	0.03%	60 days	"	"	21,148	0.03%	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	312,366,949	70.71%	90-105 days	"	"	(78,674,841)	70.86%	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	141,774	0.03%	90 days	"	"	(24,122)	0.02%	
"	Inventec Holding (North America) Corp.	"	Purchases	450,779	0.10%	105 days	"	"	(161,151)	0.15%	
"	Inventec (Czech), s.r.o.	"	Purchases	632,205	0.14%	105 days	"	"	(95,132)	0.09%	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	90,749,638	96.44%	105 days	"	"	(28,808,753)	99.14%	
"	"	"	Sales	450,779	0.46%	105 days	"	"	161,151	1.06%	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	280,181	0.29%	105 days	"	"	19,769	0.13%	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	1,878,228	93.05%	105 days	"	"	(554,003)	91.27%	
"	"	"	Sales	632,205	77.99%	105 days	"	"	95,132	33.11%	
Inventec Corporation (Hong Kong) Ltd.	"	"	Sales	312,366,949	100.00%	90-105 days	"	"	78,674,841	53.97%	
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	Purchases	30,073,990	9.63%	105 days	"	"	(11,207,929)	7.69%	
"	SQ Technology (Shanghai) Corporation (Note 1)	"	Purchases	12,858,158	4.12%	105 days	"	"	(8,604,858)	5.91%	
"	Inventec (Chongqing) Corp. (Note 1)	"	Purchases	269,434,355	86.26%	90 days	"	"	(58,862,054)	40.41%	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	30,073,990	80.01%	105 days	"	"	11,207,929	87.41%	
"	SQ Technology (Shanghai) Corporation	"	Sales	5,199,631	13.83%	105 days	"	"	993,473	7.75%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	430,915	1.28%	105 days	"	"	(247,177)	2.48%	
"	Inventec (Shanghai) Corp.	"	Sales	249,645	0.66%	105 days	"	"	59,698	0.47%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Shanghai) Corp.	SQ Technology (Shanghai) Corporation	Associates	Purchases	9,144,899	97.34%	105 days	Negotiated price	No general trading partner can be compared.	(75,840)	55.95%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	249,645	2.66%	105 days	"	"	(59,698)	44.05%	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	269,434,355	99.60%	90 days	"	"	58,862,054	99.89%	
"	AIMobile Co., Ltd.	"	Sales	195,761	0.07%	90 days	"	"	39,265	0.07%	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	12,858,158	21.98%	105 days	"	"	8,604,858	33.27%	
"	Inventec (Shanghai) Corp.	"	Sales	9,144,899	15.63%	105 days	"	"	75,840	0.29%	
"	Inventec (Pudong) Technology Corp.	"	Sales	430,915	0.74%	105 days	"	"	247,177	0.96%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	5,199,631	8.64%	105 days	"	"	(993,473)	3.84%	
"	Inventec Holding (North America) Corp.	"	Purchases	280,181	0.47%	105 days	"	"	(19,769)	0.08%	
SQ Technology (Shanghai) Corporation	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	Sales	1,597,835	2.73%	75 days	"	"	1,284,109	4.97%	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Associates	Purchases	21,648,802	74.07%	1-2 months	"	"	(7,184,653)	81.50%	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	804,680	2.75%	1-2 months	"	"	(91,936)	1.04%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	354,476	1.21%	1-2 months	"	"	(25,012)	0.28%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	2,829,677	9.68%	1-2 months	"	"	(788,502)	8.95%	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	589,887	1.87%	1-2 months	"	"	105,876	1.85%	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	589,887	100.00%	1-2 months	"	"	(105,876)	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	21,648,802	98.21%	1-2 months	"	"	7,184,653	96.50%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	155,100	0.66%	90 days	"	"	139,523	1.87%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Associates	Sales	142,378	0.60%	90 days	Negotiated price	No general trading partner can be compared.	117,392	1.58%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	973,012	5.05%	90 days	"	"	(330,051)	6.88%	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	"	Sales	804,680	19.64%	1-2 months	"	"	91,936	15.03%	
"	The Company	Parent	Sales	141,774	3.50%	90 days	"	"	24,122	3.94%	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	354,476	99.52%	60 days	"	"	25,012	99.55%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	155,100	70.50%	90 days	"	"	(139,523)	95.70%	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	"	Sales	2,829,677	74.61%	1-2 months	"	"	788,502	70.37%	
"	Inventec Appliances (Pudong) Corp.	"	Sales	973,012	25.65%	90 days	"	"	330,051	29.45%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	142,378	3.76%	90 days	"	"	(117,392)	11.61%	
AIMobile Co., Ltd.	The Company	Parent	Purchases	114,899	36.17%	60 days	"	"	(21,148)	34.58%	
"	Inventec (Chongqing) Corp.	Associates	Purchases	195,761	61.29%	90 days	"	"	(39,265)	64.20%	

Note 1: Based on the negotiated price while trading.

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

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

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	28,808,753	2.99	1,773,370	Received in the subsequent period	11,289,352	-
"	Inventec (Czech), s.r.o.	Subsidiary	554,003	0.89	352,945	Received in the subsequent period	98,857	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	66,771,166	-	17,955,084	Received in the subsequent period	22,520,722	-

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Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec Holding (North America) Corp.	The Company	Parent	161,151	2.11	-		115,302	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	78,674,841	4.26	14,184,837	Received in the subsequent period	35,411,511	-
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	4,242,794	-	1,984,258	Received in the subsequent period	529	-
"	SQ Technology (Shanghai) Corporation (Note 1)	Associates	21,149,856	-	9,356,968	Received in the subsequent period	2,795,682	-
"	Inventec (Chongqing) Corp. (Note 1)	Associates	41,378,516	-	6,613,858	Received in the subsequent period	19,724,511	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	11,207,929	3.38	1,609,711	Received in the subsequent period	993,165	-
"	SQ Technology (Shanghai) Corporation	Associates	993,473	1.53	-		684,736	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	58,862,054	4.67	8,790,413	Received in the subsequent period	32,687,960	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	8,604,858	1.89	3,784,712	Received in the subsequent period	1,730,386	-
"	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	1,284,109	2.40	149,637	Received in the subsequent period	1,283,960	-
"	Inventec (Pudong) Technology Corp.	Associates	247,177	2.00	106,625	Received in the subsequent period	196	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Associates	105,876	3.45	-		74,274	-
"	Inventec Appliances (Pudong) Corp.	Associates	369,627	3.67	119,941	Received in the subsequent period	202,428	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,184,653	3.04	-		3,472,308	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	139,523	0.84	127,686	Received in the subsequent period	18,859	-
"	Inventec Appliances (Malaysia) SDN. BHD.	Associates	117,392	2.29	-		-	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	788,502	5.34	-		366,601	-
"	Inventec Appliances (Pudong) Corp.	Associates	330,051	3.38	-		210,322	-

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

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

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

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10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Intercompany Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	90,749,638	Negotiated price	17%
	"	"	1	Accounts Receivable	28,808,753	105 days	12%
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	312,366,949	Negotiated price	58%
	"	"	1	Other Receivables	66,771,166	90-105 days	28%
	"	"	1	Accounts Payable	78,674,841	"	33%
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	30,073,990	Negotiated price	6%
	"	"	3	Accounts Payable	11,207,929	105 days	5%
	"	"	3	Accounts Receivable	4,242,794	"	2%
	"	SQ Technology (Shanghai) Corporation	3	Purchases	12,858,158	Negotiated price	2%
	"	"	3	Accounts Payable	8,604,858	105 days	4%
	"	"	3	Accounts Receivable	21,149,856	"	9%
	"	Inventec (Chongqing) Corp.	3	Purchases	269,434,355	Negotiated price	50%
	"	"	3	Accounts Payable	58,862,054	90 days	25%
	"	"	3	Accounts Receivable	41,378,516	"	18%
2	Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation		Sales	5,199,631	Negotiated price	1%
3	SQ Technology (Shanghai) Corporation	Inventec (Shanghai) Co., Ltd.	3	Sales	9,144,899	Negotiated price	2%
4	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	21,648,802	Negotiated price	4%
	"	"	3	Accounts Payable	7,184,653	1-2 months	3%

Note 1: Company numbering as follows:

1. Parent company - 0.
2. Subsidiaries starts from 1.

Note 2: The numbering of the relationship between transaction parties as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated operating revenue.

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(b) Information on investments:

The following is the information on investees for the year ended December 31, 2022 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53%	222,154	37.53%	(86,888)	(32,607)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00%	417,502	100.00%	15,722	15,722	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,335,143	353,743	2,011	100.00%	4,897,732	100.00%	158,727	158,727	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00%	8,382,773	100.00%	(211,657)	(211,657)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00%	26,681,541	100.00%	(223,128)	(223,128)	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00%	1,774,967	100.00%	212,028	212,028	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00%	231,522	100.00%	49,496	49,496	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00%	68,239	100.00%	(22,354)	(22,354)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45%	(661,071)	33.45%	(45,374)	(27,818)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00%	19,943	100.00%	(644)	(644)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00%	3,165	100.00%	220	220	Subsidiary
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	182,500	8,030	73.00%	44,806	73.00%	(44,010)	(32,150)	"
"	InveneXt System Co., Ltd.	Taipei	Production and sales of 5G equipment	50,000	-	5,000	100.00%	49,872	100.00%	(128)	(128)	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64%	(95,684)	4.64%	(45,374)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,126,941	6,126,941	199,575	100.00%	12,791,356	100.00%	(896,866)	-	"
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	92,100	-	-	100.00%	89,688	100.00%	(2,322)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,400	189	35.87%	937	38.90%	102	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	23,712	9,120	30.00%	20,643	30.00%	(5,298)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57%	(197,300)	9.57%	(45,374)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,560	24,560	400	100.00%	101,920	100.00%	971	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,535	1,535	10	100.00%	15,745	100.00%	808	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	881,482	881,482	121,000	100.00%	(95,639)	100.00%	(603,838)	-	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 3: According to the regulations, investment companies other than the Company are not required to disclose the share of income / loss of investees.

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(c) Information on investments in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the years	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	322,786	(2)	61,400	-	-	61,400	26,462	100.00%	100.00%	26,462	282,101	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,700	(2)	30,700	-	-	30,700	642	100.00%	100.00%	642	40,673	-
Inventec(Pudong) co.,Ltd	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	74,189	100.00%	100.00%	74,189	4,318,626	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,107,774	(2)	905,650	-	-	905,650	40,154	100.00%	100.00%	(17,718)	1,884,671	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,302,500	(2)	2,302,500	-	-	2,302,500	1,458,411	100.00%	100.00%	1,458,411	11,862,852	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,798,766	(2)	1,535,000	-	-	1,535,000	(1,539,436)	100.00%	100.00%	(1,542,084)	7,901,543	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	153,500	(2)	130,475	-	-	130,475	17,712	100.00%	100.00%	17,712	262,612	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,515	(2)	44,515	-	-	44,515	(3,173)	100.00%	100.00%	(3,173)	77,276	-
Inventec Hi-Tech Corporation	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	(32,065)	100.00%	100.00%	(32,065)	1,692,107	-
Inventec Asset-Management (Shanghai) Corporation	Leasing	1,887,528	(3)	-	-	-	-	(27,947)	78.00%	78.00%	(21,799)	1,348,270	-
Saint Investment Consulting Corporation	Business management	220,400	(3)	-	-	-	-	27,850	100.00%	100.00%	27,850	245,301	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	235,046	(3)	-	-	-	-	(1,278,964)	100.00%	100.00%	(1,278,964)	(505,942)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	132,240	(3)	-	-	-	-	(14,608)	20.00%	20.00%	(2,922)	22,676	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	44,080	(3)	-	-	-	-	17,391	15.00%	15.00%	-	36,113	-
Tastron Technology(Jiangsu) Co., Ltd.	Production and sales of electronic products	122,594	(3)	-	-	-	-	144,541	9.99%	10.81%	27,997	97,499	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,676	(3)	-	-	-	-	(3,010)	18.00%	18.00%	(542)	43,541	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,584,120	(2)	1,477,223	-	-	1,477,223	(125,126)	100.00%	100.00%	(125,126)	1,515,747	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,363,900	(2)	2,363,900	-	-	2,363,900	(818,851)	100.00%	100.00%	(750,759)	7,088,624	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,087,600	(2)	1,289,400	-	-	1,289,400	(30,725)	100.00%	100.00%	(31,152)	3,552,775	3,571,176

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec Appliances (Nanjing) Corp.	House leasing	153,500	(2)	275,732	-	-	275,732	33,551	100.00%	100.00%	33,551	434,509	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	122,800	(2)	122,800	-	-	122,800	12,241	100.00%	100.00%	12,241	75,046	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	64,470	(2)	64,470	-	-	64,470	(38,128)	100.00%	100.00%	(38,128)	(391)	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,212	(3)	-	-	-	-	17,527	100.00%	100.00%	17,527	127,445	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	35,264	(3)	-	-	-	-	(2,181)	100.00%	100.00%	(2,181)	20,269	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	264,480	(3)	-	-	-	-	(82,230)	100.00%	100.00%	(82,230)	(78,082)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices, software development	44,080	(3)	-	-	-	-	(12,600)	100.00%	100.00%	(12,600)	30,517	-

2. Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,144,710	8,144,710	-
Inventec Appliances Corp.	5,661,940	5,661,940	4,567,991

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

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland china through a subsidiary in a third place.
- (3) Others

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

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

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

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

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

Note 7: After the accumulated investment in Mainland China as of December 31, 2022, deducted the accumulated remittance of earnings, the investment amounts of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: The subscribed capital contribution of CNY 7,500 thousand, with the base date set on December 31, 2048, was based on the articles of association. No capital had been contributed as of December 31, 2022.

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" .

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(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taishin International Bank Co., Ltd, entrusted with custody of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		207,632,000	5.78%

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

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

(14) Segment Information

(a) General information

The Group's reportable segments: core department and other department. The core department manufactures computer products and intelligent device products and sells them to customers. The other department is engaged in environmental energy and emerging technology business.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

	For the year ended December 31, 2022			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 540,169,510	1,581,340	-	541,750,850
Intersegment revenues	-	-	-	-
Total revenue	\$ 540,169,510	1,581,340	-	541,750,850
Interest expenses	\$ 3,030,543	5,045	-	3,035,588
Depreciation and amortization	2,864,005	37,363	-	2,901,368
Reportable segment profit (loss)	\$ 7,710,951	(533,916)	-	7,177,035
Reportable segment assets	\$ -	-	-	-

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	For the year ended December 31, 2021			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 519,135,682	596,366	-	519,732,048
Intersegment revenues	-	-	-	-
Total revenue	\$ 519,135,682	596,366	-	519,732,048
Interest expenses	\$ 700,321	38,116	-	738,437
Depreciation and amortization	3,115,185	147,636	-	3,262,821
Other material non-cash item				
Asset Impairment	-	550,703	-	550,703
Reportable segment profit (loss)	\$ 9,055,388	(1,356,204)	-	7,699,184
Reportable segment assets	\$ -	-	-	-

Taxation or extraordinary activity is not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is the same as the report used by the chief operating decision maker.

The operating segment's accounting policies are similar to those described in Note 2 "Significant accounting policies". Reportable segment profit or loss is measured by operating profit or loss before taxation, and is used as the base of performance evaluation.

Since the evaluated amount of the Group's assets was not provided to the chief operating decision maker, the evaluated amount of the assets which should be disclosed was 0.

(c) Product and service information

Revenue from the external customers of the Group was as follows:

<u>Products and Services</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Computer product	\$ 539,471,893	518,381,401
Rendering of services	731,751	775,308
Others	1,547,206	575,339
Total	\$ 541,750,850	519,732,048

(d) Geographical information

In presenting information on the basis of geography, the revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

<u>By region</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from external customers:		
Taiwan	\$ 47,124,054	51,514,446
USA	398,286,543	355,524,787
Japan	4,581,340	4,319,623
Hong Kong, Macao and Mainland China	60,419,517	64,395,784
Other countries	31,339,396	43,977,408
Total	<u>\$ 541,750,850</u>	<u>519,732,048</u>

<u>By region</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Non-current assets:		
Taiwan	\$ 14,654,954	14,112,999
Mainland China	17,206,414	15,670,130
USA	3,007,052	948,632
Other countries	1,406,504	1,301,679
Total	<u>\$ 36,274,924</u>	<u>32,033,440</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, not including financial instruments, deferred tax assets, and pension fund assets.

(e) Major customers: Revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
A	<u>\$ 333,740,978</u>	<u>337,445,382</u>

Inventec Corporation

Chairman: Cho, Tom-Hwar

Inventec

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