Stock Code: 3022

iEi Integration Corp.

2022 Annual Report

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 and Chinese versions, the Chinese version shall prevail.

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Overseas Securities Exchange： None
Corporate Website： https://www.ieiworld.com

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I. Letter to Shareholders

Dear Shareholders,

For the past 26 years since its establishment, iEi has been consistently promoting its own brand while also offering ODM customization services. We have launched hundreds of products and solutions to meet diverse customer needs, becoming an advanced all-round system integration supplier. In recent years, we have devoted ourselves to the fields of edge computing, networking, and medical technology, providing advanced technology through comprehensive hardware, software and service integration oriented towards technology. We provide edge-to-cloud solutions with the aim of maintaining our original intention while being more passionate and innovative in creating unlimited possibilities and value for the company.

The business overview for the year 2022 and future prospects are as follows：

2022 Business Report

1. **Results of business plan implementation：**

   With the collective efforts of all colleagues of IEI Integration Corp., the consolidated operating revenue for fiscal year 2022 reached NT$7,942,415 thousand, representing a 27.21% growth compared with last year. The consolidated net profit after tax was NT$1,491,332 thousand, and the earnings per share after tax were NT$8.45.

Financial status and profitability analysis

Unit：NT$1,000

Items		2021	2022	Increase (decrease)	Increase (decrease)%
Financial status	Consolidated operating revenue	6,243,509	7,942,415	1,698,906	27%
	Consolidated operating gross profit	2,092,342	2,878,511	786,169	38%
	Consolidated net profit after tax	865,580	1,491,332	625,752	72%
Profitability	Consolidated return on assets ratio	7.72%	11.98%	4.26%	55%
	Consolidated return on equity ratio	11.07%	17.27%	6.20%	56%
	Consolidated EBIT to paid-in capital ratio	58.82%	107.73%	48.91%	83%
	Consolidated net profit ratio	13.86%	18.78%	4.91%	35%
	EPS (dollar)	4.90	8.45	3.55	72%

2. **Research and development directions：**

   Since the establishment, the company has been actively engaged in research and development work. In fiscal year of 2022, the total research and development expenses of the group amounted to NT$554,961 thousand. We have nearly 300 professional research and development personnel specializing in various system products, including industrial computers, factory automation, network communication equipment, network storage and monitoring, intelligent medical and image surveillance equipment, and intelligent transportation. In the future, our company will continue to uphold the spirit of active research and development innovation and invest in the development of new products. 。

Percentage of R&D expenses in operating revenue in recent five years (Unit：NT$1,000)

Items \ Year	2018	2019	2020	2021	2022
Research and Development expenses amount	502,675	497,570	490,929	496,794	554,961
Operating revenue	6,185,745	5,606,591	5,947,577	6,243,509	7,942,415
Percentage of R&D expenses in operating revenue	8.13%	8.87%	8.25%	7.96%	6.99%

Business Plan for 2023

In the face of various unknown and possibly unpredictable global situations, such as climate change, political instability, economic turbulence, etc., the company expects to achieve dual goals of revenue and profitability with a more systematic and real-time strategy adjustment and response capability. While facing severe challenges, we will steadily move forward with solid steps.

● **Sales forecast and sales policy**

The company continues its business and product focus on three major areas: edge computing, networking, and healthcare. Building upon iEi's existing industrial automation technology foundation, we integrate AI, communication, cybersecurity, virtualization computing and cloud management technologies to develop products that meet market demands and provide the best solutions for system integration.

1. **Edge Computing and Embedded System Solutions**

   After the semiconductor supply and demand imbalance in 2021 and 2022, as well as the overall industry fluctuations, iEi has analyzed market feedback and demands in recent years. We anticipate five major vertical applications for AI intelligent industrial inspection, energy development management, rail and marine transportation, as well as carbon emission tracking related to ESG compliance issues. By providing customers with optimal solutions tailored to their needs, we aim to seize more differentiated business opportunities.

   (1) Intelligent Industrial Inspection using AI: Machine learning can replace manual interpretation in applications such as production line AOI optical defect detection equipment, automatic patrol readers, and product light signal detection.

   (2) Energy development management: Various robust human-machine interfaces and data collection platforms used in the energy industry.

   (3) Rail and ship transportation: Monitoring and management of rail transportation on vehicles, central deployment of management equipment, and virtualized high-availability controllers.

   (4) Green energy applications: Including core controls for electric vehicle charging piles, wind power-related controllers, etc.

   (5) Carbon emission monitoring: Including energy consumption data collection equipment and report generation required for ISO-14064-1 greenhouse gas inventorying and ISO-14067 carbon footprint tracking.

2. **Network Communication Application Basic Platform Product**

   After years of participating in the benchmark customer OEM experience in the network and cybersecurity industry, iEi gradually mastered the strategy of designing new-generation hardware platforms in the field of cybersecurity and integrating open-source operating systems. In cooperation with international network chip manufacturers such as Qualcomm, MediaTek, Marvell, Intel, AMD, MaxLinear and others to launch new basic application platforms, on one hand to strive for more opportunities for high-end product OEMs; on the other hand to reduce integration time for downstream system integrators and end customers when introducing products. This will help gain a competitive advantage by expanding market share through faster mass production.

3. **Medical products**

   With years of rich experience and resources in medical products, we not only focus on our existing customers but also continuously expand our product lines and diversify product applications and peripherals to strengthen our competitiveness in the market. In response to global sales strategies, we are working on regional marketing plans and product certification planning to expand sales territories. Additionally, due to the tight supply chain during the pandemic leading to emergency stock market adjustments or alternative materials, there is a hidden concern about production quality and stable supply. We will actively promote customer adoption of revision plans, replacing difficult-to-supply components due to outdated processes, effectively improving supply quality and extending product life.

Development Strategy

There are increasing applications that require the combination of network communication and edge computing to enhance computational power and communication efficiency for expanding vertical markets. Influenced by two major factors, the 2022 Russo-Ukrainian War and the US-China trade war, there is a shortage of human resource in the service and manufacturing industries, more information warfare between countries, as well as worsening global warming. In addition, it has become increasingly clear over the past two years that energy industry applications, AI automation with streamlined labor requirements, information security and ESG industry chains will continue to be high-demand application areas for the next five to ten years. These fields will require more software-hardware integration technology. Therefore, iEi will gradually invest more software development resources while collaborating deeply with third-party software suppliers in vertical domains to provide overall solutions required by these vertical markets in order to break away from traditional IPC positioning mainly based on hardware and increase value of products through software enhancement.

In the field of medical care, iEi's core technology - medical imaging, is widely used in various fields such as endoscopy, ultrasound imaging, and radiography. The combination of AI-assisted diagnosis has also flourished in the market. With years of technical development experience and IP accumulation in the field of medical imaging and AI computing acceleration, iEi can provide customers with valuable applications. In the future, the iEi professional medical development team will closely collaborate with partners in the medical field market to launch specific product combinations that meet diverse medical application needs. These products will integrate medical product platforms and R&D foundations, such as telemedicine, health analysis, digitalization of health information, and portable device usage. We hope to expand the application of our company's products more widely within the healthcare system.

The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

As the COVID-19 pandemic gradually eases, medical policies are shifting from early prevention to coexisting with the virus. Countries around the world are gradually opening their borders. Given that digital healthcare has significantly improved the quality of medical care, countries' medical policies have accelerated the promotion of medical services and related digital industry transformation. Digitalized healthcare operations have become a strategic goal, bringing sustained business opportunities to the medical IT industry. The telemedicine industry is expected to experience a compound annual growth rate of 24% from 2022 to 2030, thanks to its ability to provide non-contact opportunities. The application of AI in the healthcare industry is even more promising, with an accelerated development rate of over 40% per year. iEi continues to invest in research and development of smart medical products and intelligent computing systems in the field of medicine while providing innovative product features that assist healthcare professionals in facing future challenges.

In the post-pandemic era, countries are gradually lifting restrictions and changes in industries have led to a significant relief of the previously severe shortage in supply chains this year. The challenge now lies in inventory management of raw materials, as customers' willingness to pay for premium materials has significantly decreased with the improvement of supply chain issues. Therefore, product delivery schedules have become an important key to competition among peers. On the other hand, while commercial activities are gradually recovering, economic powers are gradually decoupling and marginal politics are increasingly affecting economic and R&D investments. Faced with this severe challenge under global economic impact, iEi will actively cooperate with customer demands on production locations flexibility in medical business operations to ensure stable production and profitability while meeting the challenges of the post-pandemic era. We look forward to moving steadily towards our goals in a more robust and steadfast manner in the future.

On January 10, 2023, the Legislature passed the "Climate Change Adaptation Act", establishing legal frameworks for climate governance in Taiwan and officially enshrining the "2050 Net Zero Emissions Target" into law. The carbon pricing mechanism, which has raised concerns for various sectors, will officially launch and begin to levy carbon fees in 2024, making ESG-related regulations and mechanisms a new huge business opportunity in the coming years. Leveraging our expertise in production automation and data collection, iEi will actively invest in this field to boost product and system sales. The business opportunities that were postponed in 2022 due to unfavorable market conditions are now gradually resurfacing. As a result, despite the global economic downturn in 2023, we maintain a positive outlook on our overall performance

Finally, I would like to express my sincere gratitude to all shareholders for your unanimous support and guidance. Thank you all!

Sincerely yours,

Chairman
Chang, Ming-Chih

II.Company Profile

2.1 Date of Incorporation: April 17,1997

2.2 Company History

1997
- ★ The company established, registered capital of NT$60,000,000.
- ★ The first SMD production line started manufacturing, engaged in producing and selling industrial computer motherboards.
- ★ Increased capital to NT$120,000,000.
- ★ Completed the installation of the fourth SMD production line.

1998
- ★ Increased capital to NT$198,000,000 and established DIP production line.
- ★ Passed ISO-9002 quality certification.
- ★ Increased capital to NT$380,000,000.

1999
- ★ Completed the construction of the EMC laboratory for safety regulations.
- ★ Started mass production of computer workstations in Zhongxing factory.
- ★ The second DIP line was set up and ready to join production.
- ★ Purchased Oracle ERP enterprise resource planning system and signed consulting contract with KPMG.
- ★ Signed Exceed 400 WMS logistics warehouse management system with Hua Jing Information.
- ★ Increased capital to NT$460,000,000.
- ★ ERP system officially went online.

2000
- ★ Signed an e-commerce software development contract with Integrate.
- ★ Established a logistics center.
- ★ Increased capital to NT$ 672,478,000.
- ★ Approved by the Securities and Futures Bureau for stock listing on the OTC, and passed ISO-9001 quality certification.
- ★ Established an e-commerce center.

2001
- ★ Officially listed for trading on the OTC market.
- ★ Released cross-platform network-attached storage (NAS).
- ★ Increased capital to NT$853,330,130.
- ★ Established an Embedded/Linux R&D team.
- ★ Established an IC design team.

2002
- ★ Launched the world's first external network hard drive.
- ★ Increased capital to NT$1,090,437,670.
- ★ Completed the review and approval process for transferring from OTC to listed stock exchange. Officially listed for trading at Taiwan Stock Exchange.
- ★ Trial production of the first self-developed IC.

2003
- ★ Purchased land at No. 29 Zhongxing Road, Xizhi District.
- ★ Purchased factory buildings on the 2nd and 3rd floors of No. 306, Section 1, Datong Road, Xizhi District.

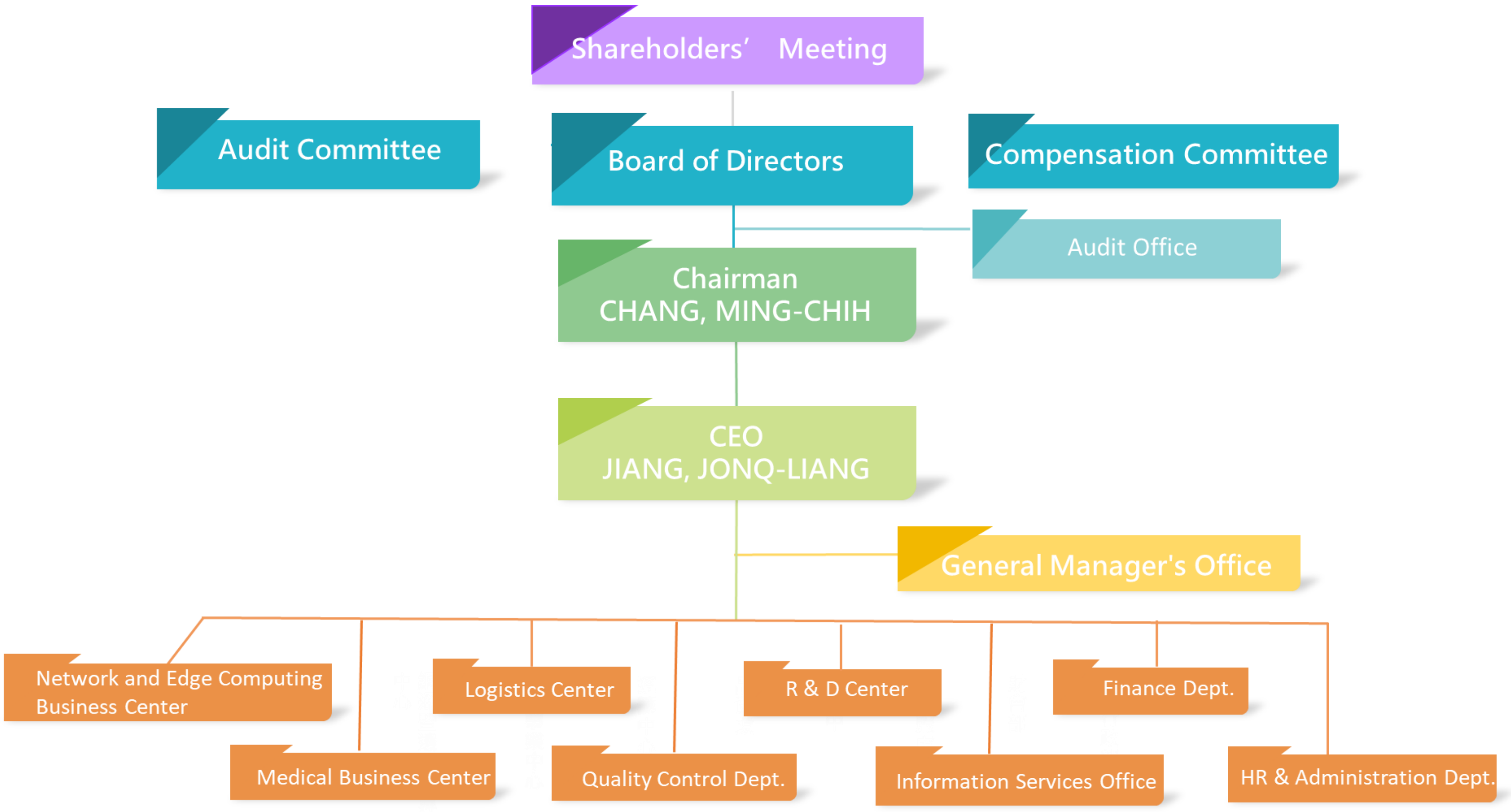
2003	★ Established a complete manufacturing center, and implemented lead-free process in Datong Factory. ★ Commenced construction of Sanxing Plant (No. 29 Zhongxing Road, Xizhi District). ★ Introduced KPI for enterprise performance management. ★ Upgraded Oracle ERP to R11i version. ★ Implemented the Agile PLM system. ★ Nas-4300 received the Best Export Information Product Award at the 2003 COMPUTEX TAIPEI in Taiwan. ★ Increased capital to NT$1,388,347,670.
2004	★ Certified with ISO-14001:1996 Environmental Management System. ★ Armorlink SH Factory construction was completed and began production. ★ Increased capital to NT$1,484,936,670.
2005	★ Increased capital to NT$1,587,183,670. ★ Introduced BI management information system. ★ Introduced MES manufacturing management system. ★ Introduced B2B electronic procurement system. ★ Passed ISO-14001:2004 environmental management system certification.
2006	★ Certified by ETC (Electronic Testing Center) Green Supply Chain Management System. ★ Purchased factory buildings located at 5th and 6th floor, No.32 Zhongxing Road and No.34 Zhongxing Road in Xizhi City. ★ Increased capital to NT$1,671,999,670.
2007	★ Certified with ISO13485:2003 medical product management system. ★ Implemented ASCP advanced supply chain planning system. ★ Lanched MES electronic inventory system. ★ Successfully launched self-developed medical-grade display and obtained domestic patents. Multiple patent applications in the United States and other countries. ★ Increased capital to NT$1,793,419,670.
2008	★ Issued a 5-year convertible corporate bond with a total amount of NTD$1 billion. ★ Successfully developed high-resolution diagnostic color displays with over 30 bits and won the "Taiwan Excellence Award" in 2008. ★ Completed the second phase expansion project of Armorlink SH Corp. by the end of 2008. ★ Increased capital to NT$1,903,321,670.
2009	★ Set up three new SMD production lines, one new DIP production line, and two sample production lines in Armorlink SH Corp, which increased its production capacity by at least twice since 1998. ★ Expaned the Group organization, and established a subsidiary - BRITEMED Technology INC. ★ Capital increased to NT$2,031,945,930.

2010	★ The convertible bonds issued by the Company were fully converted by December 3, 2010 and trading was terminated on December 6, 2010. ★ Increased capital to NT$2,258,170,540.
2011	★ Increased capital to NT$2,269,088,570.
2012	★ Increased capital to NT$2,949,815,140. ★ Purchase of land in the Guangfu section of Hsinchu City.
2013	★ Adopted International Financial Reporting Standards (IFRSs). ★ Changed the company name to IEI Integration Corp. ★ Increased capital to NT$3,097,305,900.
2014	★ Relocated our office to No. 29, Zhongxing Road, Xizhi District, New Taipei City. ★ The capital has increased to NT$3,283,144,250. ★ Armorlink SH Corp., a subsidiary of the company, approved the establishment of Ailean Technologies Corp. through spin-off in November 2014.
2015	★ After the spin-off was completed, Armorlink SH Corp. and Ailean Technologies Corp. received their approval certificates from the Shanghai Municipal People's Government in March and February 2015, respectively. ★ MODAT-531 product won both the 2015 Red Dot Design Award and the 2015 Golden Pin Design Award.
2016	★ Carried out the layout of the smart healthcare 4.0 industry. ★ POC-W22A-H81 product won the 2016 Red Dot Design Award.
2017	★ AFL3-W19C & HDTB-100FM won the 2017 Red Dot Design Award. ★ Established the Audit committee.
2018	★ The industrial-grade tablet UPC-F12C-ULT3 won the 2018 Red Dot Design Award. ★ Conducted a cash capital reduction which resulted in a decrease of its capital to NT$2,954,829,830.
2019	★ POCm-W24C-ULT3 product won the 2019 iF Design Award. ★ Certified with ISO 28000 and ISO 45001. ★ Conducted a cash capital reduction which resulted in a decrease of its capital to NT$1,772,897,900.
2020	★ POCm-W22C-ULT3+Battery Docking won the Taiwan Excellence Award. ★ Cancelled treasury stocks, resulting in a capital amount of NT$1,765,977,900 after the cancellation.
2021	★ POCi-W22-ULT5 product won the Taiwan Excellence Award. ★ Certified with ISO 27001:2013.
2022	★ Restructing of the investment structure of the group's mainland subsidiaries in response to the operational and development needs. ★ HTB-210 product was awarded 2022 iF Design Award.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
General Manager's Office	1. Establishment of company's business policy and formulation of operational objectives. 2. Evaluation and determination of major investment strategies.
Audit Office	1. Audit of the operation and management of the group company. 2. Implementation and inspection of various internal control systems.
Network and Edge Computing Business Center Medical Business Center	1. Market trend research and planning of products that meet market and customer needs. 2. Product cycle or project progress management, as well as coordination of cross-departmental affairs such as R&D, production, and sales. 3. Marketing planning and execution, company image building, and product media production. 4. Development and maintenance of product markets, customers, and sales channels. 5. Execution of product sales and business promotion. 6. Customer management and implementation of business order processes.
Research & Development Center	1. Develop, design and verify products based on product and market demands. 2. Develop and improve new technologies and processes. 3. Provide technical support for after-sales issues related to products.
Logistics Center	Operations and Logistics Management Department 1. Coordinating the management of raw materials and finished goods inventory with production and sales planning. 2. Selecting outsourcing vendors and managing outsourced projects. 3. Managing suppliers, negotiating prices, purchasing, tracking deliveries, and expediting related matters. Manufacturing Department 1. Product manufacturing and production management affairs. 2. Warehouse management as well as logistics for incoming and outgoing shipments.
Quality Control Dept.	1. Management and inspection of quality standards for raw materials and finished products. 2. Handling of customer complaints and provision of maintenance services after product sales. 3. Establishment and maintenance of various quality management systems within the company.
Information Services Office	1. Planning, construction and development of computer information systems. 2. Management and maintenance of computer software, hardware and networks.
Finance Dept.	1. Processing of accounting and tax affairs. 2. Production and provision of accounting and financial information. 3. Operation and management of financial funds. 4. Handling of stock affairs and matters related to shareholders' meetings.
Human Resources & Administration Dept.	1. Coordination of human resources, personnel recruitment and training. 2. Execution and management of personnel systems, salary structures, attendance, performance evaluation, and job changes. 3. Execution of administrative affairs related to general affairs. 4. Handling occupational safety and health matters.

3.2 Directors and Management Team

3.2.1 Directors

Director Information [1]

April 18, 2023

Title	Nationality	Name	Gender/ Ager	Date Elected	Term (Years)	First elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	％	Shares	％	Shares	％	Shares	％			Title	Name	Relation	
Chairman	ROC	QNAP Systems, Inc.	NA	06.12. 2020	3 years	09.09.2005	23,963,007	13.52	23,963,007	13.57	-	-	-	-	-	None	None	None	None	Where the President and Chairman are the same person, spouses or relatives within a certain degree of kinshpi: None
Representative:	ROC	CHANG, MING-CHIH	Male 51~60			09.09.2005			76,030	0.04	2,284	0.00	-	-	Computer Science and Information Engineering of National Taiwan University	Director and President of QNAP Systems, Inc.、Chairman of Datun Investment Co., Ltd.	None	None	None	
Director	ROC	JIANG, JONQ-LIANG	Male 61~70	06.12. 2020	3 years	09.09.2005	205,374	0.12	205,374	0.12	-	-	-	-	PhD of Arizona State Univ. IE President of U POWER in Kaohsiung	President of IEI Integration Corp. Representative of BRITEMED Technology INC.	None	None	None	
Director	ROC	LI, YING-YIN	Female 41~50	06.12. 2020	3 years	04.15.2000	2,115,759	1.19	2,148,759	1.22	-	-	-	-	Master in Dep. of Literature of National Taiwan Normal University	None	None	None	None	
Independent director	ROC	HO, IN-CHYUAN	Male 61~70	06.12. 2020	3 years	06.12.2020	-	-	-	-	-	-	-	-	PhD of Electrical Engineering of National Cheng Kung University Vice Chairman of VinceraCapital	Chairman of Accuvest Management Inc., Chairman of Pin Mao Investment Corp., Representative of juristic person director of Nanmat Technology Co., LTD., Director of Chun Mao Investment Corp., Director of Chun Sheng Investment Corp.	None	None	None	
Independent director	ROC	HSU, JIA-LIEN	Male 51~60	06.12. 2020	3 years	06.16.2017	-	-	-	-	-	-	-	-	PhD of Engineering of National Tsing Hua University Professor of Fu Jen Catholic University	None	None	None	None	
Independent director	ROC	LO,WEN-PAO	Male 51~60	06.12. 2020	3 years	06.12.2020	-	-	-	-	-	-	-	-	Dep. of Transportation Management of Tamkang University	Chairman and President of Castec International Corp.	None	None	None	

Major shareholders of the institutional shareholders

April 18, 2023

Name of Institutional Shareholders	Major Shareholders	%
QNAP Systems, Inc.	IEI Integration Corp.	24.39 %
	KUO, PO-TA	20.63 %
	CHANG, MING-CHIH	13.01 %
	QNAP Holdings Limited	9.99 %
	KUO, CHUN-CHI	5.32 %
	KUO, YUN-LUNG	1.28 %
	KUO, YUN-CHIANG	1.20 %
	KUO, WEN-CHEN	1.16 %
	KUO, WEN-HSIN	1.16 %
	KUO, PO-KUANG	0.96 %

Major shareholders of the Company's major institutional shareholders

April 18, 2023

Name of Institutional Shareholders	Major Shareholders	%
IEI Integration Corp.	Please refer to page 46 for the names of the top ten shareholders by shareholding percentage.	

Director Information [2]

1. Professional qualifications and independence analysis of directors and supervisors

Criteria / Name	Professional qualifications and experience	Independent status	Number of other public companies in which the Individual is concurrently serving as an Independent director
QNAP Systems, Inc. Representative: CHANG, MING-CHIH (Director)	●Current Chairman of the company, as well as Director and President of QNAP Systems, Inc. ●Work experience in business, legal, financial, accounting or corporate affairs required. ●No circumstances as stipulated in Article 30 of the Company Act.	NA	None
JIANG, JONQ-LIANG (Director)	●Current President of our company, as well as Representative of BRITEMED Technology INC. ●Work experience in business, legal, financial, accounting or corporate affairs required. ●No circumstances as stipulated in Article 30 of the Company Act.	NA	None
LI, YING-YIN (Director)	●Master in Dep. of Literature of National Taiwan Normal University. ●Work experience in business, legal, financial, accounting or corporate affairs required. ●No circumstances as stipulated in Article 30 of the Company Act.	NA	None

Criteria / Name	Professional qualifications and experience	Independent status	Number of other public companies in which the Individual is concurrently serving as an Independent director
HO, IN-CHYUAN (Independent director)	●PhD of Electrical Engineering of National Cheng Kung University ●Current Chairman of Accuvest Management Inc. and Chairman of Pin Mao Investment Corp. ●Work experience in business, legal, financial, accounting or corporate affairs required. ●No circumstances as stipulated in Article 30 of the Company Act.	●Complying with independence assessment criteria at the time of appointment. ●His/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company ●Not received any compensation for providing business, legal, financial, accounting or other services to the Company or its affiliated enterprises in the past 2 years.	None
HSU, JIA-LIEN (Independent director)	●PhD of Engineering of National Tsing Hua University. Current Professor of Fu-Jen Catholic University. ●Lecturer from public or private universities with relevant majors required for company business. ●No circumstances as stipulated in Article 30 of the Company Act.	●Complying with independence assessment criteria at the time of appointment. ●His/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company ●Not received any compensation for providing business, legal, financial, accounting or other services to the Company or its affiliated enterprises in the past 2 years.	None
LO,WEN-PAO (Independent director)	●Current Chairman and President of Castec International Corp. ●Work experience in business, legal, financial, accounting or corporate affairs required. ●No circumstances as stipulated in Article 30 of the Company Act. ◦	●Complying with independence assessment criteria at the time of appointment. ●His/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company ●Not received any compensation for providing business, legal, financial, accounting or other services to the Company or its affiliated enterprises in the past 2 years.	None

2. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The company has established "Practice Principles for Corporate Governance" and formulated a diversified board composition policy, including but not limited to gender, age, nationality, culture and professional background, professional skills and industry experience. All directors (including independent directors) are nominated candidates through a rigorous selection process and approved by the Board before being submitted to the shareholders' meeting for election.

The Board consists of six members, including one executive director, two non-executive directors and three independent directors, one of whom is female. The specific management goals and achievements in achieving a diversified board composition policy are as follows:

Diversity management objectives	Achievement Status
The number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats.	Done
At least one female director.	Done
The number of independent directors exceeds one third of the board seats.	Done
Independent directors serving more than half a term shall not exceed three terms.	Done
Adequate and diverse professional knowledge and skills	Done

The current board members of the company and the diversity policy implementation are as follows:

Diversified project. / Name		Gender	Years			Employee of the company	Ability to make operational judgement	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	International market perspective	Leadership	Decision-making ability
			Less than 3 years	3~9 yeard	More than 9 years									
Chairman	CHANG, MING-CHIH	Male					V		V	V	V	V	V	V
Director	JIANG, JONQ-LIANG	Male				V	V		V	V	V	V	V	V
Director	LI, YING-YIN	Female					V		V	V	V	V	V	V
Independent director	HO, IN-CHYUAN	Male	V				V	V	V	V	V	V	V	V
Independent director	HSU, JIA-LIEN	Male		V			V		V	V	V	V	V	V
Independent director	LO,WEN-PAO	Male	V				V		V	V	V	V	V	V

(2) Independence of the Board of Directors:

Our Board consists of seven members, including three independent directors. The independent directors account for 43% of the total number of director seats and there are no spousal or close familial relationships within two degrees between any of the directors. Additionally, there are no circumstances as described in Article 26-3(3) and (4) of the Securities and Exchange Act.

The Board guides company strategy, oversees management, and is accountable to both the company and shareholders. In all governance matters, the board exercises its authority in accordance with laws, articles of incorporation, or shareholder resolutions. We emphasize independence and transparency in our operations; each director - including independent ones - acts independently when exercising their duties. The three independent directors follow relevant legal requirements while working with audit committees to review risk control measures at our company to ensure effective implementation of internal controls as well as appropriate selection (or dismissal) and independence checks on auditors who sign off on financial statements. Furthermore, we have established a "Director Nomination Procedure" that adopts cumulative voting system for electing both regular and independent directors along with a candidate nomination system that encourages shareholder participation. Shareholders holding certain amounts may nominate candidates subject to qualification reviews regarding compliance with Article 30 provisions under Company Law; related procedures will be conducted lawfully through public announcements to safeguard shareholder rights while avoiding monopolization or excessive nominations so as to maintain independence.

3.2.2 Management Team

April 18, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	％	Shares	％	Shares	％			Title	Name	Relation	
President	ROC	JIANG, JONQ-LIANG	Male	01.01. 2005	205,374	0.12	-	-	-	-	Arizona State Univ. IE President of U POWER in Kaohsiung	Representative of BRITEMED Technology INC.	None	None	None	Where the President and Chairman are the same person, spouses or relatives within a certain degree of kinship: None
Vice President	ROC	CHANG,SU-PI	Female	02.01. 2003	156,948	0.09	-	-	-	-	Department of Industrial Engineering, Yuan Ze University Consultant at Sheng Feng Information Co., Ltd.	None	None	None	None	
Vice President	ROC	LI,KUO-HSIUNG	Male	01.01. 2005	-	-	-	-	-	-	Department of Electronic Engineering, Dahua Technical College Lingduan Technology Research and Development	None	None	None	None	
Vice President & R&D Manager	ROC	CHAN, KAI-CHENG	Male	08.05. 2016	512	0.00	-	-	-	-	Department of Electrical Engineering, National Taiwan Ocean University Vice President of IEI Medical Business Center	None	None	None	None	
Vice President	ROC	TU, CHUN-YING	Male	11.10. 2020	150,340	0.09	-	-	-	-	Department of Engineering Science, National Cheng Kung University Vice President of IEI R&D Center and Quality Department	None	None	None	None	
Vice President	ROC	KUO,CHEN-SHAN	Female	11.10. 2020	-	-	-	-	-	-	Department of Business Administration, Taipei University Vice President of IEI Logistics Center	None	None	None	None	
Vice President	ROC	LI, YAO-TSUNG	Male	07.16. 2021	-	-	-	-	-	-	Department of Computer Science and Information Engineering, Chung Cheng University Vice President of IEI.Network and Edge Computing Business Center	None	None	None	None	
Financial Accounting Manager	ROC	WEI, TI-SZU	Female	09.16. 2019	-	-	-	-	-	-	Accounting Department of Fu Jen Catholic University Accounting Manager at Aurotek corporation.	None	None	None	None	

3.3 Remuneration of Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Proposed amount)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	QNAP Systems, Inc. Representative: CHANG, MING-CHIH JIANG, JONQ-LIANG LIU, WEN-YI(Note) LI, YING-YIN	-	-	-	-	1,940	1,940	-	-	1,940 0.13%	1,940 0.13%	1,423	3,479	108	108	5,928	-	9,000	-	9,399 0.63%	14,527 0.97%	None
Independent Director	HO, IN-CHYUAN HSU, JIA-LIEN LO,WEN-PAO	-	-	-	-	1,360	1,360	-	-	1,360 0.09%	1,360 0.09%	-	-	-	-	-	-	-	-	1,360 0.09%	1,360 0.09%	None

Note：Director LIU, WEN-YI transferred more than half of his shares exceeding the number held at the time of election and dismissed automatically on 08.25.2022.

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
   The remuneration for the independent directors of our company is allocated and paid annually in accordance with the prescribed ratio set out in the company's articles of association. The compensation for their execution of business duties will be adjusted based on individual director's level of participation and contribution value, which will be recommended by the company's Compensation Committee and approved by the Board of Directors.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors.：None.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements (H)	The company	Companies in the consolidated financial statements (I)
Less than NT$ 1,000,000	QNAP Systems, Inc. representative:CHANG, MING-CHIH、JIANG, JONQ-LIANG、LIU, WEN-YI、LI, YING-YIN、HO, IN-CHYUAN、HSU, JIA-LIEN、LO, WEN-PAO		QNAP Systems, Inc. representative:CHANG, MING-CHIH、LIU, WEN-YI、LI, YING-YIN、HO, IN-CHYUAN、HSU, JIA-LIEN、LO, WEN-PAO	
NT$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999			JIANG, JONQ-LIANG	
NT$10,000,000 ~ NT$14,999,999				JIANG, JONQ-LIANG
NT$15,000,000 ~ NT$29,999,999				
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
Greater than or equal to NT$100,000,000				
Total	7	7	7	7

3.3.2 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	JIANG, JONQ-LIANG	12,113	14,599	663	663	1,423	2,172	14,840	-	19,412	-	29,039 1.95%	36,846 2.47%	None
Vice President	CHANG, SU-PI													
Vice President	LI, KUO-HSIUNG													
Vice President	SHIH, CHIEN-MENG (Note)													
Vice President	CHAN, KAI-CHENG													
Vice President	TU, CHUN-YING													
Vice President	KUO, CHEN-SHAN													
Vice President	LI, YAO-TSUNG													

Note：SHIH, CHIEN-MENG retired and resigned as Vice President on 03.31.2022.

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000	CHANG, SU-PI、SHIH, CHIEN-MENG	SHIH, CHIEN-MENG
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999	KUO, CHEN-SHAN	KUO, CHEN-SHAN
NT$3,500,000 ~ NT$4,999,999	LI, KUO-HSIUNG、CHAN, KAI-CHENG、TU, CHUN-YING、LI,YAO-TSUNG	CHANG, SU-PI、LI, KUO-HSIUNG、CHAN, KAI-CHENG、TU, CHUN-YING、LI,YAO-TSUNG
NT$5,000,000 ~ NT$9,999,999	JIANG, JONQ-LIANG	
NT$10,000,000 ~ NT$14,999,999		JIANG, JONQ-LIANG
NT$15,000,000 ~ NT$29,999,999		
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
Greater than or equal to NT$100,000,000		
Total	8	8

3.3.3 Employee Compensation amount paid to managers

March 31, 2023
Unit: NT$ thousands

	Title	Name	Stock bonus amount (proposed)	Cash bonus amount (proposed)	Total	Ratio of Total Amount to Net Income (%)
Manager	President	JIANG, JONQ-LIANG	-	15,440	15,440	1.03
	Vice President	CHANG, SU-PI				
	Vice President	LI, KUO-HSIUNG				
	Vice President & R&D Manager	CHAN, KAI-CHENG				
	Vice President	TU, CHUN-YING				
	Vice President	KUO, CHEN-SHAN				
	Vice President	LI, YAO-TSUNG				
	Financial Accounting Manager	WEI, TI-SZU				

3.3.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents:

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT$ thousands

Year / Title	Ratio of 2021 total remuneration to net income (%)		Ratio of 2022 total remuneration to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	1.23	1.83	0.72	1.06
President and Vice President	3.54	4.46	1.95	2.47

Note: The total amount of payment for employee compensation in 2022 is a proposed figure.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.：

The remuneration of the directors and managers of our company is handled in accordance with the employee compensation policy and relevant personnel regulations stipulated in the company's articles of association. After considering the company's operating results and individual performance, it is submitted to the Remuneration Committee and Board of Directors for approval.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 4 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	QNAP Systems, Inc. Representative: CHANG, MING-CHIH	4	0	100.00	
Director	JIANG, JONQ-LIANG	3	1	75.00	
Director	LIU, WEN-YI	3	0	100.00	Dismissed on 08.25.2022
Director	LI, YING-YIN	4	0	100.00	
Independent Director	HO, IN-CHYUAN	4	0	100.00	
Independent Director	HSU, JIA-LIEN	4	0	100.00	
Independent Director	LO, WEN-PAO	4	0	100.00	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act. (Refer to page 42-44 for details.)
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Implementation status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	01/01/2022 ~ 12/31/2022	Board of Directors	Internal self-evaluation by the Board of Directors	• Level of participation in company operations • Enhancing the quality of board decisions • Composition and structure of the board of directors • appointment of directors and their continued development • Internal controls
		Individual Director Members	self-assessment by directors	• Grasp of company targets and missions • Understanding of the director's role and responsibilities • Level of participation in company operations • Internal relationship management and communication • Director's specialty and continued development • Internal controls
		Performance Evaluation of Functional Committees (Audit Committee, Compensation Committee)	Internal self-evaluation by the Functional Committee	• Level of participation in company operations • Understanding of the responsibilities of functional committees • Improvement of the decision-making quality of functional committees • Composition of functional committees, and member selection • Internal controls

4. Measures taken to strengthen the functionality of the board:

Among the company's seven directors, three are independent directors. We have also established an audit committee and a remuneration committee to strengthen the functions of the Board. The Board has convened at least once every quarter and has been functioning smoothly since its establishment.

The company has disclosed information on director attendance and training status to the public through the Market Observation Post System, ensuring timely and transparent disclosure of information.

To implement corporate governance, we have formulated "Rules of Procedure for Board Meetings," "Standard Operating Procedures for Handling Director Requests," and "Rules for Performance Evaluation of Board of Directors" in accordance with legal regulations. At the end of each year, the unit responsible for board meetings collectes relevant information on board activities and issues self-evaluation questionnaires to director members for performance assessment. The evaluation team then collects all information, scores based on the evaluation indexes, summaries the evaluation results in a report, and submitts the report to the board of directors for discussion and improvement.

3.4.2 Operations of the Audit Committee:

1. A total of 4 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	HO, IN-CHYUAN	4	0	100	
Independent Director	HSU, JIA-LIEN	4	0	100	
Independent Director	LO, WEN-PAO	4	0	100	

Other mentionable items:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act. (Refer to page 20-21 for details.)

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):

(1) The Company has established an Audit Committee, which is composed of all independent directors. Prior to each quarterly board meeting, the committee regularly meets with the head of internal audit to review matters including internal control and audit plans as well as execution results. The communication and results of these reviews are recorded in the minutes of each quarterly Audit Committee meeting, and important decisions are regularly explained and reported at board meetings. Communication between parties is good.

(2) The Company's CPAs have presented the key findings or comments regarding annual financial report audits, profit and loss situations, and financial conditions to the Audit Committe through discussions each year. Furthermore, the Company may call for meetings with auditors and relevant departments if it is necessary due to operational status or at the request of independent directors.

2. Summary of Annual Work Priorities and Operations:
   - Assessment of the effectiveness of internal control systems.
   - Internal control systems and related procedures.
   - Significant asset transactions.
   - Annual financial reports and quarterly financial reports.
   - Independence, suitability, and remuneration assessment of CPAs.
   - Self-assessment questionnaire for Audit committee performance evaluation.

● **Review of Financial Reports**

The Board has prepared the 2022 annual business report, financial statements, and profit distribution proposal. The financial statements have been audited by KPMG and an audit report has been issued. The Audit Committee has reviewed the aforementioned operating report, financial statements, and profit distribution proposal and found no issues.

● **Assessment of Effectiveness of Internal Control Systems**

The Audit Committee evaluated the effectiveness of the company's internal control system policies and procedures (including controls for finance, operations, risk management, information security, outsourcing, legal compliance), reviewed regular reports from the company's auditing department as well as external auditors' opinions on such matters. The Audit Committee believes that the company's risk management system is effective with necessary mechanisms in place to monitor non-compliant behavior.

3. Audit Committee Operations for the Year 2022

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act	Independent directors opposed or reserved their opinion	Resolution Results	The company's response to the opinions of the Audit Committee.
The 7th meeting of the 2nd session 2022.03.11	1. 2021 Business Report and Financial statements.	V	None	No objections	N/A
	2. The Proposal for Distribution of 2021 profits	-			
	3. Internal Audit Execution Report.	V			
	4. Assessment of Effectiveness of Internal Control System and "Statement on Internal Control System" for the year 2021.	V			
	5. 2022 business plan and budget.	-			
	6. Annual evaluation of the independence and suitability of CPAs, as well as appointment and compensation.	V			
	7. Amendment to the company's "Procedures for the Acquisition and Disposal of Assets"	V			
	8. Amendment to the company's "Decision-making Authority Regulations".	V			
	9. The re-appointment of General Manager for Armorlink SH Corp. and IEI Technology (Shanghai) Co., Ltd.	-			
The 8th meeting of the 2nd session 2022.05.06	1. Internal Audit Execution Report.	V	None	No objections	N/A
	2. 2022 Q1 Consolidated Financial Statements.	V			
	3. Formulation of “Procedures for the acquisition or disposal of assets” and " Procedures for Lending and Endorsement Guarantee" of Weibotong Technology (Shanghi) Co., Ltd.	V			
	4. Amendment to the "Procedures for the Acquisition or Disposal of Assets" of subsidiary companies.	V			
The 9th meeting of the 2nd session 2022.08.05	1. Internal Audit Execution Report.	V	None	No objections	N/A
	2. Change of CPA for internal adjustments of KPMG from the second quarter of 2022.	V			
	3. 2022 Q2 Consolidated Financial Statements..	V			

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act	Independent directors opposed or reserved their opinion	Resolution Results	The company's response to the opinions of the Audit Committee.
The 10th meeting of the 2nd session 2022.11.08	1. Internal Audit Execution Report. ◦	V	None	No objections	N/A
	2. 2022 Q3 Consolidated Financial Statements.	V			
	3. Audit plan for the year 2023.	V			
	4. Amendment to the “Procedures for Handling Material Inside Information" of the company.	V			
	5. Appointment of the chief corporate governance officer.	V			
	6. Proposal to establish a cybersecurity management committee and appoint information security director, information security manager, and information security personnel.	V			
	7. Amendment to the "Division of Functions and Responsibilities in the Information Department" of our company's internal control system.	V			
	8. The general principles of pre-approving accounting firms for non-assurance services by our company.	V			
The 11th meeting of the 2nd session 2023.03.10	1. 2022 Annual Business Report and Financial Report.	V	None	No objections	N/A
	2. 2022 Profit Distribution Plan.	-			
	3. Internal Audit Execution Report.	V			
	4. Assessment of the Effectiveness of Internal Control System and "Statement on Internal Control System" for the year 2022.	V			
	5. Operating plan and budget for the year 2023.	-			
	6. Annual evaluation of the independence and suitability of CPAs, as well as appointment and compensation.	V			
	7. Amendment to the company's "Articles of Incorporation " ◦	V			
	8. Amendment to the company's "Rules of Procedure for Shareholder Meetings"	V			
The 12th meeting of the 2nd session 2023.05.05	1. Internal Audit Execution Report.	V	None	No objections	N/A
	2. 2023 Q1 Consolidated Financial Statements.	V			
	3. Nomination of candidates for directors (including independent directors) of the 2023 Annual Shareholders' Meeting.	-			
	4. Amendment to the company's "Rules of Procedure for Shareholder Meetings "	V			
	5. Amendment to the company's "Rules of Procedure for Board of Directors Meetings".	V			
	6. Amendment to the company's "Practice Principles for Corporate Governance", and "Operating Procedures for Transactions with Related Parties, Specific Companies and Group Enterprises ".	V			
	7. Amendment to the company's "Standard Operating Procedure for Handling Director Requests".	V			
	8. Amendment to the company's " Accounts Payable Operations ".	V			
	9. The adjustment and dismission of Manager in our company.	V			
	10. Proposal of Employee incentive program and realated cash capital increase plan for Armorlink SH Corp.	-			

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”:

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company has established “Practice Principles for Corporate Governance” based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”. The information has been disclosed on the Company’s website and the Market Observation Post System (MOPS). .	None
2. The shareholding structure and shareholders’ equity of the Company				
(1) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures been implemented accordingly?	V		(1) The company has established the "Procedures for Handling Material Inside Information" and designated spokespersons and proxy spokespersons to handle shareholder inquiries and suggestions. If legal issues are involved, legal personnel will be consulted for assistance.	None
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate owners?	V		(2) The company's stock affairs are handled by a professional stock agency, and there is a dedicated stock commissioner who understands the shareholder structure and can grasp control at any time.	None
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(3) The company has established the ”Operating Procedures for Transactions with Related Parties, Specific Companies and Group Enterprises” and related management measures and operational systems such as internal control and internal audit to effectively manage risks.	None
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		(4)The company has established the "Procedures for Handling Material Inside Information". Annually, ensure that directors, managers, and employees receive education and promotion regarding laws and regulations pertaining to insider trading. Additionally, provide timely education and promotion to new	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			hires within one month of their employment. The company provided education and training to its current directors, managers, and employees (a total of 724 participants) in the fiscal year 2022, totaling 759 hours. The course content included: scope of significant information, operation of confidentiality firewalls, confidentiality procedures for external organizations or individuals, principles of disclosure, implementation of spokesperson system, record-keeping for information disclosure, response to inaccurate media reports, reporting abnormal situations and violation handling internal control mechanisms.	
3. Composition and duties of the board of directors: (1)Has the board of directors established diversity policy, specific management goal and has executed properly?	V		(1) The Company has formulated its own corporate governance principles, The Board of Directors has formulated a diversified policy for the composition of its members, including but not limited to gender, age, nationality, culture, professional background, skills and industry experience. All directors (including independent directors) are nominated candidates and are selected through a rigorous selection process before being approved by the Board of Directors and submitted to the shareholders' meeting for election. The current board of directors of our company consists of six members, including one executive director, two non-executive directors, and three independent directors, one of whom is female. The members have rich experience and expertise in finance, technology industry, management and other fields which are helpful for the development and operation of the company. For more information on their implementation status, please refer to page 13.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has established a Compensation Committee and an Audit Committee, but has not set up any other functional committees. Currently, the controls of various functions are managed by the Compensation Committee, Audit Committee, Board of Directors and managers according to their respective responsibilities.	Other functional committees may be established as needed based on the company's operational status and scale.
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the board of directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) The Company has formulated the "Rules for Performance Evaluation of Board of Directors " at the board meeting on May 2nd, 2019 and has started conducting self-evaluation annually by the Board of Directors from 2020. The evaluation results shall be reviewed by the Board before the end of 1st quarter of the next year. This evaluation will also serve as references for individual director's compensation and nomination for reappointment.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The independence and suitability of external auditors are evaluated annually by the Company with approval from its Audit Committee before being submitted to its Board of Directors. It is confirmed that they are not related parties such as directors or shareholders receiving remuneration from our company. In addition, external auditors must avoid commissioning matters where they have direct or vested interests while complying with relevant regulations regarding rotation requirements. At the Board Meeting on March 10th, 2023, it was confirmed that independent assessments were made regarding auditor independence and suitability which complied with regulatory standards; therefore financial reports issued can be relied upon without reservation. Please refer to "Appendix I" below for details.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Has the Company had an adequate number of competent corporate governance personnel, and appointed a chief corporate governance officer that as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors and supervisors, to assist directors and supervisors with legal compliance, to handle matters relating to board meetings and shareholders meetings according to laws, and to produce minutes of board meetings and shareholders meetings)	V		On November 8, 2022, the Board of the Company has appointed WEI, TI-SZU as the chief corporate governance officer. The corporate governance affairs of the Company are managed by the unit responsible for stock matters. Corporate governance affairs encompass various aspects such as managing meetings for the Board and shareholders in compliance with legal requirements, preparing minutes of meetings for committees, supporting directors in their induction and ongoing education, providing necessary information to facilitate business execution while ensuring adherence to laws and regulations. Additionally, it involves reporting to the board on whether independent directors meet relevant legal requirements during nomination, appointment or tenure; handling issues related to director changes; and addressing other matters specified in the company's articles of association or contracts.	None
5. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section on the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The company has established multiple communication channels with the public, including a spokesperson and proxy spokesperson. Additionally, we have created a stakeholder section on our website that displays contact email addresses and phone numbers for various business areas. These channels are managed by dedicated personnel who respond promptly to inquiries. For major issues of concern to stakeholders such as greenhouse gas emissions and sustainable development, involving government agencies, customers, suppliers or employees, relevant departments are convened by corresponding windows to initiate appropriate projects and actions in order to provide timely feedback.	None
6. Does the Company engage a share administration agency to handle shareholder meetings' affairs?	V		The company has appointed the Capital Securities Corp. Shareholder Services Department. to handle matters related to the shareholders' meeting.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
7. Information disclosure				
(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(1) The company has established a website:http://www.ieiworld.com, where we regularly disclose various information about our finances and business. Additionally, the website also provides a link to the Public Information Observation Station for easy access to related public information.	None
(2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	V		(2) We have dedicated departments and personnel responsible for collecting and publishing information about our company, as well as complying with regulations by appointing spokespersons and proxy spokespersons. Relevant information from corporate briefings is also disclosed on the Public Information Observation Station and our company's website in accordance with legal requirements.	None
(3) Has the Company made public announce and reported the annual financial statements within two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?		V	(3) The quarterly financial reports for the year were announced within 45 days prior to the statutory deadline. Monthly operating conditions are also announced before the 10th day of each month.	The announcement of annual financial statements within two months after the end of the fiscal year has been included as a goal in our efforts towards corporate governance.
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements standards, implementation of customer policies, and insuring against liabilities of company directors and supervisors)?	V		(1) Employee Benefits: The company has always treated employees with integrity and protected their legitimate rights and interests in accordance with labor laws. (2) Employee Care: We establish a good relationship of mutual trust and reliance with our employees through enriching welfare systems that stabilize their lives, as well as a sound education and training system. (3) Investor Relations: The company has designated spokespersons and proxy spokespersons to handle shareholder suggestions and doubts.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(4) Supplier Relations: We maintain a good and close cooperation with our suppliers, establishing mutually beneficial relationships based on trust. (5) Rights of Stakeholders: Stakeholders can contact us through various channels to communicate or provide feedback, in order to safeguard their legitimate rights and interests. (6) Director Training Situation: In compliance with the "Reference Example for Implementation Guidelines for Directors' Continuing Education in Listed Companies" issued by the Taiwan Stock Exchange Corporation, we arrange for directors to attend training courses. Relevant information regarding director training is disclosed on the Public Information Observation System website. (7) Execution Status of Risk Management Policies & Standards: We have established various internal regulations according to law, operated various ISO systems, conducted risk management at all levels across different aspects, as well as assessments thereof. (8) Execution Status of Customer Policy: We allocate an appropriate number of business managers who are responsible for customer service. With a dedicated customer service unit providing product services and answering questions from customers, we maintain stable relationships that create mutual benefits between us both parties. (9) Company's Purchase of Liability Insurance for Directors Situation：We purchase liability insurance for directors every year while reporting it to the board.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.

* The ranking range of our company's 9th corporate governance evaluation in 2022 is between 66% and 80%.

* Regarding the results of the corporate governance evaluation, we have reviewed the areas for improvement and strengthened them one by one. We have also enhanced disclosure of relevant information on our company website, annual report, and public information observation platform.

* Other areas that our company has not yet improved will be gradually addressed based on our company's plan and implementation.

Indicator Category	Evaluation criteria content	Improvement measures
Promoting Sustainable Development	Does the company have a dedicated unit (or personnel) to promote sustainable development, conduct risk assessments related to environmental, social or corporate governance issues relevant to the company's operations based on major principles, establish relevant risk management policies or strategies, and supervise the progress of sustainable development by the board of directors? Are these information disclosed on the company's website and annual report?	In August 2022, the company underwent a restructuring of its Corporate Social Responsibility Committee (CSR) and renamed it as the ESG Implementation Team. This team dedicates to promote sustainable development through various actions and intends to improve transparency by disclosing specific implementation status on the company's website or annual report in the future. Furthermore, at least once a year, the team plans to report its operations and execution to the board of directors.
	Does the company have a dedicated department or position responsible for promoting business integrity management? This department or position should be in charge of formulating and supervising the implementation of policies and prevention plans related to business integrity, as well as explaining the operation and execution status of this unit on the company's website and annual report. Additionally, they should report to the board of directors at least once a year.	
	Does the company regularly disclose its specific plans and implementation results for promoting corporate sustainability (ESG) on its website, annual report or sustainability report?	
	Does the company's website, annual report or sustainability report disclose its supplier management policies, requiring suppliers to follow relevant standards on environmental protection, occupational safety and health, labor rights and other issues, and explain the implementation status?	
	Has the company disclosed its annual greenhouse gas emissions, water usage, and total waste weight for the past two years?	The company launched the ISO 14064-1 project in December 2022, planning to conduct a greenhouse gas inventory from the base year of 2022. We will effectively investigate all possible sources of greenhouse gas emissions within our company's boundaries and work towards carbon neutrality and net-zero goals. In the future, we will strengthen disclosure of relevant information on our company website or annual report.
	Has the company established policies for reducing greenhouse gas emissions, conserving water, or managing other waste materials? These policies should include reduction targets, measures to promote them, and progress towards achieving them.	

Appendix I: Independence and Competency of CPA Assessment Item:

Assessment item	Evaluation result Yes / No	Does it meet the criteria of independence/competence?
1. Whether there is no related party relationship with our company.	Yes	Yes
2. Whether the accountant has any spousal or familial relationship within the first or second degree of kinship with the responsible person or manager of this company.	Yes	Yes
3. Whether the accountant or their spouse and minor children have any investment or profit-sharing relationship with the company.	Yes	Yes
4. Whether the accountant or their spouse and minor children have any financial borrowing or lending with the company.	Yes	Yes
5. Whether the accountant has any direct or significant indirect financial interest with the Company.	Yes	Yes
6. Whether the accountant has engaged in financing or guarantee activities with the Company or its directors.	Yes	Yes
7. Has the accountant's consideration of the possibility of client loss affected their audit work for the company.	Yes	Yes
8. Whether the accountant has any close business or potential employment relationship with the company.	Yes	Yes
9. Has the accountant not received any fees related to or reimbursed for the audit engagement.	Yes	Yes
10. Have the accountant and audit team members not served as directors, supervisors, executives or positions that significantly affect the audit work of the company in the past two years.	Yes	Yes
11. The auditor's non-audit services provided to the Company did not have a direct impact on the significant items of the audit engagement.	Yes	Yes
12. Whether the accountant has not promoted or acted as an intermediary for the stocks or other securities issued by the Company.	Yes	Yes
13. Has the accountant not acted as the defender or representative of the Company in coordinating any conflicts with third parties?	Yes	Yes
14. Whether the accountant has any relatives who hold significant positions in the company's board of directors, supervisory committee, management team or have a significant impact on audit matters.	Yes	Yes
15. Within one year after the resignation of an accountant, no co-practicing accountant shall serve as a director, supervisor, executive officer or have significant influence on audit matters of this company.	Yes	Yes
16. Has the accountant concurrently served as a regular employee of the Company and received fixed salary?	Yes	Yes
17. Whether the accountant has not been involved in the management function of formulating decisions for the company.	Yes	Yes
18. As of the latest visa processing, there have been no cases where a passport has not been renewed for seven years.	Yes	Yes
19. Referring to the Auditor Quality Indicators (AQI), whether the auditor has any matters of unsuitability for appointment in this company.	No	Yes

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee：

1. Information of Remuneration Committee members:

Title \ Conditions / Name		Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	HO, IN-CHYUAN	Please refer to page 11-12 for relevant information on the professional qualifications of directors and disclosure of independence information for independent directors.		None
Independent Director	HSU, JIA-LIEN			None
Independent Director	LO, WEN-PAO			None

2. Attendance of Members at Remuneration Committee Meetings
   (1) There are three members in the Remuneration Committee.
   (2) A total of 2 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	HO, IN-CHYUAN	2	0	100	
Committee Member	HSU, JIA-LIEN	2	0	100	
Committee Member	LO, WEN-PAO	2	0	100	
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) : None. 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

3. Review of the Salary and Compensation Committee:

Meeting Dates	Contents and Resolution	Resolution Results	Handling of the opinions from the Compensation Committee by the company.
The 4th meeting of the 4th session 2022.03.11	1. Review the distribution plan for director and employee remuneration for the fiscal year 2021 of the company. 2. Review the performance evaluation process for directors and managers, as well as the annual salary adjustment plan for managers in the fiscal year 2022 of the company.	No objections	Submitted to the board of directors for discussion and approved.
The 5th meeting of the 4th session 2022.11.08	1. Review the amount of employee compensation for the year 2021. 2. Review the principles of year-end bonus distribution and the amount of bonuses distributed to managers. 3. Review the performance evaluation process for directors and managers, as well as the annual salary adjustment plan for managers for the year 2023. 4. Review the proposed work plan for the Compensation Committee in 2023.	No objections	Submitted to the board of directors for discussion and approved.
The 6th meeting of the 4th session 2023.03.10	1. Review the distribution plan for director and employee remuneration for the year 2022. 2. Review the principles of distributing year-end bonuses and the amount to be distributed to managers.	No objections	Submitted to the board of directors for discussion and approved.

3.4.5 Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof:

Promotion items	Operation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
1. Has the company established a governance framework to promote sustainable development, set up a dedicated unit for promoting sustainable development, and authorized senior management by the board of directors to handle it, with supervision from the board of directors?	V		The company established the Corporate Social Responsibility Committee in 2016. This committee was comprised of relevant department heads or their appointed representatives who were responsible for planning and implementing initiatives related to corporate social responsibility and sustainable development. In August 2022, the company transformed the CSR committee into ESG Implementation Team. Since then, this team has been actively promoting various actions for sustainable development. Moving forward, we will enhance transparency by disclosing specific implementation statuses on our website or annual report. Additionally, at least once a year we will report on operational and execution situations to the board of directors.	The framework and organization for ESG implementation have been gradually initiated, but the matters on reporting to the Board for management and supervision are still under planning.
2. Has the company conducted risk assessments related to environmental, social, and corporate governance issues relevant to its operations in accordance with the principle of materiality? Have they established corresponding risk management policies or strategies?	V		Considering the importance of subsidiaries' operation and their impact on major themes, the boundary of relevant risk assessment is mainly focus on the company. The company has established a "Risk Assessment Management Procedure" to identify and evaluate risks related to internal and external environments that are relevant to the company's business philosophy and strategic objectives.	Related matters are still under planning.
3. Environmental issues. (1) Has the company established appropriate environmental management systems based on its industry characteristics?	V		The company has implemented the ISO14001 environmental management system, established an environmental management committee, set up the company's environmental policy and objectives, and promoted and supervised the implementation of various environmental management activities. We have also introduced the ISO45001 management system to ensure a safe and healthy working environment.	None

Promotion items	Operation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
(2) Is the company committed to improving energy efficiency and using low-impact renewable materials?	V		The company adheres to the concept of green design, procures environmentally friendly materials, and produces products that comply with the EU RoHS standards. We are committed to limiting the use of hazardous substances. We have established a "resource utilization management procedure" to promote resource reuse among our colleagues, such as recycling paper copies, reusing envelopes, and promoting paperless operations. In addition, we implement waste sorting and resource recycling measures to reduce our impact on the environment.	None
(3) Has the company assessed the potential risks and opportunities of climate change on its current and future operations, and taken relevant measures to address them?	V		The company takes environmental sustainability seriously and has set clear goals for the treatment of wastewater/ exhaust gas and energy consumption reduction. We actively implement measures to save energy and reduce carbon emissions, such as controlling the temperature of air conditioning in offices, replacing office lighting with energy-saving equipment, turning off lights during lunch breaks, and promoting electricity conservation among colleagues.	None
(4) Has the company calculated its greenhouse gas emissions, water usage, and total waste weight over the past two years, and developed policies for reducing greenhouse gas emissions, conserving water or managing other types of waste?	V		The company is not a high-energy-consuming industry, nor does it have facilities that generate large amounts of greenhouse gases. Our water usage is only for general household use. Based on the electricity emission coefficient converted to CO2 equivalent emissions, our self-audited emissions in 2021 and 2022 were approximately 768.81 tons and 678.38 tons respectively. We actively promote energy conservation and carbon reduction efforts, and have established a waste management program to encourage waste sorting and recycling to reduce environmental impact. In December 2022, the company launched the ISO 14064-1 project with plans to conduct a greenhouse gas inventory of the company starting from 2022. We will effectively audit all possible sources of greenhouse gas within the company's boundaries towards achieving carbon neutrality and net-zero goals."	None

Promotion items	Operation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof
	Yes	No	Summary	
4. Social Issues (1) Has the company established relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		The company has established relevant management policies and procedures in accordance with labor laws and international human rights conventions, such as employee behavior and disciplinary norms, prevention of workplace harassment and abuse, performance management, work rules, etc. We also regularly remind employees to comply with these policies through announcements.	None
(2) Has the company established and implemented reasonable employee welfare measures (including salary, leave, and other benefits), and appropriately reflected business performance or results in employee compensation?	V		The company follows the "Labor Standards Act" and related laws to establish various salary and benefit measures for employees. We implement reasonable employee welfare measures through comprehensive personnel management methods such as compensation, attendance, and leave. The employee remuneration policy is clearly stated in the articles of association, and regular performance evaluations are conducted as a basis for award distribution and adjustment. We have implemented an employee stock trust system to realize the ideal of employees being shareholders. Through unity and cooperation, we achieve shared business performance and results.	None
(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for them?	V		The company has obtained ISO45001 certification for occupational safety and health management system. We allocate first-aid personnel according to the number of employees, hold annual fire evacuation drills, regularly inspect and repair fire facilities to ensure workplace safety and appropriate response in case of emergencies or disasters. We conduct employee health check-ups every year and have on-site physician services every month to maintain employee health. We comply with the Occupational Safety and Health Act to prevent occupational accidents; we also establish various "safety and health work guidelines," including regulations related to working environment and employee personal safety, which are provided for employees to follow. The implementation of our company's occupational safety	None

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Operation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>education and training in the past two years is as follows:<table><tr><th>Year</th><th>Number of participiants</th><th>Training hours</th></tr><tr><td>2021</td><td>204</td><td>413</td></tr><tr><td>2022</td><td>137</td><td>352</td></tr></table></td><td></td></tr>
<tr><td>(4) Does the company establish an effective career development and training plan for employees?</td><td>V</td><td></td><td>The company has established an education and training center with a comprehensive education and training system that develops annual training plans and objectives, including new employee training, professional technical training, as well as cultivating and enhancing the abilities of supervisors. We regularly organize knowledge sharing sessions or book clubs to encourage employees to actively propose opinions and new ideas. Through continuous internal and external training courses, we absorb new knowledge, improve employee quality, and strengthen their leadership skills.</td><td>None</td></tr>
<tr><td>(5) Does the company comply with relevant laws and international standards regarding customer health and safety, customer privacy, marketing, labeling, and other issues related to products and services? Has the company established policies and complaint procedures to protect consumer or customer rights?</td><td>V</td><td></td><td>The company follows relevant laws and international standards in regards to customer health and safety, customer privacy, marketing, and labeling of our products and services. We have established corresponding management procedures for these matters. We value our relationship with customers as many of them are long-term partners. To address any complaints or product returns, we have designated personnel and an email inbox specifically for handling such issues.</td><td>None</td></tr>
<tr><td>(6) Has the company established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, labor rights and other issues, and how is it implemented?</td><td>V</td><td></td><td>The company has established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights. We also require them to sign a commitment to adhere to our corporate social responsibility guidelines. Suppliers are subject to periodic evaluations, and if they violate our CSR policies and have significant impacts on the environment or society, we reserve the right to terminate or cancel contracts at any time.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Operation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>5. Has the company referred to international standards or guidelines for preparing non-financial disclosure reports such as sustainability reports? Have these reports been verified by a third-party assurance provider to provide confidence or assurance opinions?</td><td></td><td>V</td><td>The company is currently not required by law to prepare a sustainability report. However, we will consider preparing and disclosing such a report in the future based on regulatory requirements or at the discretion of relevant authorities.</td><td>The company is not required by law to prepare the ESG report currently. However, we may consider preparing such a report in the future if there are regulatory requirements or any arising needs.</td></tr>
<tr><td colspan="5">6. If the company has its own sustainability guidelines in accordance with the "Practical Guidelines for Sustainable Development of Listed and OTC Companies", please describe the differences between their operation and established guidelines:
The company has formulated the "Corporate Social Responsibility Practice Guidelines" and continuously promotes them based on principles such as "Implementing Corporate Governance", "Developing Sustainable Environment", "Maintaining Social Welfare" and "Strengthening Disclosure of Corporate Social Responsibility Information". The current operation is not significantly different from the established guidelines.</td></tr>
<tr><td colspan="5">7. Other important information that helps understand the implementation of sustainable development:
(1) Environmental protection: In response to international environmental trends and customer requirements, IEI Group uses XRF equipment for material testing. All components have been fully environmentally friendly procured and produced in compliance with EU ROHS requirements, and efforts are being made to introduce halogen-free specifications. As a professional EMS Group, it is obliged to continue promoting product greening and policies such as "commitment to continuous improvement and dedication to pollution prevention", "compliance with environmental laws and international environmental requirements", "implementation of employee training to enhance environmental awareness" etc., creating more win-win situations for customers, suppliers, and employees.
(2) Community participation, social contribution, community service, public welfare: The company prioritizes hiring local employees and providing employment opportunities. In addition to focusing on business operations and respecting shareholder rights, we will also plan irregular participation in social welfare charity activities for sustainable community development. If any employee needs emergency assistance, donation activities will be initiated for mutual support.
(3) Human rights: The company attaches great importance to human rights. Regardless of race, gender, religion or political affiliation all enjoy equal job opportunities as well as personal freedom of expression and development opportunities in order to respect individual dignity.
(4) Safety health: The company's safety health measures comply with government regulations.</td></tr>
</table>

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The company has established the "Code of Conduct for Business Integrity", "Operating Procedures and Behavioral Guidelines for Business Integrity" and other related procedures, which have been submitted to the board of directors for approval. The information has been disclosed on the company's website and public information observation station. The corporate governance unit is responsible for the planning, supervision and implementation of our integrity management policies and prevention strategies..	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) In addition to promoting the concept of business integrity, the company also prevents dishonest business activities through internal audit mechanisms and a company complaint mechanism. Relevant measures to prevent dishonest behavior have been established, including operating procedures, behavioral guidelines, education and training.	None
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) To ensure that business integrity is implemented effectively, the company has established methods such as "Code of Conduct for Business Integrity", "Operating Procedures and Behavioral Guidelines for Business Integrity", "Reporting Handling Criteria", "Work Rules", etc., which are regularly reviewed and revised. All employees are explicitly prohibited	None

Evaluation item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			from accepting kickbacks in order to avoid sacrificing corporate interests due to personal gain. Effective accounting systems and internal control systems have also been established with regular checks conducted by internal auditors to ensure compliance with regulations.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) Before establishing a business relationship with any party, the company will first evaluate the legality of the said party and check for any records of dishonest behavior to ensure that their business operations are fair, transparent, and free from bribery demands or offers.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2) To promote integrity in management, our Human Resources Administration Department and Finance Department are responsible for formulating policies on integrity in operation and prevention measures. The Operations Department is tasked with supervising implementation. Any major incidents of dishonesty will be reported to the Board of Directors.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The company has established a "Code of Conduct," "Procedures and Guidelines for Integrity in Operation," and "Work Rules" which stipulate that employees must not accept kickbacks to prevent them from sacrificing company interests for personal gain. If violations are discovered, they can be reported to independent directors or audit committees, managers, human resources and auditing units, immediate supervisors or other appropriate personnel.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) In order to ensure the implementation of integrity in operation, the company has established effective accounting systems and internal control systems. Internal auditors regularly review compliance with these systems.	None

Evaluation item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The company holds at least one internal education training session on integrity in operation each year as well as external training sessions based on actual needs. Management also promotes how to prevent dishonest behavior such as insider trading at least twice a year through the internal website. We hope to establish a unified belief among all employees while complying with relevant laws and regulations regarding integrity in operation. In 2022, the company held both internal and external education training sessions related to issues concerning integrity in operation (including courses such as compliance with laws governing corporate governance regulations; information security; labor management regulations; occupational safety health; accounting system & internal control system etc.), totaling 1,962 participants and 3,026 trainning hours.	None
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The company has established a "Whistleblowing Handling Guidelines" and set up human resources and audit units to provide whistleblowers with channels for reporting. We have also established and announced a reporting mailbox and hotline on our company website and internal network, providing internal or external stakeholders (such as employees, suppliers, and customers) with the means to report any behavior that violates integrity and ethics with evidence.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The "Whistleblowing Handling Guidelines" of our company clearly stipulate the investigation standard operating procedures for accepting reported matters, follow-up measures to be taken after completing investigations, as well as related confidentiality mechanisms.	None

Evaluation item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?	V		(3) According to our company's "Whistleblowing Handling Guidelines," we will keep confidential the identity of whistleblowers and their reports. Personnel involved in investigating reported cases are not allowed to disclose information without authorization so as not to subject whistleblowers to unfair treatment, retaliation or threats.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The company has disclosed the content and effectiveness of its code of conduct for integrity management on its website and in public information disclosure platforms.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The company has established the "Code of Conduct for Business Integrity" and there is no significant difference between its current operation and the established guidelines.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). (1) The Company adheres to the Company Act, Securities and Exchange Act, Commercial Accounting Act, relevant regulations for listing on stock exchanges or over-the-counter markets, and other laws and regulations related to business operations as the basis for implementing honest management. (2) The "Rules of Procedure for Board Meetings" of the Company stipulate a system for directors to avoid conflicts of interest. For proposals listed in the board meeting that may harm the interests of the company due to their own interests or those of legal persons represented by them, they may express opinions and answer questions but cannot participate in discussions or voting. They should also abstain from discussions and voting when necessary and cannot act as proxies for other directors' voting rights. (3) The Company has established "Procedures for Handling Material Inside Information" which clearly states that directors, managers, and employees are not allowed to disclose internal major information known to them to others. They are not allowed to request or gather non-job-related undisclosed internal major information about the company from individuals who know such information within the company. Furthermore, they must not disclose any undisclosed internal major information about our company obtained through means other than performing their duties.				

3.4.7 If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The corporate governance rules and related regulations established by the company have been disclosed on the Public Information Observation System (http://mops.twse.com.tw) and a corporate governance section has been set up on our website (http://www.ieiworld.com/) for investors to inquire.

3.4.8 Other important information to understanding of corporate governance within the Company: None.

3.4.9 Disclosures relating to the execution of internal control policies:

IEI Integration Corp.

Statement of Internal Control system

Date: March 10, 2023

According to the Company's internal control policy, the following statement had been made based on the results of self-assessment in 2022:

1. The Company acknowledges and understands that it is the Board of Directors' and the management team's responsibility to establish, implement, and sustain an internal control system, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and compliance of relevant regulations and relevant laws etc.
2. The internal control system has inherent limitations, no matter how comprehensively it is well-designed. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, self-supervision measures were embedded within the internal control system and it is able to facilitate immediate rectification once flaws have been identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Control procedures, 4. Information and communication, 5. Supervision activities. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
5. Based on the assessments described above, the Company considered the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of the Company's subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This Statement constitutes a part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Company's board of Directors on March 3, 2022. None of the 12 board directors present to the meeting held any objections, and unanimously agreed to the contents of this Statement.

IEI Integration Corp..

Chairman: CHANG, MING-CHIH
President: JIANG, JONQ-LIANG

3.4.10 If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year up until the publication date of this annual report:

1. Important resolutions and implementation status of the 2022 shareholders' meeting:

Date	Implementation status of important resolutions
2022.06.14 Annual General Shareholders' Meeting	1. Adoption of 2021 Business Report and Financial Statements. Execution status: Approved through resolution. 2.Adoption of the Proposal for 2021 appropriation of profits. Execution status: Approved through resolution. Cash dividends of NTD 3 per share with totaling NTD 529,793,370. The ex-dividend date was set on July 21, 2022 and payment date was set on August 12, 2022. 3. Discussed and approved revisions to "Procedures for the Acquisition and Disposal of Assets" of the Company. Execution status: Revised procedures have been implemented accordingly.

2. Major resolutions made by the Board of directors' Meeting for 2021 and up to the printing date of the annual report:

Meeting Dates	Important Resolution	Resolutions related to Article 14-3 of Securities and Exchange Act	Opinions of all independent directors	Handling of Independent Director Opinions by the Company
The 9^{th} meeting of the 10^{th} Session 2022.03.11	1. Approved the agenda of the 4^{th} meeting of the 4^{th} Compensation Committee of the company.	V	None	N/A
	2. Approved the 2021 Employees' and Directors' Remuneration Proposal	V		
	3. Adoption of the 2021 Business Report and Financial statements.	V		
	4. Adoption of the Proposal for Distribution of 2021 profits	V		
	5. Approved the "Assessment of Effectiveness of Internal Control System" and "Statement on Internal Control System" for the year 2021.	V		
	6. Adoption of the 2022 business plan and budget.	-		
	7. Approved the annual evaluation of the independence and suitability of CPAs, as well as appointment and compensation.	V		
	8. Approved the Amendment to the company's "Procedures for the Acquisition and Disposal of Assets".	V		
	9. Approved the Amendment to the company's "Decision-making Authority Regulations".	V		
	10. Approved the re-appointment of General Manager for Armorlink SH Corp. and IEI Technology (Shanghai) Co., Ltd.	V		
	11. Approved the Announcement of the date, time, location and main agenda items for the 2022 Annual General Meeting of Shareholders of our company.	V		

Meeting Dates	Important Resolution	Resolutions related to Article 14-3 of Securities and Exchange Act	Opinions of all independent directors	Handling of Independent Director Opinions by the Company
The 10th meeting of the 10th Session 2022.05.06	1. Adoption of t the 2022 Q1 Consolidated Financial Statements.	V	None	N/A
	2. Approved the Formulation of “Procedures for the acquisition or disposal of assets” and " Procedures for Lending and Endorsement Guarantee" of Weibotong Technology (Shanghi) Co., Ltd.	V		
	3. Approved the Amendment to the "Procedures for the Acquisition or Disposal of Assets" of subsidiary companies.	V		
The 11th meeting of the 10th Session 2022.08.05	1. Approved the Change of CPA for internal adjustments of KPMG from the second quarter of 2022.	V	None	N/A
	2. Adoption of the 2022 Q2 Consolidated Financial Statements.	V		
The 12th meeting of the 10th Session 2022.11.08	1. Adoption of the 2022 Q3 Consolidated Financial Statements.	V	None	N/A
	2. Approved the Audit plan for the year 2023.	V		
	3. Approved the Amendment to the “Procedures for Handling Material Inside Information" of the company.	V		
	4. Approved the Appointment of the chief corporate governance officer.	V		
	5. Approved the Proposal to establish a cybersecurity management committee and appoint information security director, information security manager, and information security personnel.	V		
	6. Approved the Amendment to the "Division of Functions and Responsibilities in the Information Department" of our company's internal control system.	V		
	7. Approved The general principles of pre-approving accounting firms for non-assurance services by our company.	V		
	8. Approval of the agenda of the 5th meeting of the 4th Compensation Committee of our company.	V		
The 13th meeting of the 10th Session 2023.03.10	1. Approval of the agenda of the 6th meeting of the 4th Compensation Committee of our company.	V	None	N/A
	2. Approval of the 2022 Employees' and Directors’ Remuneration Proposal	V		
	3. Adoption of the 2022 Business Report and Financial statements.	V		
	4. Adoption of the Proposal for Distribution of 2022 profits	V		
	5. Approved the "Assessment of Effectiveness of Internal Control System" and "Statement on Internal Control System" for the year 2022.	V		
	6. Adoption of the 2023 business plan and budget.	-		
	7. Approved the Annual evaluation of the independence and suitability of CPAs, as well as appointment and compensation.	V		
	8. Approved the Amendment to the company's "Articles of Incorporation "	V		
	9. Approved the Amendment to the company's "Rules of Procedure for Shareholder Meetings"	V		
	10. Approved the Election of directors. ◦	V		
	11. Approved release the Prohibition on newly elected Directors from Participation in Competitive Business.			

Meeting Dates	Important Resolution	Resolutions related to Article 14-3 of Securities and Exchange Act	Opinions of all independent directors	Handling of Independent Director Opinions by the Company
	12. Approved the Announcement of the date, time, location and main agenda items for the 2023 Annual General Meeting of Shareholders of our company.	V		
The 14th meeting of the 10th Session 2023.05.05	1. Adoption of the 2022 Q3 Consolidated Financial Statements.	V	None	N/A
	2 Approved the nomination of candidates for directors (including independent directors) at our company's 2023 Annual General Meeting of Shareholders.	V		
	3 Approved the Amendment to the company's "Rules of Procedure for Shareholder Meetings "	V		
	4. Approved the Amendment to the company's "Rules of Procedure for Board of Directors Meetings".	V		
	5. Approved the Amendment to the company's "Practice Principles for Corporate Governance", and "Operating Procedures for Transactions with Related Parties, Specific Companies and Group Enterprises ".	V		
	6. Approved the Amendment to the company's "Standard Operating Procedure for Handling Director Requests".	V		
	7. Approved the Amendment to the company's "Accounts Payable Operations ".	V		
	8. Approved the The adjustment and dismission of Manager in our company	V		
	9. Approved the Proposal of Employee incentive program and realated cash capital increase plan for Armorlink SH Corp.	V		

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

3.5 Information Regarding the Company's Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Chen, Chung-Che Han, Yi-Lian	2022/01/01~ 2022/03/31	4,400	20	4,420	Non-audit fees include certification of direct set-off method for the dividends received by concurrent business operators.
	Chen, Chung-Che Lai, Li-Chen	2022/04/01~ 2022/12/31				
	Zhang, Chih	2022/01/01~ 2022/12/31	-	415	415	Non-audit fees include transfer pricing reports and master file reports for the year 2022.

3.5.1 When changing accounting firms and the audit fees for the year of change are lower than those for the previous year, the amount and reasons for the audit fees before and after the change should be disclosed: None.

3.5.2 If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion and reasons for the reduction should be disclosed: None.

3.6 Replacement of CPA: None**.**

3.7 The Company's Chairman, president or managers in charge of finance and accounting operations, who holds any positions within the Independent CPA firm or its affiliates in the most recent year: None.

3.8 Transfer or pledge of stock rights of Directors, Supervisors, Managers and Major Shareholders with a stake of more than 10 percent in the most recent fiscal year and up to the publication date of this annual report:

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders：

Title	Name	2022		As of April 18, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	QNAP Systems, Inc.	-	-		-
Representative of the Chairman	CHANG, MING-CHIH	-	-	-	-
Director / General Manager	JIANG, JONQ-LIANG	-	-	-	-
Director	LIU, WEN-YI (Note 1)	(13,000)	-	-	-
Director	LI, YING-YIN	51,000	-	(18,000)	-
Independent Director	HO, IN-CHYUAN	-	-	-	-
Independent Director	HSU, JIA-LIEN	-	-	-	-
Independent Director	LO, WEN-PAO	-	-	-	-
Vice President	CHANG, SU-PI	-	-	-	-
Vice President	LI, KUO-HSIUNG	(35,663)	-	-	-
Vice President	SHIH, CHIEN-MENG (Note 1)	-	-	-	-
Vice President	CHAN, KAI-CHENG	-	-	-	-
Vice President	TU, CHUN-YING	(60,000)	-	(20,000)	-
Vice President	KUO, CHEN-SHAN	(5,000)	-	-	-
Vice President	LI,YAO-TSUNG	-	-	-	-
Financial Accounting Manager	WEI, TI-SZU	-	-	-	-
Major Shareholders	KUO, PO-TA	-	-	-	-

Note 1. Vice President SHIH, CHIEN-MENG retired and resigned on March 31, 2022. Therefore, the calculation of his shareholding changes is up to March 31, 2022. Director LIU, WEN-YI resigned on August 25, 2022. Therefore, the calculation of his shareholding changes is up to August 25, 2022.

3.8.2 The transferee or pledgee of equity is an unrelated party.

3.9 Relationship among the Top Ten Shareholders

As of April 18, 2023

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
QNAP Systems, Inc. representative: Representative: KUO, PO-TA	23,963,007	13.57 %	-	-	-	-	KUO, PO-TA	The Chairman of the company	
KUO, PO-TA	21,763,469	12.32 %	3,707,164	2.10 %			QNAP Systems, Inc. KUO,WEN-HSIN	Second degree of kinship of the Chairman of the company	
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust	11,383,000	6.45 %	-	-	-	-	None	None	
CHIAN JIN LAI Investment Co., Ltd. Representative: KUO, CHUN-CHI	7,061,465	4.00 %	-	-	-	-	FU WANG LAI Investment Co., Ltd.	The Representative is the same person	
Citibank Custody Services - Client Account Specialist for Dahua Ji Xian (Hong Kong).	5,061,200	2.87 %	-	-	-	-	None	None	
FU WANG LAI Investment Co., Ltd. Representative: KUO, CHUN-CHI	5,053,421	2.86 %	-	-	-	-	CHIAN JIN LAI Investment Co., Ltd.	The Representative is the same person	
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted to custody by Mitsubishi UFJ Morgan Stanley Securities Co. - Proprietary platform for securities trading unit's third-party SBL trading investment account	3,531,000	2.00 %	-	-	-	-	None	None	
Standard Chartered Trustee - Morgan Stanley Investment Funds as External Account Manager	3,525,000	2.00 %					None	None	
Fubon Life Insurance Co., Ltd.	3,099,000	1.76 %	-	-	-	-	None	None	
KUO,WEN-HSIN	2,518,000	1.43 %	-	-	-	-	KUO, PO-TA	Second degree kinship	

3.10 Ownership of Shares in Affiliated Enterprises

Unit: shares/ % ；As of March 31, 2023

Affiliated Enterprises	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled entities		Aggregate investment	
	Shares	%	Shares	%	Shares	%
BriteMED Technology Inc.	8,000,000	100.00	-	-	8,000,000	100.00
QNAP Systems, Inc.	33,930,000	24.39	20,344,630	14.63	54,274,630	39.02
ORING Industrial Networking Corp.	2,797,371	18.28	1,483,074	9.69	4,280,445	27.97
ICP Electronics Limited	5,000,000	100.00	-	-	5,000,000	100.00
INTERNET APPLICATION TECHNOLOGY LTD.	11,852,500	100.00	-	-	11,852,500	100.00
Fortunetec International Corp.	-	-	500,000	100.00	500,000	100.00
Acquire System Inc.	-	-	198,840	49.71	198,840	49.71
Rich Excel Corporation	-	-	11,627,500	100.00	11,627,500	100.00
Equilico Inc.	-	-	6,483,892	100.00	6,483,892	100.00
Potency Inc.	-	-	5,840,050	100.00	5,840,050	100.00
Suntend LLC	-	-	-	100.00	-	100.00
IEI Technology USA Corporation	-	-	14,000,000	100.00	14,000,000	100.00
Anewtech Systems Pte. Ltd.	-	-	400,000	31.68	400,000	31.68
Armorlink SH Corp.	-	-	-	100.00	-	100.00
AILEAN TECHNOLOGIES CORP.	-	-	-	100.00	-	100.00
ASH ENERGY GROUP LIMITED	-	-	-	100.00	-	100.00
IEI Technology （Shanghai）Co., Ltd	-	-	-	100.00	-	100.00
Weibotong Technology (Shanghai) Co., Ltd.	-	-	-	100.00	-	100.00
XINGWEI Computer (Kunshan) CO.,LTD.	-	-	-	49.71	-	49.71

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Date and reference number of approved capital increase
1997.04	10	6,000,000	60,000,000	6,000,000	60,000,000	Establishment of Share Capital	-	1997.05.12 No.86292850
1997.10	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase by cash	-	1998.01.05 MOEA (86)SZ No.127147
1998.06	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase by cash	-	1998.07.10 MOEA (87) SZ No.1117594
1998.12	10	38,000,000	380,000,000	38,000,000	380,000,000	Capital increase by cash	-	1998.12.21 MOEA.(87)SZ No.141663； (87)TZJ(1) No. 94753
1999.12	10	46,000,000	460,000,000	46,000,000	460,000,000	Capital increase by cash	-	1999.12.09 MOEA (88) SZ No.144533； (88) TZJ(1) No.95760
2000.05	10	100,000,000	1,000,000,000	67,247,800	672,478,000	Capital increase by earnings and capital surplus: NT$207,000,000 Capital increase by employee bonus: NT$5,478,000	-	2000.05.29 MOEA(89) SZ No.089115882； (89) TZJ(1) No. 33916
2001.09	10	135,000,000	1,350,000,000	85,333,013	853,330,130	Capital increase by earnings and capital surplus: NT$168,119,500 Capital increase by employee bonus: NT$12,732,630	-	2001.09.06 MOEA(90) SZ No. 09001354220； (90) TZJ(1) No. 144668
2002.06	10	160,000,000	1,600,000,000	109,043,767	1,090,437,670	Capital increase by earnings: NT$213,332,540 Capital increase by employee bonus: NT$23,775,000	-	2002.06.11 MOEA. SSZ No. 09101207040； (91) TZJ(1) No. 123586
2003.11	10	180,000,000	1,800,000,000	138,834,767	1,388,347,670	Capital increase by earnings and capital surplus: NT$272,610,000 Capital increase by employee bonus: NT$25,300,000	-	2003.11.27 MOEA. SSZ No. 09201322460； TZJ(1) No.0920138979
2004.12	10	190,000,000	1,900,000,000	148,493,667	1,484,936,670	Capital increase by earnings: NT$69,417,000 Capital increase by employee bonus: NT$27,172,000	-	2004.12.08 MOEA. SSZ No. 09301228700

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Date and reference number of approved capital increase
2005.11	10	200,000,000	2,000,000,000	158,718,367	1,587,183,670	Capital increase by earnings: NT$74,247,000 Capital increase by employee bonus: NT$28,000,000	-	2005.11.18 MOEA. SSZ No. 09401230200
2006.11	10	206,000,000	2,060,000,000	167,199,967	1,671,999,670	Capital increase by earnings: NT$47,616,000 Capital increase by employee bonus: NT$37,200,000 元	-	2006.11.23 MOEA. SSZ No. 09501260320
2007.11	10	270,000,000	2,700,000,000	179,341,967	1,793,419,670	Capital increase by earnings: NT$83,600,000 Capital increase by employee bonus: NT$37,820,000	-	2007.11.15 MOEA. SSZ No. 09601280900
2008.10	10	270,000,000	2,700,000,000	177,651,967	1,776,519,670	Cancellation of Treasury Shares NT$16,900,000	-	2008.10.01 MOEA. SSZ No. 09701251290
2008.11	10	270,000,000	2,700,000,000	190,332,167	1,903,321,670	Capital increase by earnings: NT$89,671,000 Capital increase by employee bonus: NT$37,131,000	-	2008.11.19 MOEA. SSZ No. 09701295070
2009.03	10	270,000,000	2,700,000,000	190,272,167	1,902,721,670	Cancellation of Treasury Stock NT$600,000	-	2009.03.25 MOEA. SSZ No. 09801055900
2009.08	10	270,000,000	2,700,000,000	201,968,082	2,019,680,820	Capital increase by earnings: NT$95,136,080 Capital increase by employee bonus: NT$21,823,070	-	2009.08.24 MOEA. SSZ No. 09801189860
2009.11	10	270,000,000	2,700,000,000	203,194,593	2,031,945,930	Conversion of convertible bond: NT$12,265,110	-	2009.11.12 MOEA. SSZ No. 09801262270
2010.04	10	270,000,000	2,700,000,000	205,857,985	2,058,579,850	Conversion of convertible bond NT$26,633,920	-	2010.04.20 MOEA. SSZ No. 09901076720
2010.05	10	270,000,000	2,700,000,000	211,472,843	2,114,728,430	Conversion of convertible bond NT$56,148,580	-	2010.05.18 MOEA. SSZ No. 09901101880
2010.08	10	270,000,000	2,700,000,000	211,566,693	2,115,666,930	Conversion of convertible bond: NT$938,500	-	2010.08.18 MOEA. SSZ No. 09901187160
2010.10	10	270,000,000	2,700,000,000	225,817,054	2,258,170,540	Conversion of convertible bond: NT$142,503,610	-	2010.11.19 MOEA. SSZ No. 09901254820
2011.01	10	270,000,000	2,700,000,000	226,908,857	2,269,088,570	Conversion of convertible bond: NT$10,918,030	-	2011.01.19 MOEA. SSZ No. 10001009880
2012.11	10	335,000,000	3,350,000,000	294,981,514	2,949,815,140	Capital increase by earnings: NT$680,726,570	-	2012.11.12 MOEA. SSZ No. 10101232980

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Date and reference number of approved capital increase
2013.11	10	350,000,000	3,500,000,000	309,730,590	3,097,305,900	Capital increase by earnings: NT$147,490,760	-	2013.11.21 MOEA. SSZ No. 10201235910
2014.11	10	350,000,000	3,500,000,000	328,314,425	3,283,144,250	Capital increase by earnings: NT$185,838,350	-	2014.11.04 MOEA. SSZ No. 10301224820
2018.08	10	350,000,000	3,500,000,000	295,482,983	2,954,829,830	Cash reduction of capital NT$328,314,420	-	2018.08.09 MOEA. SSZ No. 10701094720
2019.07	10	350,000,000	3,500,000,000	177,289,790	1,772,897,900	Cash reduction of capital NT$1,181,931,930	-	2019.07.26 MOEA. SSZ No. 10801099470
2020.08	10	350,000,000	3,500,000,000	176,597,790	1,765,977,900	Cancellation of Treasury Stock NT$6,920,000	-	2020.08.24 MOEA. SSZ No. 10901155970

Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Outstanding Shares	Un-issued Shares	Total Shares	
Registered Common Shares	176,597,790	173,402,210	350,000,000	All of them are listed shares.

Information for Shelf Registration: None

4.1.2 Status of Shareholders:

As of April 18, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	5	60	154	15,397	15,616
Shareholding (shares)	0	7,086,300	38,609,516	50,911,183	79,990,791	176,597,790
Percentage	0.00 ％	4.01 ％	21.86 ％	28.83 ％	45.30 ％	100.00 ％

4.1.3 Shareholding Distribution Status

NT$10 Per share / As of April 18, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	7,224	2,036,838	1.15 %
1,000 ~ 5,000	6,729	12,938,427	7.33 %
5,001 ~ 10,000	827	6,165,629	3.49 %
10,001 ~ 15,000	260	3,274,282	1.85 %

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
15,001 ~ 20,000	150	2,701,189	1.53 %
20,001 ~ 30,000	120	3,099,896	1.76 %
30,001 ~ 40,000	66	2,383,935	1.35 %
40,001 ~ 50,000	35	1,605,913	0.91 %
50,001 ~ 100,000	91	6,327,198	3.58 %
100,001 ~ 200,000	44	6,240,281	3.53 %
200,001 ~ 400,000	24	6,092,882	3.45 %
400,001 ~ 600,000	9	4,416,242	2.50 %
600,001 ~ 800,000	8	5,822,232	3.30 %
800,001 ~ 1,000,000	5	4,621,923	2.62 %
1,000,001 or over	24	108,870,923	61.65 %
合 計	15,616	176,597,790	100.00 %

4.1.4 List of Major Shareholders：

Shareholders who hold more than 5% of the total shares or are among the top ten shareholders in terms of shareholding percentage**.**

As of April 18, 2023

Shareholder's Name	Shareholding (Shares)	Percentage
QNAP Systems, Inc. representative: Representative: KUO, PO-TA	23,963,007	13.57 %
KUO, PO-TA	21,763,469	12.32 %
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust	11,383,000	6.45 %
CHIAN JIN LAI Investment Co., Ltd. Representative: KUO, CHUN-CHI	7,061,465	4.00 %
Citibank Custody Services - Client Account Specialist for Dahua Ji Xian (Hong Kong).	5,061,200	2.87 %
FU WANG LAI Investment Co., Ltd. Representative: KUO, CHUN-CHI	5,053,421	2.86 %
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted to custody by Mitsubishi UFJ Morgan Stanley Securities Co. - Proprietary platform for securities trading unit's third-party SBL trading investment account	3,531,000	2.00 %
Standard Chartered Trustee - Morgan Stanley Investment Funds as External Account Manager	3,525,000	2.00 %
Fubon Life Insurance Co., Ltd.	3,099,000	1.76 %
KUO,WEN-HSIN	2,518,000	1.43 %

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items			2021	2022	01/01/2023~ 04/30/2023
Market Price per Share	Highest		65.30	82.40	88.40
	Lowest		42.20	42.60	69.00
	Average		54.83	65.15	81.31
Net Worth per Share	Before Distribution		45.51	52.28	54.89 (Note 4)
	After Distribution		42.51	(Note 5)	-
Earnings per Share	Weighted Average Shares (thousand shares)		176,598	176,598	176,598 (Note 4)
	Earnings Per Share		4.90	8.45	2.14 (Note 4)
Dividends per Share	Cash Dividends	from Earnings	3.00	3.50 (Note 5)	-
		from Capital Surplus	-	-	-
	Stock Dividends	from Earnings	-	-	-
		from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 1)		11.19	7.71	-
	Price / Dividend Ratio (Note 2)		18.28	18.61	-
	Cash Dividend Yield Rate (Note 3)		5.47 %	5.37 %	-

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 4: The net worth per share and earnings per share are based on data reviewed by CPA up to the first quarter of 2023.
Note 5: The proposal to distribute profits for the year 2022 is awaiting approval from the shareholders' meeting.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

The company is currently in a period of business growth. In order to meet the needs of the overall industry environment and business expansion, future dividend payments will be considered based on the company's medium- to long-term financial capital budget planning, with the goal of balancing dividend policies and pursuing stable and sustainable development. The board of directors will evaluate past distribution practices, industry standards, and future operational capabilities to propose a plan for shareholder dividends. In principle, shareholder dividends shall not exceed 90% of accumulated distributable profits, with cash dividends accounting for no less than 5% of total shareholder dividends.

2. Proposed Distribution of Dividend

The proposal for the distribution of 2022 profits was passed at the meeting of the Board of Directors.It is proposed to allocate NTD$618,092,265 from the earnings to distribute cash dividends to shareholders at NTD$3.5 per share, calculated to the nearest integer, with fractions less than one New Taiwan Dollar being rounded down. The total amount of the odd-lot dividend will be recorded into other income for our company. After this proposal is approved by the shareholders' meeting, the Chairman is authorized to set the ex-dividend date, payment date, and handle matters related to the distribution of cash dividends.

However, if there is a change in our company's share capital in the future that affects the number of outstanding shares, resulting in changes to the dividend payout ratio, the Chairman is proposed to be authorized by the shareholders' meeting to handle all the related matters.

4.1.7 The impact of the proposed free stock distribution at this shareholders' meeting on the company's business performance, earnings per share, and shareholder return on investment: None.

4.1.8 Compensation of Employees, Directors and Supervisors

1. **Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation**
   According to the company's Articles of Incorporation, if there is a profit for the year, 5% to 20% should be allocated as employee compensation and distributed by the board of directors in stocks or cash. The recipients include employees of subsidiary companies who meet certain conditions set by the board of directors. The company may allocate an amount not exceeding 3% for director remuneration from the aforementioned profit amount, which should be reported at the shareholders' meeting regarding employee and director compensation distribution plans. However, when there are accumulated losses in the company, an amount must be reserved in advance for offsetting before allocating employee and director compensation according to the above ratio.
2. **The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:**
   The estimated basis for the amount of employee and director remuneration for 2022 is calculated by deducting the benefits before distributing employee and director remuneration from pre-tax net profit, taking into account the distribution ratio in previous years and the percentage stipulated in the articles of association. If there is a difference between the actual distribution amount and the estimated amount in the following year, it will be handled as an accounting estimate change, and such difference will be recognized as income or expense in that year.
3. **Distribution of Compensation of Employees and Directors for 2022 Approved in the Board of Directors Meeting：**
   (1) The board of directors of the company resolved on March 10, 2023 to distribute employee compensation of NTD 91,975,745 and director remuneration of NTD 3,300,000. Both will be paid in cash. The estimated amount recorded in the financial report for expenses is consistent with this distribution.
   (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.
4. **Information of 2021 Distribution of Compensation of Employees and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:**
   The actual cash payment for employee compensation in that year was NT$62,016,397 and the actual payment for director remuneration was NT$3,300,000. There is no difference between these amounts and the estimated amount of expenses recognized for the year.

4.1.9 Buy-back of Treasury Stock: None.

4.2 Issuance of Bonds: None**.**

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Issuance of Employee Stock Options: None.

4.6 Issuance of New Restricted Employee Shares: None.

4.7 Issuance of New shares for mergers or acquisition of shares from other companies: None.

4.8 Financing Plans and Implementation: None**.**

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope:

1. Main areas of business operations

CC01010	Manufacturing of power generation, transmission and distribution machinery.
CC01080	Manufacturing of electronic components.
CC01101	Manufacturing of telecommunication regulatory RF equipment.
CC01110	Manufacturing of computers and peripheral equipment.
CC01120	Manufacturing and replication of data storage media.
I301010	Information software service
F401010	International trade
F401021	Importing of telecommunication regulatory RF equipment.
CF01011	Medical device manufacturing
F108031	Wholesale medical device
F208031	Retail medical device
F118010	Wholesale information software
F218010	Retail information software
I301020	Data processing service
I301030	Electronic information supply service
F601010	Intellectual property rights
ZZ99999	Except for licensed businesses, may engage in non-prohibited or restricted business under the law.

2. Revenue distribution:

Unit: NT$ thousands

Item	2022	
	Operating revenue	Percentage
Industrial Computers	4,574,701	57.60 %
IPC Peripherals	2,620,924	33.00 %
Others	746,790	9.40 %
Total	7,942,415	100.00 %

3. Main products

(1) Network communication and edge computing products and services

- Network communication application basic platform products: iEi focuses on 5G and next-generation firewall platform products with higher technical thresholds and innovative applications
- Edge computing and embedded system solutions: Through close cooperation with software vendors and system integrators, we are committed to five vertical applications including cloud AIoT connection, smart manufacturing, vehicle computing, green energy applications, and intelligent monitoring.
- High-speed DDR5 memory testing equipment.
- High-performance modular AI edge computing system.
- SDVoE Solution_4K Video Wall

- Create a new IPMI module design for the intelligent monitoring, control, and automatic reporting of the operation status of a large number of servers – IPMI module.
- IEI Remote Management Software
- E-Ink Display System

(2) Medical products and services

- Medical Tablets: POCm Nursing Cart Computer Series, POCi Operating Room Workstation Series, IASO Human-Computer Interaction Computer Series.
- Medical Embedded Systems: HTB Multi-functional Intelligent AI Computer Series.
- Medical Monitors: MPOCm Mobile Medical Monitor Series.
- Medical Power Supplies: AXON Multi-functional Medical Power System.

4. New products development：

(1) Building iEi Industrial IoT platform, industrial IoT software and applications

(2) E-paper display products and system solutions such as bedside cards and smart medicine boxes in the field of intelligent healthcare.

(3) Low code AI machine vision and image equipment platform and solutions.Low code AI.

(4) Related equipment and solutions for Industry 4.0, factory automation, and equipment networking.

(5) Through IP69K-certified stainless steel Silver Shield series tablet computers, displays, controllers, etc., we deeply cultivate two vertical markets: Oil & Gas and Food & Beverage.

(6) Equipment information management and solution related to energy, water, environmental monitoring.

(7) High availability virtualization control program management platform.

(8) Medical AI computers, small to medium-sized medical information interface devices, medical equipment UPS systems.

5.1.2 Industry Overview

1. Industry Current Status and Development

With the popularization of mobile devices worldwide, technologies such as cloud computing, edge computing, e-commerce digitization, interactive sensory and wearable devices, electric vehicles and self-driving cars will lead the way. Although countries have entered the post-pandemic era one after another, there is still a demand for diverse internet applications such as remote work, online learning and streaming entertainment. The trend of increasing internet bandwidth demand and industry digitalization has also driven the need for upgrading network infrastructure and related equipment specifications.

The demand for data centers is to provide reliable energy for network operators. It is estimated that Wi-Fi 6 will continue to grow in value for enterprise and small and medium-sized business users in the future. The trends of mobile communication and Internet of Things driven by 5G applications will also drive the simultaneous development of the network communication industry.

In the field of healthcare, the medical IT industry is rapidly developing with major trends including: (a) Cloud technology: more and more healthcare institutions are storing their data in cloud systems to ensure security and reliability. (b) Mobile healthcare: the prevalence of smartphones and tablets allows medical professionals to work anywhere. (c) Artificial intelligence and machine learning: these technologies are being used for diagnosis and treatment, improving efficiency and accuracy in healthcare. (d) Electronic health records: Healthcare institutions are using electronic health record systems to replace traditional paper-based records, improving efficiency in medical processes. These trends will continue to impact the development of the medical IT industry, driving progress in the field of healthcare.

2. Relationship with Up-, Middle- and Downstream Companies

In terms of sales model, the main approach is to form alliances with upstream key component manufacturers and directly engage with large customers. As most large customers are direct clients of chipset or LCD panel manufacturers, it is necessary to sign memorandums of cooperation with key upstream manufacturers to strengthen their partnership. In addition, establishing long-term partnerships with customers and providing end-to-end solutions tailored for vertical markets through software suppliers or self/group-developed software are also goals that iEi strives to achieve.

When facing software suppliers, iEi not only provides collaborative development support for x86 platforms such as Intel/AMD but also offers professional development platform support through a software R&D team with rich platform development experience to cope with the increasingly thriving ARM and RISC-V SoC ecosystems. This enables software and system developers to easily and quickly migrate existing software onto higher density, more energy-efficient systems, thereby enhancing product competitiveness in the market.

Producers in the upstream of the medical industry, such as companies developing medical software and manufacturing medical equipment; Distributors and wholesalers in the midstream responsible for selling medical IT products produced by upstream to downstream healthcare institutions; End-users in the downstream, such as hospitals, clinics, and individual doctors. The progress of products and technology in the upstream will affect sales in the midstream, which will then impact demand for and usage of medical IT products by end-users. Therefore, cooperation and coordination among all levels are crucial for the development of the entire medical IT industry.

3. Product Trends and Competition

In several international research institutions, reports on the development trends of Taiwan's research and development institutions often mention that the global industrial Internet of Things industry is still growing rapidly. The combination of IoT with big data and machine learning can be applied to various intelligent applications such as automated production, field monitoring, smart analysis and management. There is a strong market demand for this. iEi continues to invest in and develop edge computing and embedded systems that incorporate the latest chip platforms, creating solutions for the digitalization and intelligence of manufacturing plant scenarios while deepening its business operations. Leveraging its existing IIoT hardware advantages, it actively expands into high-profit, high-growth market areas.

In the market of medical products and services, mobility and AI are currently observed as product development trends. The central processors used are also more diverse, with not only X86 CPUs but also products using ARM SoCs, RISC-V SoCs, etc. Providing options with different cost structures, AI acceleration, energy efficiency and functional differences to respond to new competitive challenges.

The company's edge computing and networking products are built on the hardware foundation of past industrial computers. Through vertical integration of software and hardware, we penetrate deeply into various application fields in different industries, becoming platforms and communication interfaces that drive the continuous operation of every industry every day. These include computer automation controllers and servers required by finance, telecommunications, internet, security, entertainment, transportation, manufacturing, retailing and national defense sectors as well as a variety of daily life applications such as Autonomous Mobile Robots (AMR), business KIOSKs, automatic ticket machines , security monitoring systems, smart street lights public charging piles 5G infrastructure network communications information security COVID-19 related testing equipment medical care Gaming sports fitness equipment gambling and lottery machines etc., with a wide range of applications:

(1) Autonomous Mobile Robot (AMR)

AMR is new generation of intelligent and self-moving robot technology that has developed after traditional AGVs (Automated Guided Vehicle).

Since the first AGV was introduced in 1953, it has been defined as a vehicle that solves unmanned handling and transportation problems in the field of industrial logistics. However, the early definition of AGV was simply understood as a "transportation vehicle that moves along the guidance line laid on the ground". After more than 40 years of development in the AGV industry, current AGVs still iterate and upgrade within guidance technology, such as developing technologies like electromagnetic induction guidance, magnetic strip guidance, and two-dimensional code guidance.

With the development of sensor and artificial intelligence technology, people have begun to introduce more and more sensors and intelligent algorithms for wheeled mobile devices, continuously enhancing their environmental perception and flexible movement capabilities. This has gradually led to the development of a new generation of autonomous mobile robots.

AMR refers to autonomous mobile robots that can understand the environment through machine learning and move independently within it. AMRs use various sensors (LiDAR, cameras, ultrasonic radar, etc.) to perceive the surrounding environment and utilize AI models to analyze perception data. This enables them to form an understanding of the environment and autonomously choose the most effective way and path to execute tasks based on this understanding. Generally, AMRs possess rich environmental perception capabilities, dynamic path planning abilities based on real-time conditions, flexible obstacle avoidance capabilities, global positioning capabilities, among others.

Due to the high-speed and real-time visual computing and AI inference required by AMR, it further drives hardware upgrade opportunities. Also, thanks to iEi’s strong investment in AI acceleration cards and basic software modules in recent years, it has a more prominent advantage in the AMR-related market. The future business prospects are promising.

(2) Cybersecurity

The number of cyber attacks on enterprises has been increasing year by year. Education and research institutions are the most vulnerable, followed by government and military organizations as well as the telecommunications industry. Among them, software suppliers have experienced the largest increase in attack frequency, which is closely related to the growing trend of software supply chain attacks. In addition, it has also been observed that in recent years, mobile device attack methods continue to upgrade, large-scale cloud service vulnerabilities are increasing day by day, and notorious Emotet zombie networks are making a comeback.

In recent years, from supply chain attacks such as the SolarWinds attack, the Codecov attack, the Kaseya hack, and the Log4j vulnerability incident, it can be seen that a single vulnerability in open source libraries can cause widespread impact. This highlights significant cybersecurity risks inherent in software supply chains.

iEi's PUZZLE series network computing platform has been favored by the world's top firewall software companies in 2020/2021. The surge in shipments during the work-from-home (WFH) trend in the post-pandemic era not only proves iEi's hardware strength in security platforms, but also impresses customers with iEi's research and development speed. Building on this foundation, iEi continues to expand its customer base for security products and develop towards higher-end platforms, driving profits even higher.

Through this foundation, iEi continues to expand its customer base for security products and further develop towards higher-level platforms, which will continue to drive profits.

(3) Security Monitoring

With the advancement of technology and the development of various new technologies, security monitoring equipment has been constantly innovated. It has significant benefits for neighborhood safety, as well as epidemic body temperature detection, analysis of pedestrian flow and congestion levels. Access control management systems have evolved from traditional card reading methods to more secure biometric identification technologies such as iris recognition, fingerprint recognition, mask face recognition and voiceprint recognition.

The new generation of surveillance equipment not only brings AI functions to the camera end, but also enables real-time analysis and cloud backend connection through image storage devices. Therefore, iEi has launched a series of related products in the security monitoring storage device and Ethernet power supply device market, leveraging iEi's continuous development of AI acceleration engines to provide more intelligence to security monitoring products.

(4) 5G and Edge Computing Network Communication

In recent years, the internet and communication industry has experienced a surge in demand due to the widespread adoption of 5G high-speed mobile networks, AI, and IoT. This trend towards edge computing has been driven by policies promoting smart manufacturing and smart city construction around the world. Applications such as intelligent transportation and healthcare have accelerated rapidly alongside WFH e-commerce development and digital home entertainment needs, injecting new life into the entire communications industry. The development of cloud applications has also led to opportunities for edge computing and storage services while increasing demand for high-speed data transmission.

As a result, iEi is actively planning related network products based on its accumulated R&D capabilities in software-defined networking (SDN) and virtualization over the past few years. This positions iEi with a competitive advantage as it enters this new market segment. Starting from end-user applications, iEi plans to offer a series of Universal Customer Premise Equipment (uCPE) products that cater to different application requirements by integrating open-source software with various hardware packet processing technologies.

Through close strategic partnerships with leading global communication chip manufacturers such as Intel, AMD, NXP, Marvell Broadcom, Qualcomm along with telecom service providers/MSPs (Managed Service Providers), large enterprises can benefit from powerful hardware design support services provided by iEi's uCPE solutions which are designed according to their specific needs including different transmission speeds configurations of network ports types/quantities etc., thereby breaking away from Taiwan's existing low-cost competition model in the networking industry while boosting operating revenue and profitability.

In recent years, the internet and communication industry has experienced a surge in demand due to the widespread adoption of 5G high-speed mobile networks, AI, and IoT. This has led to a global trend towards edge computing. With the policy promotion of smart city construction in various countries, in addition to smart manufacturing, applications such as intelligent transportation and healthcare are accelerating. Coupled with the booming development of WFH e-commerce and digital home audio-visual needs, they have also injected vitality into the overall communication industry. With the development of networked application services and emerging diversified carriers, many innovative possibilities have been added to the field of network technology. Due to the high-speed growth of cloud applications, it has also driven opportunities for edge computing and storage. The demand for high-speed transmission has increased due to big data. From single-function products used in homes and enterprises in the past, they have now shifted towards edge computing platforms that cater to application needs. iEi is actively planning network-related products to leverage the accumulated R&D strength in software-defined and virtualization hardware over the past few years, becoming a competitive advantage for the group to enter the new edge computing market.iEi plans a series of uCPE (Universal Customer Premise Equipment) products from terminal applications. Through close strategic cooperation with leading global communication and computing chip manufacturers such as Intel, AMD, NXP, Marvell, Broadcom and Qualcomm, we jointly enter the infrastructure network market of telecom operators/managed service providers (MSPs) and large enterprises.We provide customers with powerful hardware and software design support services. According to the needs of the application end, we configure different network port types and quantities with different transmission rates, load different hardware packet processing technologies, integrate open source software, and break away from Taiwan's existing low-price competition model in the network communication industry to increase group revenue and profits.

5.1.3 Research and Development

1. Research and Development Expenses in the Past Two Years

Unit: NT$ thousands

Year / Item	2021	2022	Year-to-date Financial information on March 31, 2023
Research and Development expenses amount	496,794	554,961	129,963
Operating revenue	6,243,509	7,942,415	2,153,674
Percentage of R&D expenses in operating revenue	7.96 %	6.99 %	6.03 %

2. Research and Development Achievements in the Past Two Years

(1) We have completed the development of the AMD ROME EPYC DNA sequencing calculation engine and assisted our clients in obtaining product certifications from various countries around the world.
(2) The development of the INTEL EAGLE Stream PCIE 5.0 DRAM and NVME SSD testing platform equipment has been completed, and the next generation Birch Stream testing platform is currently under development.
(3) The development of IEI Remote Management Software、PoE Device Management Software on Windows & Linux、BIOS/EC Remote Update Utility Software。
(4) Continuously developing E-Ink Display devices in various sizes.
(5) Continuously investing in the development of an 8K medical image processing and diagnostic platform, combined with low-latency artificial intelligence computing technology, to be applied to various real-time analysis intelligent medical equipment computing devices.
(6) Continuously developing open modular high-resolution ultrasound systems.
(7) Continuously developing compact and efficient medical ophthalmic measurement and

analysis equipment.

(8) Mass-producing medical-grade, high-performance modular edge computing hosts and power management systems.

(9) Mass-producing modular physiological signal monitoring systems.

5.1.4 Long-term and Short-term Development

1. Network communication and edge computing products and services

Long-term Business Development Plan

(1) Collaborate with mainstream chip manufacturers to integrate current capabilities in WiFi6, 5G, and software for different network markets, launch turnkey solutions in the market to add value to products and capture more networking opportunities.

(2) Actively expand emerging businesses by utilizing iEi's R&D resources and strategic partner energy, building an industry ecosystem, providing customers with different solutions, and expanding domestic and foreign markets.

(3) Based on the extension of vertical market and emphasis on professional fields, we expand new sales channels and actively adjust our sales targets. We establish iEi brand's niche point to convey its professionalism and reliability.

Short-term business development plan

(1) Enhance the company's image in the network communication industry through marketing and promotion.

(2) Make good use of social media, relevant exhibitions, marketing platforms, etc., to carry out precise marketing and business development.

(3) Utilize the R&D experience accumulated over the years in IPC products and product design experience from large-scale network ODM customers to actively pursue project opportunities with speed, design, and quality, aiming to win large projects.

(4) Expand overseas markets by combining subsidiaries and strategic partners.

(5) Look for cooperation on large-scale projects and extend vertically into various markets (such as smart manufacturing, information security/network security, electric vehicles, new energy sources, 5G), study necessary conditions for each market segment closely towards software-hardware integration.

2. Medical Products and Services

Long-term Business Development Plan

(1) Actively seek opportunities for medical equipment outsourcing projects to expand the product line.

(2) Strengthen cooperation with domestic and foreign medical software, equipment manufacturers, and healthcare channel system solution operators, while enhancing the company's brand image in medical computing.

(3) Through the company's expertise in artificial intelligence technology, medical imaging, computer-aided diagnosis systems, and medical equipment, establish close partnerships with relevant partners in the healthcare industry.

Short-term business development plan

(1) Continuously cultivate the demand for medical institutions in Taiwan to provide better services.

(2) Strive to develop the European and American markets and actively seek new customer channels.

(3) Actively seek opportunities for OEM medical equipment projects to expand product lines.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales (Service) Region

Unit: NT$ thousands

Area	2022	
	Amount	Percentage
Americas	2,804,852	35.32 %
Asia	4,157,355	52.34 %
Europe	937,273	11.80 %
Others	42,935	0.54 %
Total	7,942,415	100 %

2. Market Share (%) of Major Product Categories

iEi is a global supplier of industrial computers. Due to the diverse and small-scale characteristics of industrial computers, there is currently no specific statistical data on iEi's market share in the global sales market for industrial computers.

3. Future supply and demand situation in the Market and growth potential

Several countries, including the United States, Germany, the United Kingdom and France have proposed substantial broadband subsidy funds to drive opportunities in the broadband market. Edge computing is driving demand for 5G and edge servers. In the future, diverse emerging applications such as green economy, electric vehicles, Cyber-Physical System (CPS), clean networks etc., will drive medium to long-term growth in the market.

Although there is high uncertainty in the economic environment (high inflation and rising interest rates) with doubts about global economic prospects, rigid demand due to post-pandemic digital transformation coupled with order visibility has led to sustained optimism towards operational performance.

The market size of the medical IT industry continues to expand, with main applications including health management, public health, medical imaging, drug development, medical robots, precision medicine and hospital management. Among them, AI technology has been applied in areas such as health management, public health and medical imaging. However, its application in fields such as medical robots, precision medicine and hospital management is still under development. In addition, the medical IT industry also faces challenges such as poor data availability and differences in algorithm requirements for different data types and application scenarios.

As aging trends intensify and health risks such as metabolic diseases and active monitoring receive increasing attention in the future，the medical IT industry will encounter greater opportunities for development. In terms of market demand，applications in areas like health management，public health，medical imaging，drug development，medical robots，precision medicine and hospital management will continue to increase. On the supply side，the application of AI technology will become an important driving force for the development of the medical IT industry. At the same time there will be a continuous increase in demand for related products/services like electronic records or healthcare equipment etc., thus making it a highly promising sector with significant growth potential.

4. Competitive Advantage

iEi's complete R&D team, including hardware, software, verification and rapid prototyping capabilities, as well as its overall IT infrastructure platform are the company's most outstanding competitive advantages. In addition, iEi continues to introduce various new technologies and development platforms. Especially in engineering design analysis and simulation, it has gradually invested in Signal Integrity (SI) and Power Integrity (PI) analysis processes to enhance cost control capabilities and increase the possibility of early product launch. Furthermore, iEi has also introduced mechanical dynamics and thermal transfer simulation analysis tools to strengthen product durability through various engineering analyses while accelerating product design and development.

In 2022, iEi is committed to developing CPEs with 5G technology. With its own hardware and software R&D capabilities, the company has already won orders from large ODM network customers. More customers have shown interest in iEi's CPEs for field testing purposes. As 5G infrastructure develops vigorously around the world, this will drive sales volume growth which is expected to secure a place for iEi in the market.

The main competitors of iEi's medical products include industrial computer manufacturers from Taiwan as well as medical computer manufacturers and medical equipment suppliers from Germany and other countries. Since 2009 when it began investing in research & development of medical computers production manufacturing & sales compared with other competitors it possesses better professional knowledge depth & breadth especially strong competitiveness in image FPGA research & development capability self-owned optical laboratory image tuning ability etc.. Additionally,iEi is also a major supplier for many foreign healthcare IT giants'and medical equipment factories'. It also has competitive advantages on personnel education training design research healthcare safety regulation testing material control ISO13485 certification requirements among suppliers.

5. Favorable and Unfavorable Factors in the Long Term and corresponding strategies

IEi belongs to the industry of industrial computers in the information technology sector. It is a technology and capital-intensive industry with products that are diverse in small quantities, constantly innovating in terms of functionality and specifications to meet market demand. To maintain its competitiveness, iEi needs to demonstrate flexibility and adaptability. The following describes the favorable and unfavorable factors affecting the company's operations and future development, as well as corresponding strategies:

(1) Favorable factors for development vision:

iEi actively invests in digital transformation and new work models, gradually shifting its development goals from traditional industrial control products to medical, networking, and AI-related applications. It also increases investment in software applications to expand product development depth and market competitiveness.

As enterprise information security awareness rises, demand for data centers, IoT trends, AI computing and network bandwidth needs increase. The demand for networking products will continue to grow, driving the development of the networking industry with a positive outlook on future markets.

In the context of changes in medical models due to the pandemic, global aging population, increased government investment in the healthcare information industry, and a clear trend towards cloud-based healthcare information systems, our company's medical products have a significant competitive advantage. With the accelerating trend of medical digitization due to the pandemic, our products are particularly suitable for remote care, remote monitoring, and zero-contact medical care models, further enhancing the efficiency of healthcare professionals and improving patients' experience. The aging population worldwide has brought about a shortage of medical personnel. Our product can utilize electronic devices to improve the efficiency of staff and alleviate the problem of manpower shortage. Governments around the world are increasing their investment in the healthcare information industry, which provides us with more opportunities and support for development. At the same time, this also means that the potential and demand of the market is still growing. The trend of cloud-based medical information is clear, which will further drive the development of our products and provide more intelligent, efficient, and sustainable solutions for the healthcare industry. In summary, our company's medical products have a clear competitive advantage and can occupy an important position in the market while continuing to expand their development scale and market share.

In response to the changes in global political and economic situations in recent years, iEi will launch a trial production of Southeast Asian manufacturing outsourcing in the first half of 2023, in addition to flexible adjustment of production capacity and transportation capabilities between China and Taiwan. This is aimed at improving production capacity and sales flexibility, enhancing the company's own disaster response plan as well as that for project customers, promoting business growth, and continuously raising competitive thresholds. Another cross-organizational logistics team composed of the Operations Center and Information Department has established customized e-service platforms such as iHMS (iEi Hub Management System) and VIP portal to handle customer order shipments. The logistics team directly coordinates with parallel units within clients' organizations to arrange optimal production plans based on their order requirements, material inventory estimates, and finished product stock status. Meanwhile, through iHMS Global Hub's 24-hour order shipment operation assistance service for customers' operational efficiency improvement purposes; accelerating order processing timeframes; driving iEi's business performance growth; which has shown impressive results in 2022 so far. Customers are deeply satisfied with this service which currently serves as one of the major highlights for developing OEM/ODM clients.

(2) Unfavorable factors and corresponding measures

A. Key technologies of some important components are led by foreign manufacturers:

The development of key technologies for some important components used in our products is still led by foreign manufacturers. For example, the CPU is dominated by the American company Intel. Once there is a market supply and demand imbalance, it may easily lead to drastic price changes and insufficient supply.

Response strategy: In addition to maintaining good and long-term cooperative relationships with existing major suppliers, our company also moderately adjusts procurement sources and diversifies them among different suppliers in order to spread purchasing sources. At the same time, we actively seek alternative products and introduce different design plans to maintain independence and flexibility, thereby reducing operational risks.

B. Abnormal climate increases the risk of disasters:

- The manufacturing sites are set up as backup for each other to mitigate risks.
- Adequate safety stock is maintained to allow for response time.
- The WFH process has been established, enabling remote communication and real-time completion of feasible operations.

C. Global Economic Fluctuations and Inflation

The sudden rise and fall of the economy has led to a sharp decrease in demand, causing a rapid reduction in order volume. This has put pressure on businesses to increase inventory and improve cash flow. When the economy recovers, there is a risk of missing out on opportunities due to low market component inventory levels that cannot meet production needs in the short term. The following are some ways to address this issue:

- Weekly review of inventory structure, and plan the batch purchase quantity and purchase amount of parts. In the short term, pay attention to the extended inventory digestion cycle caused by blocked consumption, corresponding increase in financial expenses, and pressure on cash flow.

- When developing new projects, R&D personnel should try to use universal materials to facilitate flexible scheduling of materials between different models and help reduce inventory levels.
- Carefully evaluate the estimated order volume and adopt an order-based production model to reduce finished goods inventory.
- Collaborate with suppliers to establish a Vendor Managed Inventory (VMI) system: by utilizing information exchange systems like EDI, both parties can stay informed about changes in material demand and adjust stocking levels accordingly. This approach helps to minimize inventory costs while enhancing the quality of customer service.

D. The world is facing many challenges

Currently, the world is facing many challenges, including the US-China power struggle, the COVID-19 pandemic and the Russia-Ukraine conflict. These factors have all had an impact on the global economy, particularly affecting raw material prices, supply of materials and labor.

Response Solution:

- Provide comprehensive employee benefits to attract excellent workers to join the production team, and enhance employee cohesion through an employee bonus system.
- Enhance the standardization level of production processes and continuously improve them to enhance labor efficiency.
- Upgrading the Manufacturing Execution System (MES) effectively manages production efficiency and quality.
- Implementing Toyota's Lean Management, encouraging employees to autonomously improve production processes and workflows, continuously refining them. This not only increases space utilization but also effectively reduces wasted time, improving productivity.
- To ensure timely delivery of single source and long lead time parts, it is recommended to communicate with customers in advance to estimate demand and place orders accordingly.
- Actively seeking alternative materials to reduce the risk of shortages.
- Negotiate long-term delivery contract prices with suppliers.
- Anticipate price increases and material shortages by planning ahead for early procurement of materials to ensure adequate supply and maintain costs.
- Strategically procure through the group, monitor market trends and new product development closely, and deploy resources in advance to meet future demand and supply requirements.
- Review inventory plans and adjust safety stock levels for materials with longer production cycles to prevent stock shortages.
- Expand production facilities by establishing manufacturing bases in Taiwan, Mainland China, and Southeast Asia.

E. Overseas product sales mainly rely on local agents

Our company's overseas product sales are primarily dependent on local agents due to limited sales channels. As a result, we do not have direct control over the progress of product sales or market feedback, nor can we make timely adjustments in response to changes in the market.

To address this issue, our company plans to strengthen cooperation with professional medical strategic partners and expand our medical channels to increase brand awareness. Additionally, we will actively explore new opportunities in overseas markets to reduce our reliance on agents.

E. Information deviation caused by OEM business

Our OEM business usually requires obtaining end customer demand information through different intermediate channels, often resulting in message deviations and misunderstandings. To address this issue, we will establish an effective communication platform with the original factory to enhance the accuracy and effectiveness of message transmission. At the same time, we will actively improve our R&D team's technical capabilities and production process level to enhance product quality and competitiveness.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses

(1) Network communication and edge computing products and services

A. Network Communication Application Basic Platform Product

The main purpose of 5G platform products is to establish high-speed and low-latency wireless networks. In industrial automation, smart cities or healthcare, the 5G platform can provide high-speed and low-latency wireless connections, allowing various intelligent devices and systems to communicate efficiently and work together, thus achieving intelligence and convenience. Next-generation firewall platform products are mainly used to protect enterprise network security and prevent enterprises from being threatened by various network attacks and virus infections. These applications are diverse and complex, IEI provides specialized hardware equipment for such applications so that customers can run their own software applications on these platforms to achieve different application scenarios and functions.

B. Edge Computing and Embedded System Solutions

Through collaboration with software vendors and system integrators, it is applied in five vertical markets including cloud AIoT connectivity, smart manufacturing, vehicle computing, green energy applications, and intelligent monitoring.

C. High-speed DDR5 memory testing equipment

IEI has jointly developed with its customers a rack-mounted open architecture testing machine, equipped with the latest Intel server platform and processors. It is capable of conducting high-speed memory signal and performance tests, providing customers with reliable and effective solutions for mass production testing.

D. High-performance modular AI edge computing system

We provide a hardware computing platform for managing edge intelligent devices in the Industrial Internet of Things under Industry 4.0. The platform features high scalability for AI computing acceleration, multiple network connections, and powerful multi-core computing capabilities. It can be flexibly expanded to meet customized needs in smart fields.

(a) Highly Scalable AI Computing Acceleration:

With the PCI Express AI computing acceleration module that can be combined with a highly efficient edge computing system, it can meet the needs of applications that require massive data processing for AI at the edge.

- Flexible Expansion with eChassis: Provides versatile PCIe device expansion options.
- Provide dual power input solutions: offer additional power supply through the power module.

(b) Multiple Network Connections: Supports WIFI, Mobile Networks and POE Network Card Expansion

(c) Powerful multi-core computing capability

- - CPU has up to 24 cores/32 threads processing capability built-in.
- - CPU has built-in AI acceleration for iGPU (Integrated GPU).

E. SDVoE： IEI's new 4K video solution.

SDVoE (Software Defined Video over Ethernet) is a high-quality long-distance video transmission technology. Based on the SDVoE architecture, IEI provides a software and hardware integration solution for 4K HDR long-distance multi-channel lossless transmission. Its hardware iSDV-200CTP is an efficient, low-latency, and lossless audio and video streaming receiver/transmitter device. With the IEI iSDV Network Video Orchestrator management platform, users can configure real-time audio and video presentation modes through a web UI interface based on the on-site environment.

IEI's 4K HDR long-distance multi-channel distortion-free transmission software and hardware integration solution provides a "real-time synchronous live streaming solution for multimedia operating rooms" in the digital medical field, supporting remote teaching with multiple perspectives and specifications. In the smart factory domain, it offers an "unmanned factory remote high-definition monitoring and control war room," reducing the deployment of control center nodes, effectively allocating human resources, and integrating audiovisual streaming. Other application scenarios include multimedia synchronous live broadcasting lecture halls and synchronized screens at concert venues.

F. Remote Management Software

iRIS is a remote management module provided by IEI, which is equipped with IEI's self-developed remote management suite (iMANv2) to achieve remote management functions. It helps administrators perform remote configuration, maintenance and troubleshooting. It can improve management efficiency, reduce the need for on-site visits, and lower management costs.

G. IEI Remote Management Software(IRM)

Providing hardware and software solutions for intelligent devices remote monitoring under Industry 4.0, IRM offers continuous remote system performance monitoring. By installing the lightweight agent program IRMAgent on Windows® and Linux® devices in industrial environments, information on these devices can be easily viewed on the IRM management platform, including CPU usage, memory usage, disk usage, network usage, and power status. It also allows for quick creation of a hardware asset inventory for remote devices to ensure equipment status is accurately tracked and prevent loss of assets. Additionally, IRM automatically detects online computer statuses so that IT managers can instantly understand user-side conditions. Remote management of IT equipment has never been easier or more secure.

H. E-Ink Display System

The overall solution of ultra-low carbon emission display can be applied to various fields such as smart healthcare, smart factory, smart logistics, smart office, exhibition hall and public space as a real-time updated information display board. It also meets the digital transformation information display needs and low-carbon emission goals of organizations.

(2) Medical products and services

A. Medical Tablets and Screens

Branded medical computers and screens such as the POCm nursing cart computer series, POCi operating room workstation series, IASO human-computer interaction computer series, MPOCm mobile medical screen series are mainly used for medical record management, medical information integration, and human-machine interaction interfaces for medical equipment. Their main purpose is to assist healthcare professionals in better managing and applying medical information.

B. Medical Embedded System: HTB Multi-functional Intelligent AI Computer Series

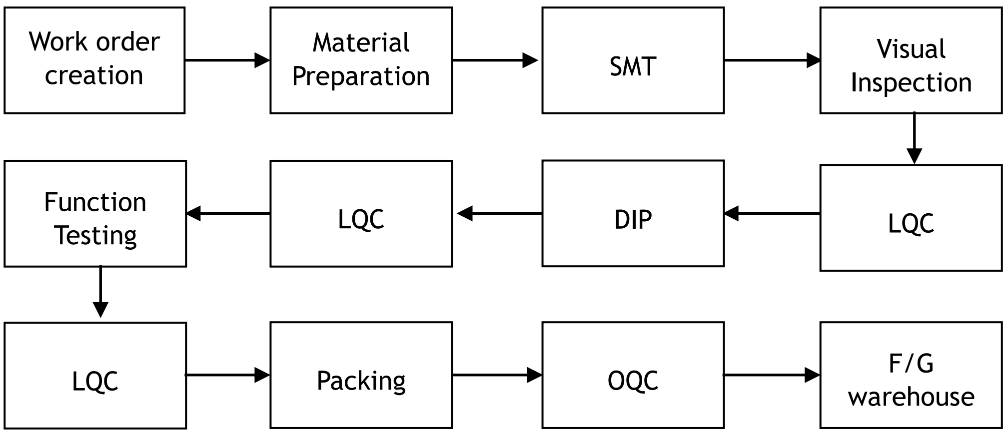
Advanced AI computers are used to facilitate medical image research or diagnosis, assisting healthcare professionals in more accurately diagnosing diseases or optimizing clinical workflows.

C. Medical Power Supply: AXON Multi-functional Medical Power System

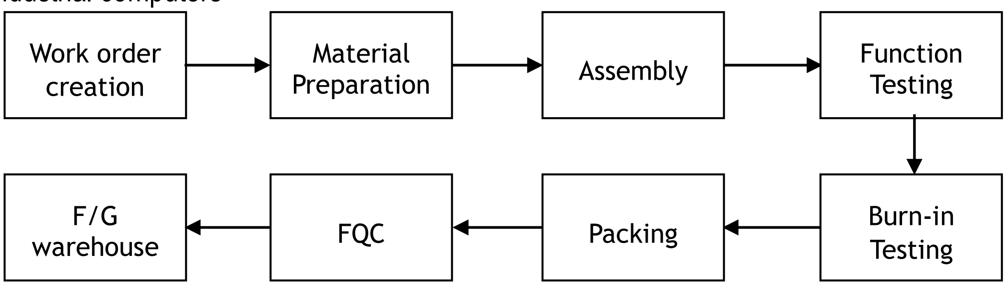
Medical power supplies are mainly used to provide stable and reliable power supply for medical equipment and systems, ensuring the normal operation of medical equipment and systems, as well as protecting patient safety.

2. Major Products and Their Production Processes

(1) Motherboards and Interface Cards



(2) Industrial computers



5.2.3 Supply Status of Main Materials

The main materials of the company are IC semiconductors, power supplies, printed circuit boards, LCD PANEL/Touch and so on. The major raw materials are sourced from multiple suppliers with primary/secondary options and quality selection of spot traders to avoid risks such as concentrated purchasing or material shortage. Moreover, the major suppliers have established a long-term stable cooperative relationship with our company for many years. In case of special requirements, they can fully cooperate with us to maintain a mutually beneficial partnership in the long run.

In recent years, due to the ongoing impact of the epidemic and the war between Ukraine and Russia, there has been a supply-demand imbalance and unstable delivery times. To solve this problem, iEi continues to actively invest resources in arranging the following plans to meet customer delivery requirements:

1. Developing new generation products to respond to the product line adjustments of various semiconductor suppliers.
2. Accelerate verification and introduce new cross-strait suppliers, adopt multiple alternative material methods to supplement the shortage of long and short materials.
3. Simultaneously arrange for material (including substitutes) bulk estimation to suppliers for preparation, reducing the risk of high-priced seasoning.

5.2.4 Name of customers, purchase (sale) amount, and ratio of the suppliers (customers) accounted for over 10% of the total purchase (sale) in one of the last two years, and the reason for the changes in purchase (sales):

1. Information of major suppliers who accounted for more than 10% of the total purchase amount in any one of the past two years:

Unit: NT$ thousands

	2021				2022				As of the end of the first quarter of 2023			
Item	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer
1	Others(Note)	4,244,994	100 %		Vendor A	523,130	11 %	None	Vendor A	124,974	13 %	None
					Others	4,302,096	89 %		Others	851,932	87 %	
	Total	4,244,994	100 %		Total	4,825,226	100 %		Total	976,906	100 %	

Note: No single vendor accounts for more than 10% of the total purchase amount.

2. Information of major customers who accounted for more than 10% of total sales in any one of the past two year:

Unit: NT$ thousands

	2021				2022				As of the end of the first quarter of 2023			
Item	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer
1	CustomerC	641,429	10 %	None	CustomerD	809,490	10 %	None	CustomerD	225,472	10 %	None
	Others	5,602,080	90 %		Others	7,132,925	90 %		Others	1,928,202	90 %	
	Total	6,243,509	100 %		Total	7,942,415	100 %		Total	2,153,674	100 %	

5.2.5 Production in the Last Two Years

Unit: Piece/ Unit/ NT$ Thousand

Year / Output / Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Industrial Computers	511,000	316,932	2,436,874	607,000	343,420	3,063,095
IPC Peripherals	1,488,000	921,783	1,199,576	2,862,000	1,619,410	2,556,127
Total	1,999,000	1,238,715	3,636,450	3,469,000	1,962,830	5,619,222

5.2.6 Shipments and Sales in the Last Two Years

Unit: Piece/ Unit/ NT$ Thousand

Year / Shipments & Sales / Major Products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Industrial Computers	20,228	252,447	342,982	3,730,641	8,517	107,526	323,700	4,467,175
IPC Peripherals	198,971	91,230	2,281,196	1,865,766	214,445	192,324	2,173,081	2,428,600
Others	-	2,557	-	300,868	-	3,553	-	743,237
Total	219,199	346,234	2,624,178	5,897,275	222,962	303,403	2,496,781	7,639,012

5.3 Employee information for the past two years and up to the date of printing of the annual report

Year		2021	2022	As of March 31, 2023
Number of Employees	Direct Labor	400	394	337
	Indirect Labor	883	976	989
	Total	1,283	1,370	1,326
Average Age		35	35	36
Average Years of Service		6.3	5.7	6.6
Education	Ph.D.	0.2 %	0.2%	0.3%
	Masters	8.1 %	7.7%	8.1%
	Bachelor’s Degree	46.9 %	48.9%	52.2%
	Senior High School	28.0 %	26.5%	24.1%
	Below Senior High School	16.8 %	16.6%	15.4%

5.4 Environmental Protection Expenditure

5.4.1 The total amount of losses and penalties incurred due to environmental pollution up to the printing date of the annual report in recent years: None。

5.4.2 Countermeasures：None.

5.5 Labor Relations

5.5.1 Employee Benefits Measures and Implementation Status：

The company has established a staff welfare committee in accordance with the law. In addition to providing employees with benefits for marriage, funeral, injury and illness, we also regularly organize activities such as travel, parties and club competitions. Furthermore, the company not only implements labor insurance and health insurance according to government regulations but also provides group insurance for employees. We attach great importance to employee health and conduct regular health check-ups every year. To meet the needs of female colleagues who are breastfeeding, we have set up lactation rooms and cooperate with educational institutions to provide childcare services. Our articles of association clearly stipulate the employee remuneration policy which embodies the ideal that employees are shareholders. We encourage participation in opinions, unity and cooperation in order to jointly operate our business.

5.5.2 Employee Education, Training and Implementation

The company has an education and training center with a comprehensive education and training system. From new employee training, professional skills development to cultivating and enhancing managerial abilities, the company also promotes knowledge sharing through internal book clubs or seminars, encouraging employees to actively propose ideas and new proposals. Through continuous internal and external training programs, the company aims to absorb new knowledge, improve employee quality, and strengthen leadership capabilities.

5.5.3 Retirement System and Implementation

1. Labor Retirement Reserve Fund (The Old Fund)**:**

The company has a retirement policy for formally employed staff. According to the policy, the payment of retirement benefits is based on their length of service. After completing one year of service, two base salaries are given as retirement pay. For those who have worked for more than fifteen years (thirty base salaries), an additional base salary is given for each additional year of service, up to a maximum total limit of forty-five base salaries. Those who have worked less than six months will be counted as half a year and those who have worked over six months but less than one year will be counted as one full year. The standard for calculating the retirement pay base salary is based on the average salary approved in the last six months before retirement.

The company has established a Labor Retirement Reserve Supervision Committee to manage matters related to contributions and withdrawals from the reserve fund.

2. Labor Pension Fund (The New Fund):

Since July 1, 2005, the company has established a unit for collecting and submitting labor retirement funds in response to the implementation of the new labor retirement system. The company submits retirement funds on a monthly basis for employees who choose to participate in the new system, with a contribution amount of 6% based on their declared wages. When an employee reaches retirement age, their pension will be calculated according to their years of service under both old and new systems as required by law.

5.5.4 Agreement between labor and management:

Since its establishment, the company has placed special emphasis on labor relations and regards employees as important assets. Regular labor-management meetings are held to establish smooth communication channels, allowing both sides to operate smoothly while respecting labor ethics. In case of major events, announcements are made through the company's internal website, email or assembly to ensure that every colleague understands the operational policies clearly.

5.5.5 Measures for protecting the working environment and employee personal safety

The company trains several first aid personnel based on the number of employees, holds annual fire evacuation drills, and regularly inspects and repairs fire facilities to ensure workplace safety and proper response in case of emergencies or disasters.

The company conducts employee health check-ups every year and invites doctors to provide on-site services every month to maintain employee safety and health.

In accordance with the Occupational Safety and Health Act, the company carries out occupational safety and health work to prevent occupational accidents, protect employee safety and health, and formulate "safety regulations" for relevant norms related to working environment and employee personal safety so that employees can follow them.

Since the outbreak of COVID-19 globally in early 2020, the company has been closely monitoring epidemic prevention measures by the Central Epidemic Command Center (CECC), providing correct epidemic prevention information to employees in a timely manner, and adopting necessary response measures. Under the impact of the epidemic situation, while taking into account both colleagues' health & safety as well as maintaining continuous operation of our business operations; we have flexibly adjusted colleagues' work areas through compartmentalization plans aimed at reducing cluster infection risks. We have also switched office modes such as video conferencing or telephone meetings etc., maintaining existing work contacts & efficiency; additionally we have established guidelines for working from home in order to respond proactively towards future trends towards diverse forms of work.

5.5.6 Recent fiscal year and up to the date of printing the annual report, losses have been incurred due to labor disputes (including violations of labor standards as determined by inspections of workers). The details of these penalties include the date and reference number of each penalty, the specific legal provisions violated, and a description of the content and consequences of each penalty. An estimate has also been provided for potential future losses along with corresponding measures to address them: None.

5.6 Cyber Security Management:

5.6.1 Framework for managing information security risks, information security policies, specific management plans and resources invested in information security management:

1. Framework and Policies for Information Security Risk Management

In order to strengthen the sustainable operation of the company, iEi established a security management committee in November 2014, which is supervised and managed by the general manager. The security management committee is composed of managers from various business units of the company to promote Information Security Management System (ISMS), establish management procedures, plans, execution and review internal security activities that comply with ISO/IEC 27001 international standards. It verifies all activities and their related results to meet the objectives of information security management system, ensuring its effectiveness and continuous improvement. In order to enhance information sharing on cybersecurity intelligence and improve incident response capabilities, iEi became a member of Taiwan Computer Emergency Response Team Coordination Center (TWCERT/CC) in November 2020.

The Information Security Management Committee holds an annual information security management review meeting to report on the effectiveness of information security management, related issues and directions, and to examine information security policies to ensure that information security measures or regulations comply with the concerns of internal and external stakeholders and government requirements. This is done in order to ensure the confidentiality, integrity, and availability of relevant business information, thereby avoiding intentional or accidental threats and damage from internal or external sources.

To effectively implement information security management, iEi convenes regular meetings every 1-2 weeks through its Computer Security Incident Response Team (CSIRT), which covers both Taiwan and overseas subsidiaries. Based on the Plan-Do-Check-Act (PDCA) management cycle mechanism, iEi reviews information security intelligence and information security management, and regularly reports execution results to the Information Protection Committee.

"Planning Phase" - Focus on information security risk management, establish a complete Information Security Management System (ISMS), promote continuous international certification of the information security management system (ISO/IEC 27001), and reduce enterprise information security threats from system, technical, and procedural aspects. Establish confidential information protection services that meet customer requirements and high standards.

"Execution Phase" - Construct multi-layered information security protection, continuously introduce innovative technologies for information security defense, integrate and internalize the information security control mechanism into daily operation processes such as software/hardware maintenance and supplier's information security management. Systematically monitor the confidentiality, integrity, and availability of iEi's important assets.

"Audit Phase" - Actively monitor the effectiveness of information security management. Measure and quantitatively analyze key performance indicators based on audit results. Conduct periodic simulations/drills/vulnerability scans to evaluate the maturity level of information security.

"Action Phase"- Based on review and continuous improvement principles, ensure that supervision and auditing guarantee continued effectiveness of the established regulations for ensuring ongoing compliance with them. According to evaluation results based on performance indicators regularly review implementation measures including but not limited to: improving measures for enhancing education/training/promotion related to Information Security; ensuring that iEi's important confidential data is not leaked.

2. Information security management measures

(1) Internet Security:

Strengthen network firewalls and control to prevent virus spread across computers and office areas. Implement Network Detection and Response (NDR) for fast screening of network detection and response solutions, selectively filter network traffic, and detect the lateral movement of malicious software. Use high-security devices to integrate Multi-Factor Authentication (MFA), which provides a second real-time identity verification through mobile SMS, phone notifications or mobile applications, enhancing employee safety mechanisms while working from home.

(2) Device Security:

We have implemented endpoint protection and antivirus solutions, strengthened detection of malicious software behavior, established virus scanning and USB control mechanisms for machines entering the office to prevent those containing malware from entering. We have also introduced vulnerability assessment tools that use automated scanning analysis to identify potential security threats and proactively patch vulnerabilities to reduce risks.

(3) Application Security:

Develop a development process and continuously strengthen the security control mechanism of the application. Introduce multi-factor authentication (MFA) for account management, which uses mobile SMS, phone notifications or mobile applications to perform real-time identity verification as a second layer of protection against unauthorized access. Regularly review account authorization status and conduct remote backup switch drills.

(4) Supply Chain Security:

Regularly communicate the latest information security regulations and precautions of the company, and introduce a self-inspection mechanism.

(5) Personnel Education and Training and Promotion::

Strengthen employees' awareness of social engineering attacks through email, implement phishing email defense detection, conduct regular education and training promotion, and hold social engineering exercises to enhance employee cybersecurity awareness.

3. Resources allocated for information and communication security management

Information Security Measures Execution Results in 2022:

(1) Policy: Four new and revised information security procedural regulations were added, and an information security director was appointed and announced in November 2022.

(2) Certification: Passed the annual review of ISO/IEC 27001:2013 information security certification by an external verification unit. The certificate is valid until May 2023.

(3) Training/Advocacy: Completed annual information security education and training courses for new employees and all staff. Conducted three electronic mail social engineering phishing email drills, issued 19 cybersecurity promotion materials to convey important regulations and precautions regarding information security.

(4) Incidents/Violations: The proportion of personnel disciplinary actions due to non-compliance with information security and confidential data protection policies was zero percent.

5.6.2 Recent fiscal year and up to the date of printing the annual report, loss from major information security incidents, potential impact, and corresponding response measures or major cyber security events: None**.**

5.7 Important Contracts: None.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Comprehensive Income Statement– Consolidated

Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1) 2018	2019	2020	2021	2022	Year-to-date Financial information on March 31, 2023 (Note 2)
Current assets		6,929,198	6,097,744	6,238,063	6,837,699	9,178,836	9,205,065
Property, Plant and Equipment		1,118,017	1,077,631	1,181,115	1,209,310	1,312,659	1,287,768
Intangible assets		7,892	7,367	7,372	16,666	20,341	20,589
Other assets		2,745,897	2,292,092	3,423,329	3,532,423	2,861,745	3,035,478
Total assets		10,801,004	9,474,834	10,849,879	11,596,098	13,373,581	13,548,900
Current liabilities	Before distribution	2,173,193	1,870,054	2,356,612	2,605,162	3,152,699	2,853,107
	After distribution	2,468,676	2,047,344	2,709,808	3,134,955	Undistributed (Note 3)	Undistributed (Note 3)
Non-current liabilities		735,790	822,489	898,581	953,487	988,584	1,002,329
Total liabilities	Before distribution	2,908,983	2,692,543	3,255,193	3,558,649	4,141,283	3,855,436
	After distribution	3,204,466	2,869,833	3,608,389	4,088,442	Undistributed (Note 3)	Undistributed (Note 3)
Equity attributable to shareholders of the parent		7,892,021	6,780,502	7,593,249	8,036,377	9,232,083	9,693,464
Capital stock		2,954,830	1,772,898	1,765,978	1,765,97	1,765,978	1,765,978
Capital surplus		980,511	846,963	819,341	820,325	820,437	820,592
Retained earnings	Before distribution	4,417,354	4,796,321	5,612,418	6,137,966	7,099,247	7,477,924
	After distribution	4,121,871	4,619,031	5,259,222	5,608,173	Undistributed (Note 3)	Undistributed (Note 3)
Other equity interest		(460,674)	(635,680)	(604,488)	(687,892)	(453,579)	(371,030)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	1,789	1,437	1,072	215	-
Total equity	Before distribution	7,892,021	6,782,291	7,594,686	8,037,449	9,232,298	9,693,464
	After distribution	7,596,538	6,605,001	7,241,490	7,507,656	Undistributed (Note 3)	Undistributed (Note 3)

Note 1：The consolidated financial statements for each year have been audited by the CPA .

Note 2：2023 1st quarter financial information has been reviewed by the CPA.

Note 3：The profit distribution has not been approved by the shareholders' meeting.

Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ Thousand,
Except Earnings per Share in NT$

Item \ Year	Financial Summary for The Last Five Years（Note 1）					Year-to-date Financial information on March 31, 2023（Note 2）
	2018	2019	2020	2021	2022	
Operating revenue	6,185,745	5,606,591	5,947,577	6,243,509	7,942,415	2,153,674
Gross profit	1,972,534	1,976,132	2,141,809	2,092,342	2,878,511	715,850
Income from operations	686,979	654,897	893,300	720,923	1,317,699	315,327
Non-operating income and expense	646,968	263,112	367,993	317,785	584,712	148,011
Net income (Loss) before tax	1,333,947	918,009	1,261,293	1,038,708	1,902,411	463,338
Net income of continuing operations	897,918	674,503	996,362	865,580	1,491,332	378,677
Net income (Loss)	897,918	674,503	996,362	865,580	1,491,332	378,677
Other comprehensive income (income after tax)	(125,770)	(174,620)	27,874	(70,605)	233,198	82,549
Total comprehensive income	772,148	499,883	1,024,236	794,975	1,724,530	461,226
Net income attributable to shareholders of the parent	897,918	674,064	996,714	865,945	1,492,189	378,677
Net income attributable to non-controlling interest	-	439	(352)	(365)	(857)	-
Comprehensive income attributable to Shareholders of the parent	772,148	499,444	1,024,588	795,340	1,725,387	461,226
Comprehensive income attributable to non-controlling interest	-	439	(352)	(365)	(857)	-
Earnings per share	2.87	2.82	5.64	4.90	8.45	2.14

Note 1：The consolidated financial statements for each year have been audited by the CPA.

Note 2：2023 1st quarter financial information has been reviewed by the CPA.

6.1.2 Condensed Balance Sheet and Comprehensive Income Statement– Individual

Condensed Balance Sheet

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years（Note 1）				
		2018	2019	2020	2021	2022
Current assets		1,988,991	940,524	1,344,632	1,549,537	2,921,886
Property, Plant and Equipment		588,114	573,086	620,210	540,941	532,060
Intangible assets		7,517	7,137	7,057	11,648	15,123
Other assets		7,312,131	6,957,642	7,574,145	8,107,676	8,380,651
Total assets		9,896,753	8,478,389	9,546,044	10,209,802	11,849,720
Current liabilities	Before distribution	1,254,164	855,221	1,011,067	1,210,661	1,580,365
	After distribution	1,549,647	1,032,511	1,364,263	1,740,454	Undistributed (Note 2)
Non-current liabilities		750,568	842,666	941,728	962,764	1,037,272
Total liabilities	Before distribution	2,004,732	1,697,887	1,952,795	2,173,425	2,617,637
	After distribution	2,300,215	1,875,177	2,305,991	2,703,218	Undistributed (Note 2)
Capital stock		2,954,830	1,772,898	1,765,978	1,765,978	1,765,978
Capital surplus		980,511	846,963	819,341	820,325	820,437
Retained earnings	Before distribution	4,417,354	4,796,321	5,612,418	6,137,966	7,099,247
	After distribution	4,121,871	4,619,031	5,259,222	5,608,173	Undistributed (Note 2)
Other equity interest		(460,674)	(635,680)	(604,488)	(687,892)	(453,579)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	7,892,021	6,780,502	7,593,249	8,036,377	9,232,083
	After distribution	7,596,538	6,603,212	7,240,053	7,506,584	Undistributed (Note 2)

Note 1：The individual financial statements for each year have been audited by the CPA.
Note 2：The profit distribution has not been approved by the shareholders' meeting.

<u>**Condensed Statement of Comprehensive Income**</u>

Unit: NT$ Thousand,
Except Earnings per Share in NT$

Year / Item	Financial Summary for The Last Five Years（Note 1）				
	2018	2019	2020	2021	2022
Operating revenue	4,284,067	3,695,803	3,683,516	3,451,908	5,238,806
Gross profit	991,409	958,008	929,267	890,509	1,521,233
Income from operations	297,522	273,554	267,417	209,679	788,822
Non-operating income and expense	888,541	559,583	871,818	768,137	955,631
Net income (Loss) before tax	1,186,063	833,137	1,139,235	977,816	1,744,453
Net income of continuing operations	897,918	674,064	996,714	865,945	1,492,189
Net income (Loss)	897,918	674,064	996,714	865,945	1,492,189
Other comprehensive income (income after tax)	(125,770)	(174,620)	27,874	(70,605)	233,198
Total comprehensive income	772,148	499,444	1,024,588	795,340	1,725,387
Earnings per share	2.87	2.82	5.64	4.90	8.45

Note 1：The individual financial statements for each year have been audited by the CPA.

6.1.3 The name and opinion of the independent auditor within the last 5 year

Year	Name of CPA Firm	Name of CPAs	Name of auditors
2018	KPMG	Chen, Chung-Che/ Chi,Shi-Qin	Unqualified opinion
2019	KPMG	Chen, Chung-Che/ Chi,Shi-Qin	Unqualified opinion
2020	KPMG	Chen, Chung-Che/ Han,Yi-Lian	Unqualified opinion
2021	KPMG	Chen, Chung-Che/ Han,Yi-Lian	Unqualified opinion
2022	KPMG	Chen, Chung-Che/ Lai, Li-Chen	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis - Consolidated

Item		Financial Analysis for the Last Five Years (Note 1)					Year-to-date Financial information on March 31, 2023 (Note 2)
	Year	2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	26.93	28.42	30.00	30.69	30.97	28.46
	Ratio of long-term capital to property, plant and equipment	771.71	705.69	719.09	743.48	778.64	830.57
Solvency (%)	Current ratio	318.85	326.07	264.70	262.47	291.14	322.63
	Quick ratio	275.38	275.48	217.25	202.13	233.11	273.19
	Interest earned ratio (times)	99.10	4,351.75	3,954.90	2,356.35	360.42	185.60
Operating performance	Accounts receivable turnover (times)	7.33	6.35	6.29	5.85	7.97	7.31
	Average collection period	49.80	57.48	58.02	62.39	45.79	49.93
	Inventory turnover (times)	4.81	3.99	3.80	3.15	3.04	3.61
	Accounts payable turnover (times)	3.78	3.43	3.72	3.76	4.04	4.43
	Average days in sales	75.88	91.48	96.05	115.87	120.07	101.11
	Property, plant and equipment turnover (times)	5.53	5.20	5.27	5.22	6.30	6.63
	Total assets turnover (times)	0.57	0.59	0.59	0.56	0.64	0.64
Profitability	Return on total assets (%)	8.20	6.65	9.81	7.72	11.98	11.31
	Return on stockholders' equity (%)	11.52	9.19	13.86	11.07	17.27	16.01
	Pre-tax income to paid-in capital (%)	45.14	51.78	71.42	58.82	107.73	104.95
	Profit ratio (%)	14.52	12.03	16.75	13.86	18.78	17.58
	Earnings per share (NT$)	2.87	2.82	5.64	4.90	8.45	2.14
Cash flow	Cash flow ratio (%)	29.75	83.26	26.87	27.47	50.90	(16.49)
	Cash flow adequacy ratio (%)	142.87	193.68	121.21	123.44	108.64	99.35
	Cash reinvestment ratio (%)	5.17	13.39	4.93	3.73	9.99	(4.18)
Leverage	Operating leverage	1.16	1.16	1.12	1.18	1.11	1.13
	Financial leverage	1.02	1.00	1.00	1.00	1.00	1.01

Analysis of financial ratio differences for the last two years：

- Decrease in interest coverage ratio: mainly due to the increase in interest expenses in 2022.
- Increase in accounts receivable turnover and decrease in average collection days: mainly due to revenue growth in 2022 and actively following up on payment collections, resulting in a reduction of collection days.
- Increase in turnover of real estate, factories and equipment: mainly due to the growth in revenue in 2022 leading to an increase in turnover rate.
- Increase in asset return on investment and equity return on investment: mainly due to the growth of revenue and the increase in foreign exchange gains in 2022.
- Increase in pre-tax net profit to actual capital ratio and earnings per share: mainly due to the growth in revenue and non-operating income in 2022, leading to an increase in return on investment.
- Increase in cash flow ratio and the cash reinvestment ratio: mainly due to the growth in orders received in 2022 leading to an increase in operating cash flow.

Note 1：The consolidated financial statements for each year have been audited by the CPA .

Note 2：2023 1st quarter financial information has been reviewed by the CPA.

6.2.2 Financial Analysis - Individual

Item	Year	2018	2019	2020	2021	2022
		Financial Analysis for the Last Five Years (Note 1)				
Financial structure (%)	Debt Ratio	20.26	20.03	20.46	21.29	22.09
	Ratio of long-term capital to property, plant and equipment	1,469.54	1,330.20	1,376.14	1,663.61	1,930.11
Solvency (%)	Current ratio	158.59	109.97	132.99	127.99	184.89
	Quick ratio	151.33	92.93	111.92	107.39	151.64
	Interest earned ratio (times)	194.26	3,987.30	4,316.28	7,761.44	8,003.08
Operating performance	Accounts receivable turnover (times)	6.73	5.59	7.32	6.05	8.66
	Average collection period	54.23	65.30	49.86	60.33	42.15
	Inventory turnover (times)	39.39	25.02	16.02	11.42	9.63
	Accounts payable turnover (times)	7.32	6.08	7.35	5.04	5.21
	Average days in sales	9.27	14.59	22.78	31.96	37.90
	Property, plant and equipment turnover (times)	7.28	6.45	6.17	5.95	9.76
	Total assets turnover (times)	0.43	0.44	0.41	0.35	0.47
Profitability	Return on total assets (%)	8.91	7.34	11.06	8.77	13.53
	Return on stockholders' equity (%)	11.52	9.19	13.87	11.08	17.28
	Pre-tax income to paid-in capital (%)	40.14	46.99	64.51	55.37	98.78
	Profit ratio (%)	20.96	18.24	27.06	25.09	28.48
	Earnings per share (NT$)	2.87	2.82	5.64	4.90	8.45
Cash flow	Cash flow ratio (%)	8.11	135.62	26.87	58.18	60.78
	Cash flow adequacy ratio (%)	59.04	76.65	63.70	76.76	89.69
	Cash reinvestment ratio (%)	(0.72)	9.42	1.11	3.96	4.24
Leverage	Operating leverage	1.17	1.22	1.31	1.17	1.14
	Financial leverage	1.02	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years：

- Increase in current ratio and quick ratio: mainly due to the growth of revenue and profit in 2022, as well as the decrease in capital reduction and dividend income from invested companies leading to an increase in current assets.
- Increase in accounts receivable turnover rate and decrease in average collection days: mainly due to the growth of revenue in 2022 and actively following up on payment collections resulting in a decrease in collection days.
- Increase in fixed asset turnover rate and total asset turnover rate: mainly due to the rise of turnover rates caused by the growth of revenue in 2022.
- Increase in return on assets, return on equity, pre-tax net profit-to-paid-in capital ratio, and earnings per share: mainly due to significant growth of revenue leading to increased profits.

Note 1：The individual financial statements for each year have been audited by the CPA.

1. Financial structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Ratio of long-term capital to property, plant and equipment = (Shareholders' Equity +Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets － Inventories - Prepaid Expenses) / Current Liabilities
   (3) Interest earned ratio = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Receivables turnover = Net Sales / Average Trade Receivables
   (2) Accounts receivable collecting days = 365 / Average Collection Turnover
   (3) Inventory turnover = Cost of Sales / Average Inventory
   (4) Payables turnover = Cost of Sales / Average Trade Payables
   (5) Average inventory turnover on sales = 365 / Inventory turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Assets = (Net Income + Interest Expenses * (1－Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
   (3) Pre－tax Income to Paid－in Capital Ratio = Income before Tax / Paid－in Capital
   (4) Profit margin = Net Income / Net Sales
   (5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five－year Sum of Cash from Operations / Five－year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities －Cash Dividends) / (Gross Property, Plant and Equipment + Long－term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales － Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposals of Earnings Distribution. The CPA of KPMG was retained to audit Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and Proposals of Earnings Distribution have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

IEI Integration Corp.
2023 Annual Shareholders' Meeting

Convener of Audit Committee: HO, IN-CHYUAN

March 10, 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report:

Please refer Appendix 1.

6.5 Individual Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report:

Please refer Appendix 2.

6.6 Financial difficulties, if any, encountered by the Company and its affiliated companies in the most recent year and up to the publication of the annual report, and its impact on the Company's financial status: None

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

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	6,837,699	9,178,836	2,341,137	34
Non-Current Assets	4,758,399	4,194,745	(563,654)	(12)
Total Assets	**11,596,098**	**13,373,581**	**1,777,483**	**15**
Current Liabilities	2,605,162	3,152,699	547,537	21
Non-Current Liabilities	953,487	988,584	35,097	4
Total Liabilities	**3,558,649**	**4,141,283**	**582,634**	**16**
Capital stock	1,765,978	1,765,978	-	-
Capital surplus	820,325	820,437	112	-
Retained Earnings	6,137,966	7,099,247	961,281	16
Other Equity	(687,892)	(453,579)	234,313	34
Non-controlling interests	1,072	215	(857)	(80)
Total Stockholders' Equity	**8,037,449**	**9,232,298**	**1,194,849**	**15**

1. Analysis of changes in financial ratios:

(1) Increase in current assets: mainly due to the growth of revenue and profits in 2022, actively following up on accounts receivable, and long-term fixed deposits that will mature within one year, resulting in an increase in cash and financial assets - current.

(2) Other equity increases: mainly due to the decrease in unrealized losses on financial assets measured at fair value through other comprehensive income and exchange differences arising from the translation of financial statements of overseas operating entities in 2022.

2. Effect of changes on the company’s financial condition and future response actions:

The Company’s financial condition has not changed significantly.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Net Sales Revenue	6,243,509	7,942,415	1,698,906	27
Gross Profit	2,092,342	2,878,511	786,169	38
Operating Expenses	1,371,419	1,560,812	189,393	14
Operating Income	720,923	1,317,699	596,776	83
Non-operating Income and Expenses	317,785	584,712	266,927	84
Profit Before Income Tax	1,038,708	1,902,411	863,703	83
Income Tax Expense	173,128	411,079	237,951	137
Profit After Income Tax	865,580	1,491,332	625,752	72

1. Analysis of changes in financial ratios:

(1) Increase in net sales revenue: mainly due to the growth of orders received in 2022, resulting in an increase in revenue.

(2) Increase in gross profit and operating profit: mainly due to the growth of revenue and product sales mix factors leading to an increase in gross profit in 2022.

(3) Increase in non-operating income and expenses: mainly due to investment income from associates accounted for equity method, as well as foreign exchange gains.

(4) Increase in income tax expense: mainly due to the growth of profits resulting in an increase of current income tax expense.

2. Expected Sales Target:

In the increasingly competitive environment, we will not only continue to cultivate our existing customer base for steady growth in all product lines, but also strive to develop new products and market them aggressively. Our goal is to enhance our market share and create business profits.

3. Effect of changes on the company's future business and response actions:

The Company's business scope has not changed significantly.

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2022	Variance (%)
Cash Flow Ratio (%)	27.47	50.90	85
Cash Flow Adequacy Ratio (%)	123.44	108.64	(12)
Cash Reinvestment Ratio (%)	3.73	9.99	168
Analysis of financial ratio change: The increase in cash flow ratio and cash reinvestment ratio is due to the growth of revenue and profit in 2022, resulting in an increase in operating cash flow.			

7.3.2 Improvement plan for insufficient cash liquidity: Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year：

The company expects to maintain steady growth in business and generate corresponding cash flow from operating profits within the next year, without any shortage of cash.

7.4 Major Capital Expenditure Items: None.

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

The company follows the "Procedures for Asset Acquisition or Disposal" to make investment decisions and gives priority to long-term strategic objectives.

In 2022, the Company experienced a decrease in equity method investment income from its investee companies by NTD$126,721 thousand compared to the previous year due to the COVID-19 pandemic. The pandemic caused increased global supply chain and transportation costs as well as decreased revenue and profits for these companies.

Moving forward, the company will maintain its commitment to long-term strategic investments and conduct thorough evaluations of future investment plans.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

(1) **Interest rate:**

In 2022, our company incurred NT$5,293 thousand in interest expenses and earned NT$76,942 thousand in interest income. These figures represent only 0.07% and 0.97%, respectively, of the net sales revenue. As a result, fluctuations in interest rates did not have a significant effect on our company's profits or losses.

(2) **Foreign exchange rates:**

In 2022, the amount of exchange gain was NT$326,378 thousand, accounting for 4.11% of net sales revenue. The company is always aware of changes in exchange rates and will make appropriate adjustments to its foreign currency positions based on funding needs and existing positions to reduce the impact of exchange rate fluctuations on the company's profits.

(3) **Inflation:**

The company has not been significantly affected by inflation. We always pay attention to market price fluctuations and maintain good relationships with suppliers and customers. In the future, we will continue to monitor inflation in cost control and pricing, make moderate adjustments to avoid adverse effects on the company's operations caused by inflation.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

(1) The company has not engaged in high-risk, high-leverage investments, or endorsement guarantees as of the date of printing the annual report.

(2) Lending is processed in accordance with the "Procedures for Lending and Endorsement Guarantee" of the company.

(3) Derivative commodity trading: The aim is to ensure the operating profit of our company's business and avoid financial risks caused by fluctuations in exchange rates, interest rates or asset prices. This is carried out in accordance with the company's "Procedures for Asset Acquisition or Disposal". 。

(4) The Company has established "Procedures for Asset Acquisition or Disposal" and "Procedures for Lending and Endorsement Guarantee" in accordance with legal regulations, which have been approved by the shareholders' meeting as a standard for the Company to engage in the aforementioned activities.

7.6.3 Future Research & Development Projects and Corresponding Budget

1. Future R&D plans:

(1) Develop iEi industrial IoT platform, industrial IoT software and applications.
(2) E-paper display products and system solutions for smart medical fields such as bedside cards and smart medicine boxes.
(3) Low code AI machine vision and image equipment platforms and solutions.
(4) Related equipment and solutions for Industry 4.0, factory automation, and equipment networking.
(5) Deeply cultivate the Oil & Gas and Food & Beverage vertical markets with stainless steel Silver Shield series tablet computers, displays, controllers, etc., certified by IP69K and explosion-proof certification.
(6) Equipment information management and solution related to energy, water, environmental monitoring.
(7) High availability virtualization control program management platform.
(8) Medical AI computers, small to medium-sized medical information interface devices, medical equipment UPS systems.

2. Expected R&D expenses:

Including R&D personnel costs, R&D project expenses, equipment costs, mold fees etc., the expected R&D expense investment in 2023 is between 6-10% of sales revenue.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

There have been no significant impacts on our company from recent domestic and international policy and legal changes in the past year. We will continue to actively monitor these changes, consult with relevant professionals when necessary, evaluate their potential impact on our financial operations, and take appropriate measures as needed.

7.6.5 Effects of and Response to Changes in Technology (including cybersecurity risks) and the Industry Relating to Corporate Finance and Sales

Energy conservation and sustainable management are global development directions that companies need to continuously pursue as goals. The ability to incorporate energy-saving technologies and related design developments in the future is also one of the factors that may affect revenue. Recently, AI-related technologies and platforms have become increasingly mature, and the company's investment in AI-related software, hardware, and talent has been increasing. Information security is also a challenge that all enterprises must face in terms of protection against risks such as important data breaches. Therefore, investments in relevant personnel and equipment for AI are necessary while continuing to seek suitable topics for implementation to achieve a positive cycle of financial investment and business revenue feedback. The recent changes in technology and industry over the past year have not had any significant adverse impact on the company's financial performance or operations.

In recent years, there have been frequent incidents of cyber attacks and ransomware in the network security field. In order to prevent and reduce the damage caused by such attacks, iEi has implemented relevant improvement measures and continuously updated them. For example, strengthening network firewalls and controls to prevent computer viruses from spreading across machines or factories, implementing endpoint protection antivirus measures, introducing advanced solutions to detect and deal with malicious software, enhancing phishing email detection, regularly conducting employee phishing email awareness tests, and commissioning third-party professional companies to conduct security assessments. As of now, our company has not experienced any major information security risks.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Our company upholds the principle of integrity to maintain a good corporate image, and strictly complies with various legal regulations. As of now, there have been no incidents of operational crisis caused by changes in our corporate image.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The company serves customers in various industries, including industrial control, point-of-sale systems, gaming equipment, embedded systems, medical devices and others. Fortunately, the company does not face any issues related to excessive customer concentration. Our supplier policy follows a primary/secondary multi-supplier cooperation approach and implements a supplier management system. We maintain close relationships with major upstream suppliers and flexibly schedule required materials for production to achieve real-time cross-border inventory management while considering all aspects to reduce market impact and balance supply and demand.

As a vertical integration service provider, iEi values customer relationships as important assets. Whether they are dealers or customers who commission design outsourcing production services from us, we provide comprehensive services ranging from design to after-sales support to maintain long-term partnerships with our clients. Therefore, there is no risk of concentrated purchasing or sales that could negatively affect our business operations.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

7.6.12 Litigation or Non-litigation Matters: None.

7.6.13 Other Major Risks: None.

7.7 Other important matters: None.

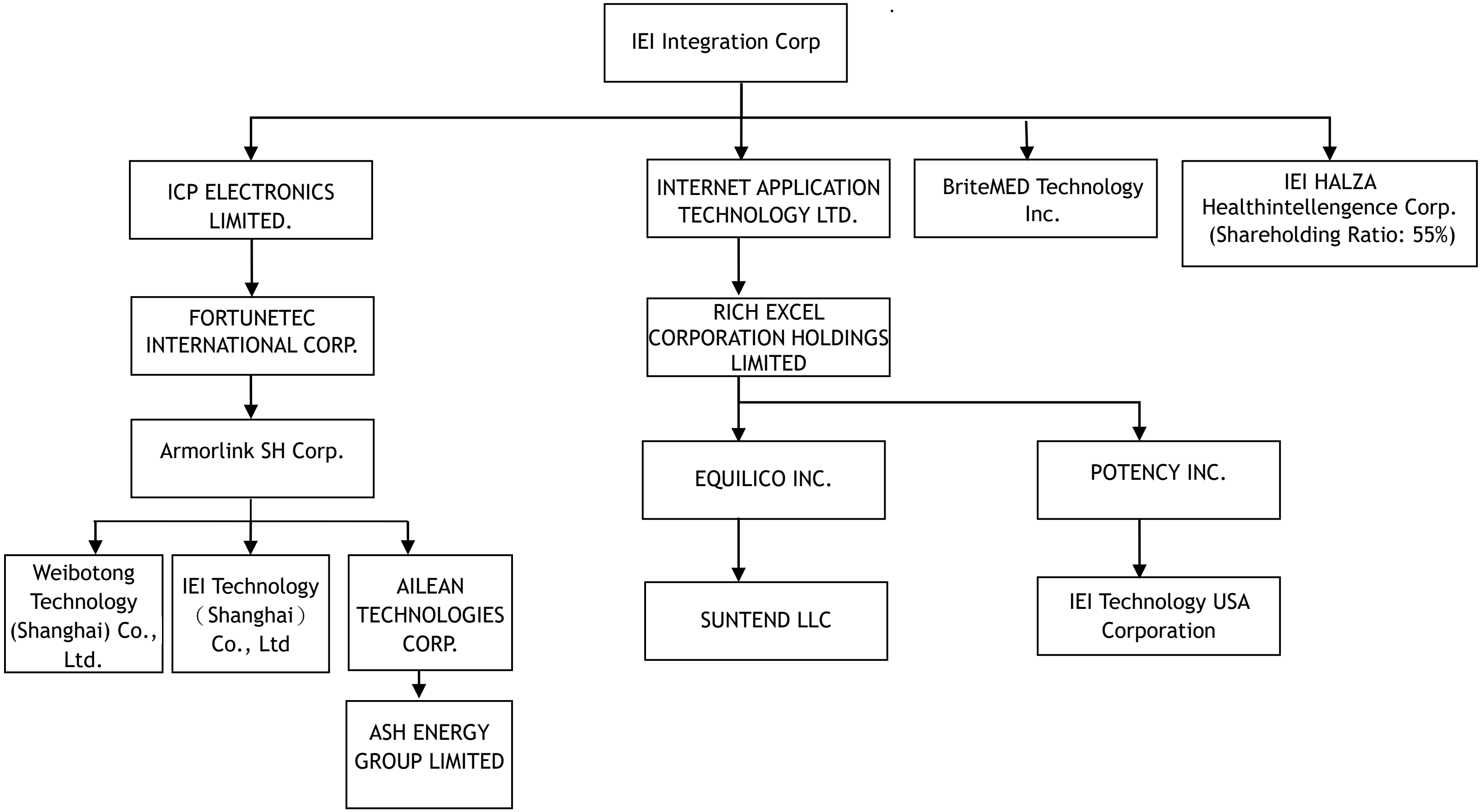
VIII. Special Disclosure

8.1 Related Information of Affiliated Companies

8.1.1 Summary of Affiliated Companies

1. Organizational Chart

As of December 31, 2022



Note: For those without a specified shareholding ratio, the shareholding ratio is 100%

2. Basic information of Affiliated Companies

As of December 31, 2022

Company Name	Date of Establishment	Address	Paid-in Capital		Main Business or Production Items
BriteMED Technology Inc.	2009.05.22	3F, No. 306, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)	NTD	80,000,000	Manufacturing and sales of electronic components
IEI HALZA Healthintellengence Corp.	2019.10.04	2F, No. 306, Section 1, Datong Road, Xizhi District, New Taipei City, Taiwan (R.O.C.)	NTD	3,000,000	Development of medical software and related products.
ICP Electronics Limited	1999.10.08	Vistra Corporate Services Centre, Ground Floor NPF Building ,Beach Road, Apia, SAMOA	USD	5,000,000	Holding company
Internet Application Technology Ltd.	2001.05.16	Vistra Corporate Services Centre, Ground Floor NPF Building ,Beach Road, Apia, SAMOA	USD	11,852,500	Holding company
FORTUNETEC INTERNATIONAL CORP.	2002.02.08	Level 3, Alexander House, 35 Cybercity , Ebene , Mauritius.	USD	5,000,000	Holding company
Rich Excel Corporation Holdings Limited	2005.07.06	Portcullis Chambers,4th Floor, Ellen Skelton Building ,3076 Sir Francis Drake Highway , Road Town , Tortola , British Virgin Islands VG1110	USD	11,627,500	Holding company
EQUILICO INC	2011.03.23	138 university parkway Pomona ,CA 91768	USD	6,483,892	Real Estate Leasing Services
Potency Inc.	2004.10.07	Vistra Corporate Services Centre, Ground Floor NPF Building ,Beach Road, Apia, SAMOA	USD	5,840,050	Holding company
Suntend LLC	2007.01.26	138 university parkway Pomona ,CA 91768	USD	4,053,500	Real Estate Leasing Services
IEI Technology USA Corporation	2000.10.30	138 university parkway Pomona ,CA 91768	USD	3,500,000	Sales of computers and related products
Armorlink SH Corp.	2002.04.05	No. 515, Shenfu Road, Minhang District, Shanghai Industrial Park, China	USD	8,000,000	Manufacturing and selling industrial computer-related products
AILEAN TECHNOLOGIES CORP.	2015.06.23	2F, No.515 Shenfu Road, Minhang District, Shanghai Industrial Park, China	RMB	58,639,263	Manufacturing and selling industrial computer-related products
IEI Technology (Shanghai) Co., Ltd.	2001.09.12	4F, Building 2, No.515 Shenfu Road, Minhang District, Shanghai Industrial Park, China	RMB	26,161,112	Logistics center, sales of industrial computers and related products.
Weibotong Technology (Shanghai) Co., Ltd.	2021.06.21	Building 4, 3F, Section A, No.515 Shenfu Road, Minhang District, Shanghai Industrial Park, China	RMB	2,000,000	Logistics center, sales of industrial computers and related products.
ASH ENERGY GROUP LIMITED	2014.04.30	Room 301-E1, 3F, No.99 Fute West Road, China (Shanghai) Pilot Free Trade Zone	RMB	10,000,000	Supply Chain Management

- Presumed controlled and subsidiary companies under Article 369-3 of the Company Act: None.
- Industries covered by the overall business operations: The main business of the Company and its related enterprises is the manufacturing and sales of industrial computers and related products. ◦

3. Directors, supervisors and general managers of each affiliated company

As of December 31, 2022

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares (in thousand)	Ratio
BriteMED Technology Inc.	Chairman Director Director Supervisor	Representative of IEI Interration Corp.: Chang Ming-Chih Representative of IEI Interration Corp.: Jiang, Jonq-Liang Representative of IEI Interration Corp.: Li,Jian-Zhi Representative of IEI Interration Corp.: Kuo, Chun-Chi	8,000	100 %
IEI HALZA Healthintellengence Corp.	Chairman Director Supervisor	Representative of IEI Interration Corp.: Jiang, Jonq-Liang Richard Raymond Nijkerk Kuo, Chun-Chi	165	55 %
ICP Electronics Limited	Director	IEI Interration Corp. Representative : Chang Ming-Chih	5,000	100 %
Internet Application Technology Ltd.	Director	Kuo, PO-TA	11,853	100 %
FORTUNETEC INTERNATIONAL CORP.	Director	Kuo, PO-TA	500	100 %
Rich Excel Corporation Holdings Limited	Director	Kuo, PO-TA	11,628	100 %
EQUILICO INC	Director	Huang, Chungman	6,489	100 %
Potency Inc.	Director	Rich Excel Corporation Holdings Limited. Representative : Kuo, PO-TA	5,840	100 %
Suntend LLC	Representative	Kuo, Chun-Chi	-	100 %
IEI Technology USA Corporation	Representative	Kuo, PO-TA	14,000	100 %
Armorlink SH Corp.	Representative	Kuo, PO-TA	-	100 %
AILEAN TECHNOLOGIES CORP.	Representative	Kuo, PO-TA	-	100 %
IEI Technology （Shanghai） Co., Ltd	Representative	Kuo, Chun-Chi	-	100 %
Weibotong Technology (Shanghai) Co., Ltd.	Representative	Wang,Yan	-	100 %
ASH ENERGY GROUP LIMITED	Representative	Huang,Yu-Fen	-	100 %

4. Operation Results of each affiliated company

Unit: NT$ thousands

Company Name	Capital Stock	Total Assets	Total Liabilities	Equity	Operation Revenue	Operating Profit (Loss)	Net Income	EPS(NT$) (after tax)
BriteMED Technology Inc.	80,000	647,541	372,713	274,828	638,997	132,803	134,226	16.78
IEI HALZA Healthintellengence Corp.	3,000	479	-	479	-	(1,921)	(1,903)	(6.34)
ICP ELECTRONICS LIMITED	153,550	4,368,724	-	4,368,724	-	(2,108)	472,177	94.44
INTERNET APPLICATION TECHNOLOGY LTD.	363,990	1,123,413	-	1,123,413	-	(35)	90,613	7.65
FORTUNETEC INTERNATIONAL CORP.	153,550	4,103,105	-	4,103,105	-	(5,570)	459,448	918.90
Rich Excel Corporation Holdings Limited	357,081	980,618	-	980,618	-	(101)	89,219	7.67
EQUILICO INC	199,120	198,221	-	198,221	-	(167)	9,693	1.49
Potency Inc.	179,348	750,178	-	750,178	-	(42)	79,217	13.56
Suntend LLC	124,483	193,677	2,966	190,711	15,415	9,550	9,478	-
IEI Technology USA Corporation	107,485	1,063,924	493,827	570,097	1,900,065	128,420	62,508	4.46
Armorlink SH Corp.	245,680	4,432,739	3,403,535	1,029,204	4,210,143	261,750	297,680	-
AILEAN TECHNOLOGIES CORP.	258,566	1,266,549	736,605	529,944	29,401	(31,114)	34,045	-
IEI Technology （Shanghai）Co., Ltd	115,356	672,961	582,750	90,211	1,344,490	551	1,336	-
Weibotong Technology (Shanghai) Co., Ltd.	8,819	135,374	153,762	(18,388)	448,938	(16,419)	(15,967)	-
ASH ENERGY GROUP LIMITED	44,094	57,912	529	57,383	-	(17)	1,275	-

Note: For foreign companies among the affiliated companies, the figures of registered capital, total assets, total liabilities and equity are converted based on the exchange rate as of December 31st, 2022 (USD to NTD at a rate of 1:30.71 and CNY to NTD at a rate of 1:4.4094); while operating revenue, operating profit (loss) and net income for this year are converted into New Taiwan Dollars based on the average exchange rate in 2022 (USD to NTD at a rate of 1:29.805 and CNY to NTD at a rate of 1:4.4341).

8.1.2 The companies to be included in the affiliate's consolidated financial statements are same as the companies to be included in the parent company-subsidiary consolidated financial statements according to International Financial Reporting Standard No. 10 recognized by the Financial Supervisory Commission. Therefore, the affiliate's consolidated financial statements will not be prepared separately.

8.1.3 The Company is not a subsidiary of other companies; therefore, it is not necessary to have the relationship report prepared.

8.2 The status of issuing private placement securities in the most recent year and up to the publication of the annual report: None

8.3. Acquisition or disposal of the Company's stock shares by subsidiaries in the most recent year and up to the publication of the annual report: None

8.4 Other necessary supplementary notes: None

IX. The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act that had significant impact on shareholders' equity or securities prices in the most recent year and up to the publication of the annual report:None

Appendix 1: Consolidated Financial Statements and Independent Auditors' Report

STATEMENT OF NONREPETATIVE REPORTING

The entities that are required to be included in the combined financial statements of the IEI Integration Corp. as of and for the year ending on December 31, 2022, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the within consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in such combined financial statements is included in the within consolidated financial statements. Consequently, the IEI Integration Corp. and Subsidiaries do not separately prepare a set of combined financial statements.

Respectfully yours,

Ming-Chi Chang
Chairman
IEI Integration Corp.
March 10, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the IEI Integration Corp.:

Opinion

We, the undersigned, have audited the accompanying consolidated financial statements of IEI Integration Corp. and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period from January 1 to December 31, 2022 and 2021, as well as notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are compiled, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and fairly represent the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the period from January 1 to December 31, 2022 and 2021.

Basis for Opinion

We conducted the within audits according to 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 the standards are more fully set forth in the Auditors' Responsibilities in Audits of consolidated Financial Statements section of this report. We the practitioners at KPMG who are subject to the standards of independence have remained independent of the Group, and we have fulfilled the ethical responsibilities prescribed in The Norm of Professional Ethics for Certified Public Accountants of the Republic of China. We believe that the evidence we have obtained through the audits is adequate and sufficient to provide the basis for our opinion.

Key Audit Matters

"Key audit matters" are those areas that, in our professional judgment, were most important within the purview of the audit of the Group's consolidated financial statements for the year ending on December 31, 2022. As these matters have substantively been addressed in the context of our audit of the Group's consolidated financial statements as a whole, and we do not separately express any opinions on the matters.

1. Sales Recognition

Please refer to Note 4(16) and Note 6(17) to these consolidated financial statements for the accounting policies and discussions, respectively, concerning sales recognition.

<u>Explanation</u>

The Group transacts sales by directly shipping the final products to the customers from the overseas manufacturing plant in mainland China and recognizes the sales revenue upon transfer of control to the buyers. However, the timing of the transfer of control varies per transaction due to variations in delivery conditions depending on the negotiated times and locations for delivery based on the terms of the respective agreements, which might cause sales revenues to be recognized in the wrong reporting period for the sales realized close to the cutoff date of the last period. Therefore, we recognized the assessment of the adequacy of the timing of sales recognition was one of the key autdit matters in our audit of the Group's consolidated financial statements.

Procedure:

- Assess relevant control procedures and execution efficiency in the delivery and payment cycle.
- Sample and audit the accuracy of sales recognition dates for product sales recorded within set time period(s) before and after the date of the balance sheet.
- Examine relevant documents to verify the adequacy of the timings of transfer of control and the reasonableness of each sales recognition.

2. Inventory Valuation

Please refer to Note 4(8), Note 5(1) and Note 6(5), to these consolidated financial statements for the accounting policies concerning inventory, the accounting estimates and presumption of uncertainty in inventory valuation, and details of inventory values, respectively.

Explanation

The value of inventory in the financial statements is the cost or net realizable value, whichever is lower. The rapid roll-out of next-gen products and intense competition in the market might cause the cost of inventory to exceed its net realizable value.

Procedure

- Assess the Group's statement and analysis of inventory age and analyze changes in inventory age in the respective time periods.
- Obtain valid statements of changes to verify the accuracy of the reporting periods for inventory age.
- Sample the current replacement costs for row materials and current product market values, and re-compute the net realized value upon assessment of the promotional expense ratio, to evaluate the reasonableness of the net realized value reported by the Group in the statements.

Relevant Information

We have audited and issued an opinion without reservation on the parent only financial statements of IEI Integration Corp. for the years ending on December 31, 2022 and 2021.

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC

Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for maintaining such internal procedures as it deems necessary for the preparation thereof, to ensure the consolidated financial statements are free of material misrepreentation, whether due to fraud or mistake.

In preparing the consolidated financial statements, management is also responsible for evaluating the Group's ability to continue as a going concern, disclosure of pertinent information, and implementation of going concern basis of accounting, unless management intends to liquidate or cease the operations of the Group, or has no other practicable alternatives other than doing so.

The governing bodies of the Group, including the Audit Committee, are responsible for overseeing its financial reporting process.

Auditors' Responsibilities in Auditing the Consolidated Financial Statements

The objectives of our audit of the consolidated financial statements are to deduce reasonable assurance whether the consolidated financial statements as a whole are free of material misrepresentation, whether due to fraud or mistake, and to issue a report on our findings and opinion. Reasonable assurance denotes a high level of certainty, but is not a guarantee that an audit conducted according to the Standards on Auditing of the Republic of China will always ferret out a material misrepresentation when it exists in the consolidated financial statements. Misrepresentations can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users who make such decisions on the basis of these consolidated financial statements.

We exercised professional judgment and maintained professional skepticism in conducting the audit pursuant to the Standards on Auditing of the Republic of China. In addition, we:

1. Identified and assessed potential material misrepresentations in the consolidated financial statements, whether due to fraud or mistake; planned and executed responsive procedures to the potentials thus identified; and deduced valid and sufficient evidence to form the bases for our opinion. Because fraud involves conspiracy, forgery, intentional omissions, deceitful representation, and/or matters beyond internal control, the probability of failing to identify a material misrepresentation as a result of fraud is higher than that as a result of mistake.

2. Attained an adequate understanding of the internal procedures that had bearings on the audit in planning for such audit procedures suitable for the circumstances, although the purpose was not to express any opinions concerning the efficacy of said internal procedures.

3. Evaluated the adequacy of the accounting policies and the reasonableness of the accounting estimates and relevant disclosures made by management.

4. Drew conclusion, based on evidence obtained from the audit, on the adequacy of the going concern basis of accounting implemented by management and the existence of material uncertainty whether there might be matters or circumstances that might cast significant doubt on the Group's ability to continue as a going concern. If we believed such a material uncertainty existed, we were required in the auditors' report to draw the attention of the consolidated financial statements to the relevant disclosures made therein, or, in the case that the disclosures were deemed inadequate, to amend our

opinion. Our conclusions are based on evidence obtained in the course of the audit up to the date of this auditors' report. Future events or conditions might nevertheless affect the ability of the Group to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements fairly represent the underlying transactions and matters.

6. Expressed our opinion concerning the consolidated financial statements upon obtaining adequate and sufficient audit evidence on the financial status of the Group's constituent entities. We were responsible for the direction, supervision and execution of the audit activities and for deriving an opinion therefrom about the Group.

Matters we discussed with the governing bodies include planned scope and timing of the audit and important audit findings, including significant deficiencies in the internal procedures identified during the course of the audit.

We also provided the governing bodies with a statement that we the practitioners at KPMG who are subject to the standards of independence have complied with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence, and communicated to the governing bodies all the relationships and other matters that might be deemed to affect the independence of the auditors, including relevant safeguards.

In the matters discussed with the governing bodies, we determined which matters were of the most significance in auditing the consolidated financial statements (i.e., the key audit matters) for the year ending on December 31, 2022. We disrcibe these matters in the auditors' report unless disclosure of the matters is forbidden by law or regulations or when, in extremely rare circumstances, we have determined that a particular matter should not be discussed in our report, in which case it should reasonably be inferred that the detrimental effects from the disclosure outweigh the public interest.

Audit undertaken and report prepared by Chen, Chung-Che and Lai, Li-Chen

KPMG
Taipei, Taiwan
Republic of China
March 10, 2023

IEI Integration Corp. and Subsidiaries

CONSOLIDAETD BALANCE SHEET

As of December 31, 2022 and 2021

In thousands of NTD

	ASSETS	Notes	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current Assets:					
1100	Cash and cash equivalents	6(1)(20)	$ 4,137,537	31	3,539,466	32
1110	Financial assets at fair value through profit or loss -current	6(2)(20)	381,000	3	-	-
1170	Notes and accounts receivable, net	6(4)(17)(20)	972,262	7	955,015	8
1180	Accounts receivable from related parties, net	6(20)&7	19,600	-	45,939	-
1210	Other receivables from related parties	6(20)&7	171,114	1	305,495	3
130X	Inventory	6(5)	1,798,197	14	1,530,051	13
1476	Other financial assets - current	6(6)(20)&8	1,477,113	11	295,393	3
1479	Other current assets		222,013	2	166,340	1
			9,178,836	69	6,837,699	60
	Non-current Assets:					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)(20)	32,025	-	36,639	-
1550	Investments accounted for using equity method	6(7)	2,403,180	18	2,184,461	19
1600	Property, plant and equipment	6(8)&7	1,312,659	10	1,209,310	10
1755	Right-of-use assets	6(9)	20,534	-	10,163	-
1760	Investment properties, net	6(10)	277,453	2	283,250	2
1821	Other intangible assets, net		20,341	-	16,666	-
1840	Deferred income tax assets		99,099	1	65,190	1
1975	Net defined benefit assets - non-current	6(13)	8,093	-	8,811	-
1980	Other financial assets - non-current	6(6)(20)	-	-	911,712	8
1990	Other non-current assets		21,361	-	32,197	-
			4,194,745	31	4,758,399	40
	Total Assets		$ 13,373,581	100	11,596,098	100

	LIABILITIES AND EQUITY	Notes	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current Liabilities:					
2130	Contract liabilities - current	6(17)&7	$ 530,865	4	499,060	4
2170	Accounts payable	6(20)	1,234,942	9	1,013,117	9
2180	Accounts payable to related parties	6(20)&7	148,467	1	108,321	1
2219	Other payables	6(20)	634,530	5	497,397	4
2220	Other payables to related parties	6(20)&7	128,613	1	268,699	2
2230	Income tax payable		426,973	3	188,276	2
2280	Lease liabilities - current	6(11)(20)	11,070	-	8,004	-
2399	Other current liabilities		37,239	-	22,288	-
			3,152,699	23	2,605,162	22
	Non-current Liabilities:					
2570	Deferred income tax liabilities		921,131	7	893,546	8
2580	Lease liabilities - non-current	6(11)(20)	10,298	-	3,612	-
2670	Other non-current liabilities		57,155	1	56,329	-
			988,584	8	953,487	8
	Total Liabilities		4,141,283	31	3,558,649	30
	Equity Attributable to Shareholders of the Parent	6(15)				
3100	Share Capital		1,765,978	13	1,765,978	15
3200	Capital surplus		820,437	6	820,325	7
	Retained earnings:					
3310	Legal reserve		1,753,262	13	1,665,388	15
3320	Special reserve		687,892	5	604,488	5
3350	Unappropriated retained earnings		4,658,093	35	3,868,090	34
			7,099,247	53	6,137,966	54
3400	Other equity		(453,579)	(3)	(687,892)	(6)
	Total equity attributable to shareholders of parent		9,232,083	69	8,036,377	70
36XX	Non-controlling interests		215	-	1,072	-
	Total Equity		9,232,298	69	8,037,449	70
	Total Liabilities and Equity		$ 13,373,581	100	11,596,098	100

(See accompanying notes to consolidated financial statements.)

IEI Integration Corp.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021

In thousands of NTD

			2022		2021	
		Notes	Amount	%	Amount	%
4110	**Sales Revenue**		$ 7,975,814	99	6,270,298	100
4170	Sales returns and discounts		33,399	(1)	26,789	-
	Net Sales Revenue	6(17)&7	7,942,415	100	6,243,509	100
5110	**Cost of Sales**	6(5)(13)&7&12	5,062,708	64	4,151,602	66
	Gross Profit		2,879,707	36	2,091,907	34
5910	Unrealized profit (loss) from sales		(1,526)	-	(330)	-
5920	Realized profit (loss) from sales		330	-	765	-
	Gross Profit from operations		2,878,511	36	2,092,342	34
	Operating Expenses	6(4)(13)(18)&7&12				
6100	Selling expenses		527,140	7	448,105	7
6200	General and administrative expenses		464,882	6	427,443	7
6300	Research and development expenses		554,961	7	496,794	8
6450	Expected credit impairment loss (gain)		13,829	-	(923)	-
	Total Operating Expenses		1,560,812	20	1,371,419	22
	Net Operating Income		1,317,699	16	720,923	12
	Non-operating Income and Expenses	6(12)(19)&7				
7100	Interest income		76,942	1	47,729	1
7010	Other income		92,269	1	56,928	1
7020	Other gains and losses, net		296,319	4	(37,627)	(1)
7050	Finance costs		(5,293)	-	(441)	-
7060	Share of profits of associates and joint ventures accounted for using equity method, net		124,475	2	251,196	4
	Total Non-operating Income and Expenses		584,712	8	317,785	5
	Profit Before Income Tax		1,902,411	24	1,038,708	17
7950	**Income tax expense**	6(14)	411,079	4	173,128	3
	Profit for the year		1,491,332	20	865,580	14
8300	**Other Comprehensive Income :**					
8310	**Components that will not be reclassified to profit or loss**					
8311	Gain/(loss) on re-measurements of defined benefit plans		(1,394)	-	15,999	-
8316	Unrealized gain/(loss) from investments in equity instruments measured at fair value through other comprehensive income		(10,114)	-	3,158	-
8320	Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		140,853	2	(45,223)	(1)
8349	Income tax related to components that will not be reclassified to profit or loss		279	-	(3,200)	-
	Total components that will not be reclassified to profit or loss		129,624	2	(29,266)	(1)
8360	**Components that will be reclassified to profit or loss**					
8361	Exchange differences on translation		80,917	1	(33,028)	(1)
8370	Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		22,657	-	(8,311)	-
8399	Income tax related to components that will be reclassified to profit or loss		-	-	-	-
	Total components that will be reclassified to profit or loss		103,574	1	(41,339)	(1)
8300	**Other Comprehensive Income (Loss), net**		233,198	3	(70,605)	(2)
	Total Comprehensive Income		$ 1,724,530	23	794,975	12
	Profit Attributable to:					
8610	Shareholders of the parent company		$ 1,492,189	20	865,945	14
8620	Non -controlling interests		(857)	-	(365)	-
			$ 1,491,332	20	865,580	14
	Comprehensive Income Attributable to:					
8710	Shareholders of the parent company		$ 1,725,387	23	795,340	12
8720	Non -controlling interests		(857)	-	(365)	-
			$ 1,724,530	23	794,975	12
	Earnings per Share (NT$)					
	Basic Earnings per Share (NT$)	6(16)	$	8.45		4.90
	Diluted Earnings per Share (NT$)	6(16)	$	8.38		4.86

(See accompanying notes to consolidated financial statements.)

IEI Integration Corp. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to December 31, 2022 and 2021

In thousands of NTD

Code		Equity Attributable to Shareholders of the Parent Company											
		Share Capital		Retained Earnings				Others					
		Common Shares	Capital Suprplus	Legal Reserve	Special Reserve	Unappropri-ated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized Gain (Loss) on financial assets measured at fair falue through other comprehensive Income	Total	Total Equity Attributable to Shareholders of the parent company	Non-controlling Interests	Total Equity
A1	**Balance at January 1, 2021**	$ 1,765,978	819,341	1,566,050	635,680	3,410,688	5,612,418	(472,411)	(132,077)	(604,488)	7,593,249	1,437	7,594,686
D1	Profit for the year	-	-	-	-	865,945	865,945	-	-	-	865,945	(365)	865,580
D3	Other comprehensive income (loss)	-	-	-	-	12,799	12,799	(41,339)	(42,065)	(83,404)	(70,605)	-	(70,605)
D5	Total comprehensive income (loss)	-	-	-	-	878,744	878,744	(41,339)	(42,065)	(83,404)	795,340	(365)	794,975
	Earnings appropriation and distribution:												
B1	Legal reserve appropriated	-	-	99,338	-	(99,338)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(353,196)	(353,196)	-	-	-	(353,196)	-	(353,196)
B17	Reversal of special reserve	-	-	-	(31,192)	31,192	-	-	-	-	-	-	-
	Changes in other capital reserves:												
C7	Adjustments to share of changes in equities of associates	-	(1,872)	-	-	-	-	-	-	-	(1,872)	-	(1,872)
C17	Other changes in capital reserves	-	2,856	-	-	-	-	-	-	-	2,856	-	2,856
	Balance at December 31, 2021	1,765,978	820,325	1,665,388	604,488	3,868,090	6,137,966	(513,750)	(174,142)	(687,892)	8,036,377	1,072	8,037,449
D1	Profit for the year	-	-	-	-	1,492,189	1,492,189	-	-	-	1,492,189	(857)	1,491,332
D3	Other comprehensive income (loss)	-	-	-	-	(1,115)	(1,115)	103,574	130,739	234,313	233,198	-	233,198
D5	Total comprehensive income (loss)	-	-	-	-	1,491,074	1,491,074	103,574	130,739	234,313	1,725,387	(857)	1,724,530
	Earnings appropriation and distribution:												
B1	Legal reserve appropriated	-	-	87,874	-	(87,874)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	83,404	(83,404)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(529,793)	(529,793)	-	-	-	(529,793)	-	(529,793)
	Changes in other capital reserves:												
C7	Adjustments to share of changes in equities of associates	-	(134)	-	-	-	-	-	-	-	(134)	-	(134)
C17	Other changes in capital reserves	-	246	-	-	-	-	-	-	-	246	-	246
Z1	**Balance at December 31, 2022**	**$ 1,765,978**	**820,437**	**1,753,262**	**687,892**	**4,658,093**	**7,099,247**	**(410,176)**	**(43,403)**	**(453,579)**	**9,232,083**	**215**	**9,232,298**

(See accompanying notes to consolidated financial statements.)

IEI Integration Corp.

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, 2021 and 2022

In thousands of NTD

		2022	2021
AAAA	**Cash Flows from Operating Activities:**		
A10000	**Profit before income tax**	$ 1,902,411	1,038,708
A20000	**Adjustments items:**		
A20100	Depreciation expense	112,661	104,173
A20200	Amortization expense	22,613	18,850
A20300	Expected credit impairment loss (reversal of impairment loss)	13,829	(923)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(2,587)	(16,664)
A20900	Interest expense	5,293	441
A21200	Interest income	(76,942)	(47,729)
A21300	Dividend income	(647)	(1,581)
A22300	Share of profits of associates and joint ventures accounted for using equity method	(124,475)	(251,196)
A22500	Impairment loss (gain) on property, plant and equipment	25,936	756
A23100	Impairment loss (gain) on investments	-	(124)
A23700	Allowance for inventory valuation and obsolescence loss	155,547	35,377
A24000	Unrealized (realized) profit from sales	1,196	(435)
A24100	Unrealized loss (gain) on foreign exchange	(59,982)	(3,718)
A20010	Total adjustments to reconcile profit (loss)	72,442	(162,773)
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets measured at fair value through profit and loss	(378,413)	76,667
A31150	Decrease (increase) in Notes and accounts receivable	(22,579)	144,879
A31160	Decrease (increase) in accounts receivable from related parties	63,222	(20,232)
A31190	Decrease (increase) in other receivables from related parties	188,365	(118,672)
A31200	Decrease (increase) in Inventory	(390,428)	(471,324)
A31240	Decrease (increase) in Other current assets	(14,695)	(51,580)
A31990	Decrease (increase) in Net defined benefit assets	(676)	(847)
A32000	Changes in operating liabilities, net:		
A32125	Increase (decrease) in contract liabilities	31,805	233,854
A32150	Increase (decrease) in Notes and accounts payable	227,589	91,799
A32160	Increase (decrease) in accounts payable to related parties	19,791	(46,401)
A32180	Increase (decrease) in other payables	121,828	5,178
A32190	Increase (decrease) in Other payables to related parties	(146,553)	13,868
A32200	Increase (decrease) in liability provisions	4,155	(1,079)
A32230	Increase (decrease) in Other current liabilities	293	8,555
A30000	Total changes in operating assets and liabilities	(296,296)	(135,335)
A20000	Total adjustments	(223,854)	(298,108)
A33000	Cash inflow generated from operations	1,678,557	740,600
A33100	Interest received	40,358	17,105
A33200	Dividends received	69,779	103,371
A33300	Interest paid	(5,293)	(441)
A33500	Income tax paid	(178,599)	(144,994)
AAAA	**Net cash flows from (used in) operating activities**	1,604,802	715,641
BBBB	**Cash Flows from Investing Activities:**		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	500	2,700
B01900	Disposals of investment accounted for using equity method	-	8,019
B02700	Acquisition of property, plant and equipment	(194,171)	(145,678)
B02800	Disposal of property, plant and equipment	4,225	2,469
B04500	Acquisition of intangible assets	(25,523)	(27,472)
B06500	Decrease (increase) of other financial assets	(232,291)	821,552
B06700	Decrease (increase) of other non-current assets	8,845	(8,826)
BBBB	**Net cash flows from (used in) investing activities**	(444,415)	652,764
CCCC	**Cash Flows from Financing Activities:**		
C03000	Decrease in guarantee deposit received	(151)	(395)
C04020	Payment of lease liabilities	(11,413)	(9,132)
C04500	Cash dividends paid	(529,793)	(353,196)
C09900	Other financing activities	32	-
CCCC	**Net cash flows from (used in) financing activities**	(541,325)	(362,723)
DDDD	Effects of Exchange Rate changes on Cash and Cash Equivalents	(20,991)	(6,448)
EEEE	Net Increase in Cash and Cash Equivalents	598,071	999,234
E00100	Cash and Cash Equivalents at Beginning of Year	3,539,466	2,540,232
E00200	Cash and Cash Equivalents at End of Year	$ 4,137,537	3,539,466

(See accompanying notes to consolidated financial statements.)

IEI Integration Corp.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ending on December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars Unless Specified Otherwise)

1. GENERAL

The IEI Integration Corp. (the "Company" or "IEI") was incorporated with the Taiwan Ministry of Economic Affairs on April 17, 1997. The principal business of the Company and its subsidiaries (collectively the "Group") involves the manufacturing and sales of computer, computer components and peripherals and related trading.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved for issuance by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Effects from the Application of New and Revised Standards and Interpretations Endorsed and Issued into Effect by the Financial Supervisory Commission

Effective January 1, 2022, the Group has applied the following international financial reporting standards, which do not significantly affect the consolidated financial statements.

- Amendments to the International Accounting Standards (IAS) 16, "Property, Plant and Equipment – Proceeds Before Intended Use"
- Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to International Financial Reporting Standards (IFRS) 2018-2020
- Amendments to IFRS 3, "Reference to the Conceptual Framework"

(2) Effects from Non-application of Standards Endorsed and Issued into Effect by the FSC

The Group finds that the application of the following international financial reporting standards which have been promulgated since January 1, 2023, will not significantly affect the 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"

(3) New and Revised Standards and Interpretations Not Yet Endorsed and Issued into Effect by the Financial Supervisory Commission

The Group finds that the following new and revised standards which have not been endorsed by the Financial Supervisory Commission (FSC) will not significantly affect the consolidated financial statements.

- IFRS 10 and Amendments to IAS 28, "Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture"
- IFRS 17, "Insurance Contracts," and Amendments to IFRS 17
- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Covenants"
- Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the accompanying consolidated financial statements, which apply categorically to the entire reporting periods thus covered, are summarized as follows:

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the IFRS, the IAS, IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC (collectively the "Standards").

(2) Bases for Preparation

1) Measurement bases

The accompanying consolidated financial statements are prepared on the basis of historical cost, except the following key items in the balance sheet:

a) Financial assets at fair value through profit or loss are measured at fair value.

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

c) Net defined benefit liabilities (assets) are measured by deducting the current value of defined benefit obligation from pension plan assets at fair value, subject to the upper limit as prescribed in Note 4(17).

2) Functional and presentation currencies

The Group and its associates and subsidiaries use the prevailing currency of the principal economic environment in which it conducts business as its functional currency. Monetary values in the accompanying consolidated financial report is presented in the Company's functional currency, the New Taiwan dollar (NTD). All the financial data expressed in NTD are in thousands of NTD unless specified otherwise.

(3) Bases for Consolidation

1) Bases for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by it (i.e., its subsidiaries). The Company controls an entity through investment when it is exposed to variable returns from sources involving the entity or is entitled to such variable returns and when it can influence such variable returns through its rights in the entity in which it invests.

The financial statements of a subsidiary is incorporated into the consolidated financial statements from the date the Company begins to exercise control over the subsidiary and until the date it ceases control over the latter. The transactions, balances and any unrealized profit or loss among consolidated entities extinguish upon preparation of the consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries 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 is recognized directly in equity and attributed to shareholders of the Company.

2) Subsidiaries included in the consolidated financial statements

The following subsidiaries are included in the consolidated financial statements:

Name of Investor	Name of Investee	Nature of Business	Percentage of Ownership 12/31/2022	Percentage of Ownership 12/31/2021	Note
IEI Integration Corp.	ICP Electronics Limited	Holding company and sales of computer related products	100%	100%	
IEI Integration Corp.	Internet Application Technology Ltd.	Holding company and sales of computer related products	100%	100%	
IEI Integration Corp.	BriteMed Technology Inc	Computer components manufacturing and sales	100%	100%	
IEI Integration Corp.	IEI Halza Health Intelligence Corp.	Development of medical software and related prooduct	55%	55%	
ICP Electronics Limited	Fortunetec International Corp.	Holding company and sales of computer related products	100%	100%	
Fortunetec International Corp.	Armorlink SH Corp.	Manufacturing and sales of computer-related products	100%	100%	
Fortunetec International Corp.	Ailean Technologies Corp.	Manufacturing and sales of computer-related products	- %	100%	Note
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	Holding company and sales of computer related products	100%	100%	
Rich Excel Corporation Holdings Limited	Equilico Inc.	Real estate release agency	100%	100%	
Rich Excel Corporation Holdings Limited	Potency Inc.	Holding company and sales of computer related products	100%	100%	
Equilico Inc.	Suntend LLC	Real estate release agency	100%	100%	
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd.	Logistics center, sales of computer-related products	100%	100%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Logistics center, sales of computer-related products	100%	100%	
Armorlink SH Corp.	Ailean Technologies Corp.	Computer components manufacturing and sales	100%	- %	Note
Ailean Technologies Corp.	ASH ENERGY GROUP LIMITED	Supply chain management	100%	100%	
Potency Inc.	IEI Technology USA Corporation	Sales of computer-related products	100%	100%	

Note: Adjustment of equity structure in subsidiaries in mainland China in the years 2022 and 2021 due to operational considerations.

3) Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currencies

1) Foreign currency transactions

Transactions using foreign currencies are recognized in the respective functional currencies of Group entities at the exchange rates prevailing on the dates of the respective transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the exchange rates prevailing on the reporting period’s end date (“the reporting date”).

Non-monetary items measured at fair value that are denominated in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the exchange rates on the dates of the respective transactions.

The differences resulting from the exchange rates are typically recognized in profit or loss, whereas equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

2) Overseas Operations

Assets and liabilities of overseas operations are translated into NTD at the exchange rates prevailing on the reporting date. Income and expenses are translated into NTD at the average exchange rate for the reporting period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposition of an overseas operation results in the loss or share of control or in serious consequences, the cumulative exchange differences related to said overseas operation are reclassified into profit or loss. Upon partial disposition of a subsidiary which has units operating overseas, the relevant cumulative exchange differences are reattributed proportionally to noncontrolling interests. Upon partial disposition of an investment in an affiliate or joint venture which has units operating overseas, the relevant cumulative exchange differences are reclassified proportionally to profit or loss.

When there is no plan to settle a monetary receivable or payable to an overseas operation and it is not likely to be settled in the foreseeable future, the resultant foreign exchange gain or loss is deemed as part of the net investment in the overseas operation and recognized in other comprehensive income.

(5) Guidelines for classification of Assets and Liabilities into Current and Non-current

An asset is classified current if it is any of the following. All assets that are not current are non-current assets.

1) The asset is expected to be realized in the normal operating cycle or intended to be sold or consumed;
2) The asset is held primarily for trading purposes;
3) The asset is expected to be realized within 12 months of the reporting period; or
4) The asset is cash or cash equivalent, unless it is otherwise restricted from being traded or used to settle a liability for at least twelve months after the reporting period.

A liability is classified current if it is any of the following. All liabilities that are not current are non-current liabilities.

1) The liability is expected to be settled in the normal operating cycle;
2) The liability is maintained primarily for trading purposes;
3) The liability is expected to be settled within 12 months of the reporting period; or
4) The liability is not attached with an unconditional right to defer settlement for at least 12 months after the reporting period. The classification is not affected if the terms of the liability may, at the option of the counterparty, be settled through the issuance of equity instruments.

(6) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to a minimal risk of value variation. Time deposits that meet the foregoing definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(7) Financial Instruments

Accounts receivable and debt securities issued are recognized initially when incurred. All other financial assets and financial liabilities are recognized when initially the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (other than accounts receivable which do not involve a significant financial element) or financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance thereof. Accounts receivable that do not involve significant financial elements are measured initially at their transaction prices.

1) Financial assets

For the purchase or sale of financial assets consistent with customary trading practices, the Group categorically accounts for all purchases and sales of the financial assets that are classified in the same categories on the date of the transaction or settlement.

Financial assets are classified on initial recognition as financial assets carried at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, investments in equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The Group will reclassify all of the affected financial assets effective the first day of the next reporting period only when the Group changes its operating models for managing financial assets.

a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is not designated as at fair value through profit or loss, and it meets the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on a specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

These assets are subsequently measured at their initially recognized values plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any loss allowances. Interest income, foreign currency exchange gains or losses and impairment losses are recognized in profit or loss. On derecognition, the gains or losses are recognized in profit or loss.

b) Financial assets measured at fair value through other comprehensive income

An investment in debt instrument is measured at fair value through other comprehensive income when it is not designated as measured at fair value through profit or loss and meets both of the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow and resale under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on a specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

On initial recognition, the Group may make an irrevocable choice to report subsequent changes in the fair value of investments in equity instruments not held for trading purposes in other comprehensive income. The aforesaid choice is made on an instrument-by-instrument basis.

Investments in debt-instrument are subsequently measured at fair value. Interest income, foreign currency exchange gains or losses and impairment losses calculated based on the effective interest method are recognized in profit or loss, while other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly reflects a partial recovery of investment costs) is recognized in profit or loss, while the other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date the Group has the right to receive the dividends (usually the ex-dividend date).

c) Financial assets measured at fair value through profit or loss

Financial assets, that are not classified as measured at amortized cost or at fair value through other comprehensive income as described above, are measured at fair value through profit or loss—this includes derivative financial assets. Upon initial recognition, the Group may irrevocably designate such financial assets, which qualify as measured at amortized cost or at fair value through other comprehensive income, as financial assets measured at fair value through profit or loss, for the purpose of eliminating or significantly reducing accounting mismatches.

These assets are subsequently measured at fair value, which net gains or losses (including any dividends and interest income) are recognized in profit or loss.

d) Impairment of financial assets

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

Loss allowance for the following financial assets is measured based on the value of the expected credit loss over 12 months, while loss allowance for others is measured based on the value of the expected credit loss over the life of the asset:

- Debt securities determined to have a low credit risk on the reporting date.
- Other debt securities and bank deposits which credit risk (i.e., the risk of default over the expected life of the financial instruments) has not increased significantly since initial recognition.

Loss allowance on accounts receivable and contract assets is measured based on the value of the expected credit loss over the life of the contract.

In determining whether there has been a significant increase in credit risk since initial recognition, the Group takes into account reasonable information based on evidence that are available without undue cost or input, including qualitative and quantitative data and analyses based on the Group's past experience, credit evaluations and prospective information

The Group assumes that the credit risk on a financial asset has increased significantly if payments are overdue under the contractual terms.

The Group considers a financial asset to be in default if it is unlikely that the borrower will be able to fulfill its credit obligation to pay the full amount to the Group.

Expected credit losses over the life of the instrument are the expected credit losses arising from all possible defaults over the expected life of the instrument

Expected credit loss over twelve months is the expected credit loss arising from a possible default of the financial instrument within twelve months after the reporting date, or a shorter period if the expected life of the financial instrument is less than twelve months.

The maximum time period for measuring expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

The expected credit loss is a weighted estimate of the probability of credit loss over the expected life of the financial instrument. Credit losses are measured at the present value of all the cash shortfalls, which is the difference between the cash flows that the Group can receive under the contracts and those that it expects to receive. Expected credit losses are discounted based on the effective interest rates of the financial assets.

On each reporting date the Group assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are impaired. A financial asset is credit-impaired if one or more events have occurred which have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information as follows:

- Significant financial difficulties of the borrower or issuer;
- Defaults, such as delays or exceeding credit terms over a extended period;
- The Group has made concessions that it otherwise would not have considered but for some economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to file for bankruptcy or undertake other financial reorganization; or
- Loss of an active market for the financial asset due to financial difficulties

Allowance for loss on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

The Group reduces the total carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the financial asset. For corporate accounts, the Group assesses the timing and amount of write-off on a case-by-case basis based on whether recovery is reasonably expected. The Group does not expect any material reversal of the amount that has thus been written off. However, financial assets that have been written off are still enforceable to comply with the Group's procedures for recovering past due amounts.

e) 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.

When entering into a transaction to transfer a financial asset, the Group continues to recognize a financial asset on its balance sheet if it retains all or nearly all the risks and rewards related to the ownership of the transferred financial asset.

2) Financial liabilities and equity instruments

a) Classification as debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreements and the definition of financial liabilities.

b) Equity Transactions

An equity instrument is any contract that recognizes the Group's remaining interest in an asset from which all of its liabilities are deducted. Equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

c) Financial liabilities

Financial liabilities are classified as measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, are derivative instruments or are so designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the associated 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 exchange gain or loss are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

d) Derecognition of financial liabilities

The Group derecognize a financial liability when the contractual obligations pertaining thereto expire or are discharged or cancelled. When the terms of a financial liability are amended and the cash flows per the liability are materially different upon amendment, the pre-amendment financial liability is derecognized and the amended liability is recognized at fair value based on the amended terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(8) Inventory

Inventories are measured at its cost or net realizable value, whichever is lower. Cost includes the cost of acquisition, production or processing, plus other associated costs, incurred in bringing the inventory to the location and condition in which it becomes available for use.

Net realizable value is the estimated selling price under normal operations less the estimated costs necessary to complete the project and to make the sale.

(9) Investments in Associates

An associate is an entity over which the Group has significant influence, but not control or joint control, in its financial and operating policies. The Group's equity interest in an associate is accounted for using the equity method. Under the equity method, the original acquisition is recognized at cost, and the cost of investment includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill recognizable at the time of investment, less any accumulated impairment loss.

The consolidated financial statements include the amount of profit or loss and other comprehensive income of the associates, recognized in proportion to the Company’s equity interest in each associate during the time in which the Group retains said signification influence and after adjustments to attain conformity to the Group's accounting policies. When there is a change in equity in an associate not recognized as profit or loss nor other comprehensive income that does not proportionally affect the Group's share in the associate, the Group recognizes the change in equity corresponding to its equity interest in the associate as capital surplus in proportion to its holdings.

Unrealized gains and losses arising from transactions between the Group and its associates are recognized in its financial statements only to the extent of equity interest in the associates not owned by the Group.

The Group ceases to recognize an associate’s losses when its share of such losses equals or exceeds its equity interest in the associate. Thereafter the Group recognizes additional losses and associated liabilities only to the extent of any legal or constructive obligations incurred or of any payments made on behalf of the investee.

From the date investment in the associate terminates, the Group ceases to use the equity method and measures any remaining interest in the associate at fair value. The difference between the fair value of the remaining interest and the disposal price and the carrying amount of the investment on the date the Group ended the equity method is recognized in profit or loss for the reporting period. All amounts previously recognized in other comprehensive income pertaining to the investment are accounted for on the same basis as that applicable in cases in which the relevant assets or liabilities are disposed of by the associate. For instance, any gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss, or retained earnings, upon disposal of the relevant assets or liabilities—i.e., when an enterprise ceases to use the equity method, the gains or losses are reclassified from equity to profit or loss, or retained earnings. If the Group continues to apply the equity method when its ownership interest in an associate has declined, the Group shall reclassify the gains or losses previously recognized in other comprehensive income that are attributable to the decrease in ownership interest and make adjustments according to the preceding method proportionate to the reduction in ownership.

In cases of an investment in an associate becoming that of a joint venture, or vice versa, the Group will continue to apply the equity method without reevaluating the retained interest.

(10) Investment Properties

Investment properties are real properties held for rental revenue or asset appreciation, or both, but not for sale in the ordinary course of business, nor to use for production, supply of goods or services or administrative purposes.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment, and the methods used to account for the depreciation, useful life and residual value follows those used for property, plant and equipment.

Gain or loss upon disposal of investment property, calculated as the difference between the net price of disposal and the carrying amount of the item, is recognized in profit or loss.

Lease revenue from investment properties is recognized in non-operating income from other income using the straight-line method over the lease term. Lease incentives granted are recognized as part of lease revenue over the lease term.

(11) Property, Plant and Equipment

1) Recognition and measurement

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

If the major components of property, plant and equipment have different service lives, they are deemed separate items (primary components) of property, plant and equipment.

Gain or loss upon disposal of property, plant and equipment is recognized in profit or loss.

2) Subsequent costs

Subsequent expenditures are capitalized only if it is likely that future economic benefits will flow into the Company.

3) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful lives of each component using the straight-line method.

Land is not account for depreciation.

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

- Premises and buildings 3 to 55 years
- Machines and equipment 2 to 13 years
- Other equipment 1 to 15 years

The Group reviews the depreciation method, useful life and residual value at each reporting and makes appropriate adjustments as necessary.

(12) Leases

The Group assesses, on the date a contract is entered into, whether a contract is a lease or includes a lease. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

1) Lessee

The Group recognizes a right-of-use asset and a lease liability on the commencement date of the lease. A right-of-use asset is measured initially at cost, which comprises the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs for dismantling and removing and restoring the subject asset, whether by itself or to its location, and less any lease incentives received

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to either the end of the useful life or the end of the lease term, whichever is sooner, of the right-of-use asse. In addition, the Gruop periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred and, when lease liability is remeasured, adjusts the right-of-use asset accordingly.

Lease liabilities are measured initially at present value of the lease payments outstanding on the date the lease is entered into. The discount rate is set to the implied interest rate of the lease if it is readily determinable and, if it is not, to the Group's incremental borrowing rate. In general, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

a) fixed payment, including real fixed payment;
b) variable lease payment that depend on some index or rate, measured initially using the index or rate at the commencement date of each lease;
c) the expected payment of the balance of the lease deposit; and
d) the price or penalty to pay to exercise purchase option or lease termination option upon a reasonable amount of certainty that it will be exercised.

The interest for lease liabilities is subsequently calculated using the effective interest method and will be remeasured when:

a) the index or rate used to determine lease payments has changed that causes future lease payments to change;
b) the expected payment of the balance of the lease deposit has changed;
c) the expectation concerning the purchase option for the subject asset has changed;
d) the expectation whether to exercise the option to extend or terminate the lease has changed that causes the expectation of the duration of the lease to change; or
e) the subject, scope or other terms of the lease have changed.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the balance of the lease deposit and changes in the assessment of purchase, extension or termination options, as described above, the carrying amount of the right-of-use asset shall be adjusted accordingly, and, when the carrying amount of the right-of-use asset is reduced to zero, the remaining amount upon remeasurement is recognized in profit or loss.

When the scope of the lease is narrowed upon amendment, the carrying amount of the right-of-use asset is reduced to reflect the termination of the lease in full or in part, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Group itemizes right-of-use assets and lease liabilities that do not meet the definition of investment properties in separate lines in the balance sheet.

The Group elects not to recognize short-term leases and leases of low-value assets as right-of-use assets or lease liabilities and, instead, recognizes the relevant lease payments as expenses on a straight-line basis over the lease term.

2) Lesser

Transactions in which the Group is the lessor are classified as finance lease if, on the date the lease was entered into, the lease contract transfers nearly all the risks and rewards associated with the ownership of the subject asset, and as operating lease if it does not. In said assessment, the Group considers pertinent specific indicators such as whether the lease term covers a significant portion of the economic life of the subject asset.

If the Group is a sublessor, it then processes the master lease and any sublease transactions separately and determines the classification of a sublease transaction based on the right-of-use assets arising from the master lease. If the master lease is a short-term lease to which a recognition exemption applies, the sublease transaction should be classified as an operating lease.

If a lease agreement includes both lease and non-lease components, the Group uses IFRS 15 to allocate the consideration in the contract.

(13) Intangible Assets

1) Recognition and measurement

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditures are capitalized only when: the expenditures can be reliably measured; the technical or commercial feasibility of the product or process has been achieved; future economic benefits will most likely flow to the Group; and the Group intends and has sufficient resources to complete the development and use or sell the asset. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment.

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

2) Subsequent expenditures

Subsequent expenditures are capitalized only to the extent that they will enhance the future economic benefits of the specific asset to which they relate. All other expenses, including goodwill and branding for internal development, are recognized in profit or loss when incurred.

3) Amortization

For amortization, the amortizable amount is calculated by deducting the residual value from the cost of the asset.

Intangible assets are amortized on a straight-line basis over their estimated useful lives (one to three years) from the date they attain their serviceable condition, and the amortization is recognized in profit or loss.

The Group reviews the amortization method and the useful lives and residual values of intangible assets on each reporting date, and makes appropriate adjustments as necessary.

(14) Impairment of non-financial assets

The Group assesses at each reporting whether there is any indication that the carrying amount of non-financial assets (other than inventories, contract assets and deferred income tax assets) may have been impaired. If any such indication exists, the recoverable amount of the asset will then be assessed.

In detecting impairment, a group of assets with cash inflows that are predominantly independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets.

The recoverable amount is the fair value of an individual asset or cash-generating unit less its value in use or costs to sell, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the individual asset or cash-generating unit is adjusted downward to its recoverable amount, and an impairment loss is recognized for the difference. The impairment loss is recognized, immediately in the current period, in profit or loss.

The Group re-evaluates at each reporting whether there is any indication that an impairment loss recognized for a non-financial asset in the preceding year may no longer exist or may have decreased. If there is any change in the estimates used to determine the recoverable amount, the impairment loss is reversed to increase the carrying amount of the individual asset or cash-generating unit to its recoverable amount, but not to exceed the carrying amount, less recognizable depreciation or amortization, that would have been determined if no impairment loss had been recognized for that individual asset or cash-generating unit in the preceding year.

(15) Liability Reserve

A liability reserve is recognized when the Group is exposed, by a present obligation resulting from a past event, to the likelihood under which it is required to direct an outflow of economic resources to settle the obligation in the future, when the amount of the obligation can reliably be estimated. The liability reserve is discounted at a pre-tax discount rate that reflects the market’s current assessments of the time value of money and the risks specific to the liability, with amortization of the discount being recognized as interest expense.

Warranty liability reserve is recognized upon the sale of goods or services. The reserve is measured based on historical warranty information and all possible outcomes weighted by their respective probabilities.

(16) Revenue Recognition

1) Revenue from customer contracts

Revenue is measured as the consideration to which one expects to be entitled for transferring goods or services. The Group recognizes an item in revenue when it has performed the obligation by transferring control of the goods or services to customers. The Group's primary sources of revenue are described as follows:

a) Product sales

The Group’s primary business is the manufacture and sale of computers and computer peripherals. The Group recognizes an item in revenue when it has transferred control of a product. The transfer of control of the product means that the product has been delivered to the customer who then has the sole discretion over the marketing channel and price of the product and to whom no outstanding obligation needs to be performed for the customer's acceptance of the product. Delivery occurs when the product is delivered to the specified location at which the risks of obsolescence and loss are transferred to the customer and when the customer has accepted the product in accordance with the sales contract, the terms of acceptance have lapsed, or the Group has objective evidence that all the conditions for acceptance have been met.

The Group provides general warranties on products sold and recognizes them as liability reserve at the time of sale.

The Group recognizes accounts receivable upon delivery of goods because the Group has an unconditional right to receive consideration at that point in time.

b) Financial components

The Group expects that the time interval between the transfer of goods or services to a customer and the payment for the goods or services by the customer will not exceed one year for all customer contracts. Therefore, the Group does not adjust the transaction price for the time value of money.

(17) Employee Benefits

1) Defined contribution plans

The contribution obligation for defined contribution pension plans is recognized as an expense over the period of service rendered by the employees.

2) Defined benefit plans

The Group's net obligation for defined benefit plans is calculated for each plan by discounting the amounts of future benefits earned by employees for the current or the preceding period to the present value, less the fair value of any plan assets.

The defined benefit obligation is actuarially determined annually by a certified actuary using the projected unit benefit method. When the result of the calculation is likely to be beneficial to the Group, the asset is recognized to the extent of the present value of any economic benefits available in the form of refund of contributions from the plan or reduction in future contributions to the plan. The present value of the economic benefits is calculated by taking into account any minimum contribution funding requirements.

The remeasurement of the net defined benefit liability, which includes actuarial gains and losses, compensation on plan assets (excluding interest), and any change in the asset ceiling effect (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (or income) on the net defined benefit liability (or asset) using the net defined benefit liability (or asset) and the discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the change in benefits related to the previous service cost or the curtailment benefit or loss is recognized immediately in profit or loss. The Group recognizes a gain or loss on the settlement of a defined benefit plan at the time of the settlement.

3) Short-term employee benefits

A short-term employee benefit obligation is recognized as an expense when the subject services are being rendered. The amount is recognized as a liability if the Group has a present legal or constructive obligation to pay for services rendered by the employees in the past and if the obligation can reliably be estimated.

(18) Income Tax

Income tax consists of the current and deferred income taxes. The current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations or items directly recognizable in equity or in other comprehensive income.

The current income tax includes the estimated income tax payable or tax refund receivable based on the current year taxable income (or loss), with any adjustments for the preceding year's income tax payable or tax refund receivable. The amount is determined as the best estimate of the amount expected to be paid or received pursuant to the statutory or substantively enacted tax rate on the reporting date.

Deferred income tax is recognized and determined from the temporary differences between the carrying amounts of assets and liabilities for purposes of financial reporting and their tax bases. Deferred income tax is not recognized for temporary differences arising from the following:

1) Assets or liabilities that are not initially recognized in a business combination and do not affect the accounting profit or taxable income (or loss) at the time of the transaction;
2) Temporary differences arising from investments in subsidiaries, associates and joint ventures where the Group can control the timing of the reversal of the temporary difference and where it is most likely that the temporary difference will not reverse in the foreseeable future; and
3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in the next reporting period, with deductible temporary differences, to the extent that taxable income will most likely be available in the future. Deferred income tax assets are reassessed on subsequent reporting dates on which such assets may be written down to the extent that the relevant income tax benefit will be less likely to be realized and on which such write-down may be reversed to the extent that it appears sufficient taxable income will most likely be available.

Deferred income tax is measured based on the tax rate at the time the temporary difference is expected to be reversed, using the statutory tax rate or rate prescribed by substantive legislation.

Deferred income tax assets and deferred income tax liabilities are offset only if both of the following conditions are met:

1) There is a right by law to offset the period's income tax assets and income tax liabilities; and
2) The deferred income tax assets and deferred income tax liabilities pertain to one of the following taxable entities which are subject to income taxation by the same taxing authority:
   a) the same taxable entity; or
   b) different taxable entities, provided that each entity intends to settle each period's income tax liabilities with the period's income tax assets on a net basis, or to realize such assets and settle such liabilities at the same time, in each future period in which significant amounts of deferred income tax assets and significant amounts of deferred income tax liabilities are expected to be recovered and settled respectively.

(19) Earnings Per Share

The Group accounts for the basic and diluted earnings per share attributable to equity holders of the Company's common stock. The basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. The diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common stock by the weighted-average number of common shares outstanding, after adjusting each first for all the potential dilutive effects of the common shares.

(20) Segment Information

An operating segment is a component of the Group that engages in business activities that may generate revenues and incur expenses, including those revenues and expenses related to transactions with other components of the Group. The Group's chief operational decision-maker regularly reviews the operational outcomes of all operating segments to make decisions concerning the allocation of resources to the segments and to evaluate their performance. Each operating segment maintains its individual financial information.

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

The preparation of the within individual financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported. Actual outcomes may differ from the estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and recognizes changes in accounting estimates in the period of change and in the future periods affected.

The accounting policies which involve critical judgments and significantly affects the amounts recognized in the within consolidated financial statements are as follows:

1) Determination as to whether the investee company has substantial control over its affairs

   The Group holds 24.44% of the voting shares, and is the single largest shareholder, of the QNAP Systems, Inc. (QNAP). Although the other 75.56% of the QNAP shares are not concentrated specifically in large shareholders, the Group has yet to acquire a majority of the seats of directors of QNAP and has yet to attain a majority voting right among the attendant members at its shareholders’ meetings. It is thus determined that the Group has significant influence on QNAP.

The uncertainty inherent in the assumptions and estimates described as follows pose significant risks of material adjustments to the carrying amounts of assets and liabilities in the next financial year:

1) Valuation of Inventory

   Because inventory is measured at the lower of cost or net realizable value, the Group evaluates the amount of inventory through normal wear and tear, obsolescence or having no market value as of the reporting date and writes down the cost of inventory to the net realizable value. Said inventory valuation is based primarily on the estimation of product demand in a specific period in the future and is subject to vary significantly due to rapid changes in the industry. Please refer to Note 6(5), for estimates in inventory valuation.

The Group's accounting policies and disclosures include the use of fair value to measure its financial or non-financial assets and liabilities. The Group verifies that independent sources of information approximate market conditions and that the sources of information are independent, reliable, consistent with other sources, and representative of executable prices. The Group regularly calibrates its valuation models, performs back testing, updates input values and information and any other necessary fair value adjustments as required by the valuation models to ensure that the outcome of the valuation is reasonable.

The Group uses observable input from the market whenever possible to measure its assets and liabilities. The fair value hierarchy is based on the input values used in the valuation technique and is set forth as follows:

Level 1: Publicly quoted price for the identical asset or liability in an active market (unadjusted).

Level 2: Except the publicly available quotation in Level 1, the input value for an asset or a liability is observable either directly (i.e., the price) or indirectly (i.e., derived from the price).

Level 3: The input value for an asset or a liability that is not based on observable market data (non-observable value)

If a transfer among the fair value hierarchy occurs, the Group recognizes it on the reporting date.

Please refer to Note 6(20), for information related to the assumptions used to measure the fair value of financial instruments.

6. SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

		12/31/2022	12/31/2021
Cash and cash equivalents	$	8,176	5,771
Bank deposits		1,452,063	2,061,119
Cash equivalents		2,677,298	1,472,576
Cash and cash equivalents in the statement of cash flows	$	4,137,537	3,539,466

1) The above cash and cash equivalents are not pledged as security.
2) Time deposits not fitting the definition of cash equivalents have been re-recognized in other financial assets. Please refer to Note 6(6).
3) Please refer to Note 6(20), for the disclosure of interest rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

		12/31/2022	12/31/2021
Financial assets that must be measured at fair value through profit or loss:			
Fund beneficiary certificates	$	381,000	-

1) Please refer to Note 6(19) for the amount recognized in profit or loss based on fair value remeasurement.
2) The above financial assets are not pledged as security.

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

		12/31/2022	12/31/2021
Equity instruments measured at fair value through other comprehensive income:			
Domestic listed company stocks	$	-	2,595
Domestic unlisted company stocks		32,025	34,044
Total	$	32,025	36,639

1) The Group holds these equity instruments not for trading purposes but as long-term strategic investments and have thus designated them as measured at fair value through other comprehensive income.
2) Please refer to Note 6 (20) for credit risk and market risk information.
3) The above financial assets are not pledged as security.

(4) Notes and Accounts Receivable

		12/31/2022	12/31/2021
Notes receivable	$	91,090	198,023
Accounts receivable		897,048	758,977
Deduct: loss allowance		(15,876)	(1,985)
	$	972,262	955,015

The Group takes a simplified approach to estimate expected credit losses for all notes and accounts receivable, which is to measure the expected credit losses over the life of the contract. For purposes of the measurement, these notes and accounts receivable are grouped, upon incorporation of prospective information, by the common credit risk characteristics that represent the customer's ability to pay all the amounts due under the terms of the contract. The aging schedule of the Group's notes and accounts receivable is as follows

1) Group One

	12/31/2022			
		Accounts receivable carrying amount	Weighted average expected credit loss ratio	Allowance for credit loss over life of contract
Not past due	$	813,419	0%	-
Past due 0-90 days		159,748	0%~3.98%	984
Past due 90-180 days		88	12.83%	11
Past due over 181 days		440	0%~100%	438
	$	973,695		1,433

	12/31/2021		
	Accounts receivable carrying amount	**Weighted average expected credit loss ratio**	**Allowance for credit loss over life of contract**
Not past due	$ 857,455	0%	-
Past due 0-90 days	96,848	0.03%~1.48%	1,236
Past due 90-180 days	856	0.00%~1.81%	225
Past due over 181 days	1,841	9.09%~100%	524
	$ 957,000		1,985

2) Group Two

	12/31/2022		
	Accounts receivable carrying amount	**Weighted average expected credit loss ratio**	**Allowance for credit loss over life of contract**
Not past due	$ 6,285	100%	6,285
Past due 0-90 days	4,944	100%	4,944
Past due 90-180 days	3,214	100%	3,214
Past due over 181 days	-	0%	-
	$ 14,443		14,443

The changes in the allowances for loss on notes and accounts receivable were as follows:

	2022	2021
Balance, beginning of period	$ 1,985	2,985
Impairment losses recognized (Reversal)	13,829	(923)
Amounts written off as uncollectible during the year	-	(53)
Foreign exchange gains/(losses)	62	(24)
Balance, end of period	$ 15,876	1,985

As of December 31, 2022 and 2021, the Group had not pledged the aforementioned notes receivable and accounts receivable as collateral.

(5) Inventories

	12/31/2022	12/31/2021
Finished goods	$ 762,359	490,135
Work in progress	228,858	105,980
Raw Materials	806,980	933,936
	$ 1,798,197	1,530,051

1) For the years ended December 31, 2022 and 2021, the costs of inventories recognized as costs of goods sold were $5,062,708 thousand and $4,151,602 thousand, respectively. For the years ended December 31, 2022 and 2021, the Company recognized losses of $155,547 thousand and $35,377 thousand, respectively, on the write-down of inventories to net realizable value.
2) As of December 31, 2022 and 2021, none of the Group's inventories were pledged as collateral.

(6) Other Financial Assets

The breakdown of the Group's other financial assets is as follows:

	12/31/2022	12/31/2021
Current		
Time Deposits and Restricted Assets	$ 1,477,113	295,393
Non-current		
Time deposits	$ -	911,712

Please refer to Note 8 for information on pledges of other financial assets of the Group.

(7) Investments Accounted for Using the Equity Method

The Group's investments accounted for using the equity method as of the reporting date are as follows:

	12/31/2022	12/31/2021
Associates	$ 2,403,180	2,184,461

1) Information on associates of significant importance to the Group is as follows:

Name of associate	Nature of relationship with the Company	Main business venue/country of incorporation	Percentage of ownership and voting rights 12/31/2022	12/31/2021
QNAP Systems, Inc.	Sales of network security monitoring and network storage & communication related products	Taiwan	24.44%	24.43% (Note)

Note: On April 29, 2021, the Group disposed of 0.07% of the shares in QNAP Systems, Inc., for $8,019 thousand, and the gain on disposal of $124 thousand has been included in "Other gains and losses" in the Consolidated Statement of Comprehensive Income.

The aggregate financial information on associates of significant importance to the Group, which has been adjusted for amounts reported in the associates' financial statements prepared per IFRS standards to reflect the fair-value adjustments made upon the Group's acquisition of equity interest in the associates and the adjustments for differences in accounting policies, is as follows:

Aggregate financial information for QNAP Systems, Inc.

	12/31/2022	12/31/2021
Current assets	$ 2,301,697	3,079,211
Non-current assets	7,663,244	6,892,010
Current liabilities	(1,311,110)	(2,167,235)
Non-current liabilities	(143,519)	(91,188)
Net assets	$ 8,510,312	7,712,798

	2022	2021
Operating revenue	$ 4,926,063	6,112,009
Net income of continuing operations for the period	$ 445,134	1,030,038
Other comprehensive income	631,893	(204,161)
Total comprehensive income	$ 1,077,027	825,877
Total comprehensive income attributable to the Group	$ 268,342	205,548

	2022	2021
Carrying amount of equity held by the Group in the associate, beginning of period	$ 1,879,323	1,790,477
Total comprehensive income attributable to the Group for the period	268,342	205,548
Disposal during the period	-	(7,895)
Recognition of Changes in the associate	(134)	(1,872)
Dividends received from the associate during the period	(67,866)	(101,790)
The Group's share of the associate's net assets, end of period	2,079,665	1,884,468
Deduct: Unrealized write-off of sales benefits from side-stream sales transactions	6,440	4,745
Unrealized write-off of sales benefits from counterflow sales transactions	909	400
Carrying amount of equity held by the Group in the associate, end of period	$ 2,072,316	1,879,323

As of December 31, 2022, QNAP Systems, Inc., held 23,963 thousand shares of the Company's stock.

2) The aggregate financial information on associates of individual and insignificant relationships with the Group, which has been included in the Group's consolidated financial statements, is as follows:

		12/31/2022	12/31/2021
Aggregate carrying amount of equity in individual insignificant associates, end of period	$	330,864	305,138

		2022	2021
Attributable to the Group:			
Net income of continuing operations for the period	$	17,902	780
Other comprehensive income		9,090	(3,520)
Total comprehensive income	$	26,992	(2,740)

3) Collateral

As of December 31, 2022 and 2021, none the Group's investments accounted for under the equity method was pledged as collateral.

(8) Property, Plant and Equipment

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

		Land	Premises & Buildings	Machinery & Equipment	Other Equipment	Total
Cost or deemed cost:						
Balance on 01/01/2022	$	417,748	1,032,120	376,355	397,269	2,223,492
Additions		-	152	162,756	43,759	206,667
Disposal		-	-	(254,939)	(58,178)	(313,117)
Reclassification		2,000	-	(93)	93	2,000
Effect of exchange rate changes		7,728	4,347	5,745	8,648	26,468
Balance on 12/31/2022	$	427,476	1,036,619	289,824	391,591	2,145,510
Balance on 01/01/2021	$	405,679	1,087,733	364,400	363,201	2,221,013
Additions		-	39,018	34,467	72,650	146,135
Disposal		-	(53,133)	(20,742)	(36,337)	(110,212)
Reclassification		14,109	(36,942)	-	-	(22,833)
Effect of exchange rate changes		(2,040)	(4,556)	(1,770)	(2,245)	(10,611)
Balance on 12/31/2021	$	417,748	1,032,120	376,355	397,269	2,223,492
Depreciation and impairment loss:						
Balance on 01/01/2022	$	-	431,103	299,140	283,939	1,014,182
Depreciation		-	42,707	12,472	40,924	96,103
Disposal		-	-	(230,553)	(52,028)	(282,581)
Effect of exchange rate changes		-	(4,381)	5,353	4,175	5,147
Balance on 12/31/2022	$	-	469,429	86,412	277,010	832,851
Balance on 01/01/2021	$	-	446,840	309,819	283,239	1,039,898
Depreciation		-	42,657	9,505	36,589	88,751
Disposal		-	(53,133)	(18,672)	(34,807)	(106,612)
Reclassification		-	(3,312)	-	-	(3,312)
Effect of exchange rate changes		-	(1,949)	(1,512)	(1,082)	(4,543)
Balance on 12/31/2021	$	-	431,103	299,140	283,939	1,014,182
Carrying amount:						
December 31, 2022	$	427,476	567,190	203,412	114,581	1,312,659
January 1, 2021	$	405,679	640,893	54,581	79,962	1,181,115
December 31, 2021	$	417,748	601,017	77,215	113,330	1,209,310

1) Please refer to Note 6, (19), for the Group's gains or losses on disposal of property, plant and equipment.
2) As of December 31, 2022 and 2021, none of the Group's property, plant or equipment was pledged as collateral.

(9) Right-of-Use Assets

The changes in the cost, depreciation and impairment losses of the right-of-use assets recognized for the premises and buildings leased by the Group are as follows:

		Premises and Buildings
Cost of right-of-use assets:		
Balance on January 1, 2022	$	31,222
Additions		20,383
Reductions		(20,383)
Effect of exchange rate changes		1,186
Balance on December 31, 2022	$	32,408
Balance on January 1, 2021	$	20,383
Additions		10,968
Effect of exchange rate changes		(129)
Balance on December 31, 2021	$	31,222
Depreciation and impairment losses of right-of-use assets:		
Balance on January 1, 2022	$	21,059
Annual depreciation		10,685
Reductions		(20,383)
Effect of exchange rate changes		513
Balance on December 31, 2022	$	11,874
Balance on January 1, 2021	$	10,651
Annual depreciation		10,450
Effect of exchange rate changes		(42)
Balance on December 31, 2021	$	21,059
Carrying amount:		
December 31, 2022	$	20,534
January 1, 2021	$	9,732
December 31, 2021	$	10,163

(10) Investment Properties

		Land and Improvements	Premises and Buildings	Total
Cost or deemed cost:				
Balance on January 1, 2022	$	124,376	215,967	340,343
Effect of exchange rate changes		-	302	302
Balance on December 31, 2022	$	124,376	216,269	340,645
Balance on January 1, 2021	$	138,485	179,129	317,614
Reclassification		(14,109)	36,942	22,833
Effect of exchange rate changes		-	(104)	(104)
Balance on December 31, 2021	$	124,376	215,967	340,343
Depreciation and impairment losses:				
Balance on January 1, 2022	$	-	57,093	57,093
Annual depreciation		-	5,873	5,873
Effect of exchange rate changes		-	226	226
Balance on December 31, 2022	$	-	63,192	63,192
Balance on January 1, 2021	$	-	48,883	48,883
Annual depreciation		-	4,972	4,972
Reclassification		-	3,312	3,312
Effect of exchange rate changes		-	(74)	(74)
Balance on December 31, 2021	$	-	57,093	57,093
Carrying amount:				
December 31, 2022	$	124,376	153,077	277,453
January 1, 2021	$	138,485	130,246	268,731
December 31, 2021	$	124,376	158,874	283,250
Fair value:				
December 31, 2022				$ 724,374
December 31, 2021				$ 594,295

1) The fair value of investment properties is assessed based on the Group's evaluation using the comparative method with reference to information such as real estate agency transaction quotations and the transaction price registry maintained by the Ministry of the Interior. The input values used in the fair value valuation technique are classified as Level 3.
2) In 2021, the Group decided to lease some of its offices to an associate and thus transferred the property from property, plant and equipment to investment properties (please refer to Note 6(8)).
3) As of December 31, 2022 and 2021, none of the Group's investment properties was pledged as collateral.

(11) Lease Liabilities

The Group’s lease liabilities are as follows:

	12/31/2022	12/31/2021
Current	$ 11,070	8,004
Non-current	$ 10,298	3,612

Please refer to Note 6(20) “Financial Instruments”, for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 406	417
Expenses relating to short-term leases	6,439	7,349

The amounts recognized in the Statement of Cash Flows are as follows:

	2022	2021
Total cash outflow for leases	$ 18,258	16,898

Lease of land, premises and buildings

In January 2021, April 2022 and September 2022, respectively, the Group leased premises and buildings for use as factory for a period normally of one year with the option to extend, at the end of the lease, for another contractual period identical to that of the original.

(12) Operating Leases

The leasing out of investment properties by the Group is classified as operating leases because, as described in Note 6(10), “Investment Properties,” it does not transfer nearly all of the risks and rewards associated to the ownership of the subject assets to the lessee.

The maturity analysis of lease payments for accounting of the total undiscounted lease payments to be received in the future is shown in the following table:

	12/31/2022	12/31/2021
Less than one year	$ 8,178	6,183
Total undiscounted lease payments	$ 8,178	6,183

Rental income generated by investment properties amounted to $10,376 thousand and $10,718 thousand for the years ended on December 31, 2022 and 2021, respectively.

(13) Employee Benefits

1) Defined benefit plans

A reconciliation of the present value of the Group’s defined benefit obligation to the fair value of plan assets is as follows:

	12/312022	12/31/2021
Present value of defined benefit obligation	$ 2,028	35,233
Fair value of plan assets	(10,121)	(44,044)
Net defined benefit liability (assets)	$ (8,093)	(8,811)

The Group's defined benefit plan is contributed to the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement payment for each employee under the Labor Standards Law is calculated based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

a) Plan assets composition

The Group's retirement fund under the Labor Standards Act is managed by the Ministry of Labor, Bureau of Labor Funds. According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of the date of reporting, the balance in the Group’s labor pension reserve funds account in the Bank of Taiwan's was $10,121 thousand. Please visit the Bureau of Labor Funds’ website for information on the utilization of the labor retirement fund assets including the fund yield and fund asset allocation.

b) Changes in the present value of the defined benefit obligation

The changes in the present value of the Group's defined benefit obligation for the years ended on December 31, 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligation, January 1	$	35,233	51,001
Service cost and interest for the period		182	267
Remeasurement of net defined benefit liability (assets)			
- Actuarial gains and losses resulting from experiential adjustments		5,341	(14,491)
- Actuarial gains and losses resulting from changes in financial assumptions		(508)	(823)
Plan benefit payments		(38,220)	(721)
Defined benefit obligation, December 31	$	2,028	35,233

c) Changes in the fair value of plan assets

The changes in the current value of the Group's defined benefit plan assets for the years ended on December 31, 2022 and 2021, were as follows

		2022	2021
Fair value of plan assets, January 1	$	(44,044)	(42,966)
Interest income		(230)	(134)
Remeasurement of net defined benefit liability (assets)			
- Return on plan assets (excluding interest for the period)		(3,439)	(685)
Amount contributed to the plan		(628)	(980)
Plan benefit payments		38,220	721
Fair value of plan assets, December 31	$	(10,121)	(44,044)

d) Expenses recognized in profit or loss

For the years ended on December 31, 2022 and 2021, the Company reported the following expenses:

		2022	2021
Service cost for the period	$	-	108
Net interest on net defined benefit liabilities		(48)	24
	$	(48)	132
Operating costs	$	(12)	13
Marketing expenses		(15)	51
Management expenses		(23)	29
Research and development expenses		2	39
	$	(48)	132

e) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities cumulatively recognized by the Group in other comprehensive income was as follows:

		2022	2021
Cumulative balance on January 1	$	(716)	(13,515)
Recognized loss for the period		(1,115)	12,799
Cumulative balance on December 31	$	(1,831)	(716)

e) Actuarial assumptions

The key actuarial assumptions taken to determine the present value of the Group's defined benefit obligation at the end of the financial reporting period are as follows:

	12/31/2022	12/31/2021
Discount rate	1.7744%	0.5170%
Future salary increase rate	1.25%	1.25%

The Group expects to contribute $86 thousand to the defined benefit plan within one year from the reporting date in 2022.

The weighted-average duration of the defined benefit plan is 22.42 years.

f) Sensitivity analysis

The calculation of the present value of the defined benefit obligation requires the Group to exercise judgment and estimation to determine the pertinent actuarial assumptions on the date of the balance sheet. Subject considered includes discount rates, employee turnover rates and future salary changes. Any changes in actuarial assumptions could materially affect the amount of the Group's defined benefit obligation.

The effect of changes in the key actuarial assumptions as of December 31, 2022 and 2021, on the present value of the defined benefit obligation is as follows:

	Effect on the defined benefit obligation	
	Increase	Decrease
December 31, 2022		
0.5% change in discount rate	$ (209)	237
1% change in future salary increase rate	498	(395)
December 31, 2021		
0.5% change in discount rate	(1,922)	2,085
1% change in future salary increase rate	4,204	(3,648)

The foregoing sensitivity analysis assesses the effect of changes in each individual assumption ceteris paribus. In reality, changes in multiple assumptions may intertwine. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liabilities in the balance sheet.

The methodology used and assumptions taken in the sensitivity analysis in the current period are the same as those used in the previous period.

2) Defined contribution plans

Pursuant to the Labor Pension Act, the Group contributes 6% of each employee's monthly wages under the defined contribution plan to an individual labor pension account administered by the Bureau of Labor Insurance. Upon contributing the specific amount to the Bureau of Labor Insurance under the plan, the Group has no further legal or constructive obligation for any additional payments.

For the years ended on December 31, 2022 and 2021, the Group’s pension expenses under the defined contribution pension plan were $18,566 thousand and $19,526 thousand, respectively, which have been transferred to the Bureau of Labor Insurance.

(14) Income Tax

1) The breakdown of the Group’s income tax expenses for the years ended on December 31, 2022 and 2021, is as follows:

	2022	2021
Income tax expenses for the period		
Incurred in current period	$ 418,181	116,112
Tax on unappropriated earnings	8,884	26,373
Adjustment for prior periods	(10,821)	(33,663)
	416,244	108,822

	2022	2021
Deferred income tax expenses		
Origination/reversal of temporary differences	(5,165)	64,306
Income tax expenses	$ 411,079	173,128

2) The Group's income tax (expense) benefit recognized under other comprehensive income for the years ended on December 31, 2022 and 2021, was as follows:

	2022	2021
Items not reclassified to the income statement:		
Remeasurement of defined benefit plans	$ (279)	3,200

3) A reconciliation of the Group's income tax expenses to net income before income tax for the years ended on December 31, 2022 and 2021, is as follows

	2022	2021
Net income before income tax	$ 1,902,411	1,038,708
Income tax based on the Company's domestic tax rate	504,938	261,509
Tax-exempt income	(400)	(359)
Investment benefits under the equity method	(23,383)	(50,436)
Under(over) estimate for prior periods	(10,821)	(33,663)
Tax on unappropriated earnings	8,884	26,373
Others	(68,139)	(30,296)
	$ 411,079	173,128

4) Deferred income tax assets and liabilities

a) Unrecognized deferred income tax assets

The following is not recognized as deferred income tax assets:

	12/31/2022	12/31/2021
Investment deduction	$ 22,893	22,585

Investment tax credits for investments in equipment, technology, research and development, and personnel training are deducted from net income for the current year in accordance with the Statute for Industrial Innovation before income tax is applied. These items are not recognized as deferred income tax assets because there is significant uncertainty in the assessment of the realization of these investment tax credits.

b) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for the years ended on December 31, 2022 and 2021, were as follows:

Deferred income tax assets:

	Loss from inactive inventory	Allowance for post-sale service liabilities	Unused vacation time bonus	Others	Total
January 1, 2022	$ 49,947	2,862	6,156	6,225	65,190
(Debit) Credit in income statement	22,417	1,160	(534)	9,986	33,029
Exchange differences from translation of financial statements of foreign operations	870	-	43	(33)	880
December 31, 2022	**$ 73,234**	**4,022**	**5,665**	**16,178**	**99,099**
January 1, 2021	$ 49,371	3,078	5,699	11,368	69,516
(Debit) Credit in income statement	951	(216)	469	(5,155)	(3,951)
Exchange differences from translation of financial statements of foreign operations	(375)	-	(12)	12	(375)
December 31, 2021	**$ 49,947**	**2,862**	**6,156**	**6,225**	**65,190**

Deferred income tax liabilities:

	Subsidiaries' undistributed earnings	Defined benefit retirement plan	Others	Total
January 1, 2022	$ 889,750	3,603	193	893,546
(Debit) Credit in income statement	27,719	136	9	27,864
(Debit) Credit in other comprehensive income	-	(279)	-	(279)
December 31, 2022	**$ 917,469**	**3,460**	**202**	**921,131**
January 1, 2022	$ 824,944	234	4,842	830,020
(Debit) Credit in income statement	64,806	169	(4,620)	60,355
(Debit) Credit in other comprehensive income	-	3,200	-	3,200
Exchange differences from translation of financial statements of foreign operations	-	-	(29)	(29)
December 31, 2022	**$ 889,750**	**3,603**	**193**	**893,546**

5) The most recent income tax returns of the Company and its domestic subsidiaries that were cleared by the tax authorities as are follows:

Company Name	Year
The Company	2020
BriteMED Technology Inc.	2020
IEI Halza HealthIntelligence Corp.	2022

(15) Capital and Other Equity

As of December 31, 2022 and 2021, the total authorized capital stock of the Company was $3,500,000 thousand, with a par value of $10 per share for 350,000 thousand shares, in which 176,598 thousand shares have been issued. All issued shares were paid up upon issuance.

1) Capital surplus

The Company's capital surplus comprises the following:

	12/31/2022	12/31/2021
Additional paid-in capital	$ 46,223	46,223
From convertible bonds	730,821	730,821
From treasury stock	13,187	13,187
From changes in net equity in affiliates	12,264	12,398
Others	17,942	17,696
	$ 820,437	**820,325**

2) Retained earnings

Pursuant to the Company's Articles of Incorporation, if there are any profits in the Company's annual final accounts, the Company shall reserve taxes to be paid, offset losses, set aside 10% of the remainder as the legal capital reserve, and set aside or reverse the special reserve as required by law. If there is any remaining balance, the Board of Directors shall prepare a proposal for the distribution of the surplus, together with the accumulated undistributed earnings, and submit it to the shareholders for resolution.

The Company is in a business growth phase. In response to the overall industry environment and for needs in business expansion, the future dividend distribution will be based on mid- to long-term capital budget planning, with the goal of pursuing a balanced dividend policy and stable and sustainable business development. The Board of Directors will consider the past issuance, industry standards and future operating capacity and other factors in formulating a proposal for dividends to shareholders. The total amount of dividends to shareholders shall not exceed 90% of the accumulated earnings available for distribution each year, of which the percentage of cash dividends shall not be less than 5% of the total amount of dividends to shareholders.

a) Legal capital reserve

When it has incurred no loss, the Company may distribute dividends in new shares or cash from the legal capital reserve by resolution at the shareholders' meeting. The distribution is limited to the portion of the reserve in excess of 25 percent of the paid-in capital.

b) Special capital reserve

In accordance with the regulations of the FSC, when it distributes distributable earnings, the Company shall set aside a special capital reserve equivalent to the current period’s net debit balance of the other components of the shareholders’ equity from the current period's profit or loss and the prior period's undistributed earnings. The amount of the debit balance in the other components of the shareholders' equity carried over from the prior period is not distributable from the special capital reserve set aside from the prior period’s undistributed earnings. If there is a reversal of the debit balance in other components of the shareholders' equity subsequently, the amount reversed may be distributed as distributable earnings.

c) Earnings distribution

At the annual shareholders’ meetings on June 14, 2022, and August 6, 2021, the Company resolved the appropriation of earnings for the years ended on December 31, 2021, and December 31, 2020, respectively, and the amounts of dividends distributed to shareholders were as follows:

	2021		2020	
	Per share (NT$)	**Total**	**Per share (NT$)**	**Total**
Dividends to common shareholders:				
Cash Dividends	$ 3.00	529,793	2.00	353,196

On March 10, 2023, the Board of Directors approved the appropriation of earnings for the year ended on December 31, 2022, and the amount of dividends to be distributed to shareholders is as follows

	2022	
	Per share (NT$)	**Total**
Dividends to common shareholders:		
Cash Dividends	$ 3.50	618,092

3) Other equity (net of tax)

	Exchange differences on translation of financial statements of overseas operations	Unrealized (loss) gain on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2022	$ (513,750)	(174,142)	(687,892)
Exchange differences arising from the translation of net assets of foreign operations	80,917	-	80,917
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	-	(10,114)	(10,114)
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates	-	140,853	140,853
Share of exchange differences on translation attributed to affiliates	22,657	-	22,657
Balance, December 31, 2022	**$ (410,176)**	**(43,403)**	**(453,579)**
Balance, January 1, 2021	$ (472,411)	(132,077)	(604,488)
Exchange differences arising from the translation of net assets of foreign operations	(33,028)	-	(33,028)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	-	3,158	3,158
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates	-	(45,223)	(45,223)
Share of exchange differences on translation attributed to affiliates	(8,311)	-	(8,311)
Balance, December 31, 2021	**$ (513,750)**	**(174,142)**	**(687,892)**

(16) Earnings Per Share

The calculations of the Group's basic earnings per share and diluted earnings per share are as follows:

		2022	2021
Basic earnings per share (NT$)			
Net income attributable to holders of the Company's common stock	$	1,492,189	865,945
Weighted-average number of outstanding common shares (in thousands)		176,598	176,598
	$	8.45	4.90
Diluted earnings per share (NT$)			
Net income attributable to holders of the Company's common stock (after adjusting for the effects of dilutive potential ordinary shares)	$	1,492,189	865,945
Weighted-average number of outstanding common shares (in thousands)		176,598	176,598
Effect of dilutive potential ordinary shares			
Effect of stock-based employee compensation		1,557	1,584
Weighted-average number of outstanding common shares (after adjusting for the effects of dilutive potential ordinary shares) (in thousands)		178,155	178,182
	$	8.38	4.86

(17) Revenue from Contracts with Customers

1) Revenue sources

	2022				
	Orders, design and Brand sales	Product Manufacturing	Brand Sales, China	Other operating departments	Total
Major markets:					
Domestic	$ 303,403	-	-	-	303,403
Asia	1,885,368	178,367	1,778,392	11,825	3,853,952
America	894,266	25,802	-	1,884,784	2,804,852
Europe	928,402	176	-	8,695	937,273
Others	42,935	-	-	-	42,935
	$ 4,054,374	204,345	1,778,392	1,905,304	7,942,415

	2021				
	Orders, design and Brand sales	Manufacturing	Brand Sales, China	Other operating departments	Total
Major markets:					
Domestic	$ 346,234	-	-	-	346,234
Asia	1,527,716	187,590	1,725,832	4,811	3,445,949
America	789,323	2,746	-	796,515	1,588,584
Europe	816,960	546	-	6,960	824,466
Other	38,276	-	-	-	38,276
	$ 3,518,509	190,882	1,725,832	808,286	6,243,509

2) Contract balances

		12/31/2022	12/31/2021	01/01/2022
Notes and Accounts Receivable	$	988,138	957,000	1,101,720
Less: loss allowance		(15,876)	(1,985)	(2,985)
Total	$	972,262	955,015	1,098,735
Contract liabilities – prepayment received	$	530,865	499,060	265,206

Please refer to Note 6(4) for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities as of January 1, 2022 and 2021, were recognized as income in the amounts of $499,060 thousand and $265,206 thousand, respectively, for the years ended on December 31, 2022 and 2021.

(18) Remuneration for employees, directors and supervisors

Pursuant to the Company's Articles of Incorporation, 5% to 20% of the annual profit shall be appropriated as compensation to employees and up to 3% as compensation to directors and supervisors. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' remuneration includes that of the employees of the Company's subsidiaries which meet the predefined criteria.

For the years ended on December 31, 2022 and 2021, the estimated amount of employee compensation was $91,976 thousand and $62,016 thousand, respectively, and the estimated amount of director compensation was $3,300 thousand for each year. The estimated amounts were based on the Company's pre-tax net income for the respective periods, before deducting employee and director compensations, multiplied by the distribution percentages of employee and director compensations as prescribed in the Company's Articles of Incorporation, and reported as operating costs or operating expenses for the years ended on December 31, 2022 and 2021. If the amounts actually distributed differ from the estimated amounts in the ensuing year, the differences are deemed as changes in accounting estimate and recognized in profit or loss for the that year.

For the years ended on December 31, 2021 and 2020, the amount of employee compensation was $62,016 thousand and $72,739 thousand, respectively, and the amount of director or supervisor compensation was $3,300 thousand for each year, which did not differ from the actual distribution. Please visit the Market Observation Post System for relevant information.

(19) Non-operating Income and Expenses

1) Interest income

The Group's interest income for the years ended on December 31, 2022 and 2021, is as follows:

	2022	2021
Interest income from bank deposits	$ 76,942	47,729

2) Other income

The Group's other income for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Rental income	$ 10,376	10,718
Dividends	647	1,581
Government subsidies	26,628	3,323
Others	54,618	41,306
Total	$ 92,269	56,928

3) Other gains and losses

The Group's other gains and losses for the years ended on December 2022 and 2021, were as follows:

	2022	2021
Foreign exchange gains (losses)	$ 326,378	(48,400)
Net gains on financial assets at fair value through profit or loss	2,587	16,664
Gains (Losses) on disposals of property, plant and equipment	(25,936)	(756)
Gains on disposal of investments	-	124
Others	(6,710)	(5,259)
Total	$ 296,319	(37,627)

4) Financial costs

The Group's financial costs for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Interest expenses		
Other financial costs	$ 5,293	441

(20) Financial Instruments

1) Credit risk

a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount of credit risk.

b) Credit risk concentration

Because the Group sells globally, it does not have significant concentration of transactions with a single customer and has scattered sales regions, so there is no obvious concentration of credit risk on accounts receivable. For the purpose of reducing credit risk, the Group continues to evaluate the financial positions of customers on a regular basis, although it normally does not require customers to provide collaterals.

c) Credit risk with accounts receivable

Please refer to Note 6(4), for information on the credit risk exposure concerning notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables and other financial assets, among others. Please refer to Note 6(6), for information on relevant investments. All of these financial assts carry low credit risk, and, therefore, the allowance for loss is measured at the amount of expected credit loss for the 12-month period. The Group's time deposit institutions and trading and contractual counterparties are considered to have low credit risk because they are financial institutions with investment grade or above.

The related information on allowance for loss in 2022 and 2021, please refer to 6(4).

2) Liquidity risk

The following table shows the contract maturities for financial liabilities, including estimated interest but excluding the effect of netting agreements:

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years
December 31, 2022						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	$ 2,146,551	2,146,551	2,054,575	91,976	-	-
Lease liabilities	21,368	21,797	6,181	5,598	6,994	3,024
	$ 2,167,919	**2,168,348**	**2,060,756**	**97,574**	**6,994**	**3,024**
December 31, 2021						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	$ 1,887,534	1,887,534	1,825,518	62,016	-	-
Lease liabilities	11,616	11,859	5,742	2,330	3,787	-
	$ 1,899,150	**1,899,393**	**1,831,260**	**64,346**	**3,787**	**-**

The Group does not expect the timing of the cash flows in the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3) Exchange rate risk

a) Exchange rate risk exposure

The Group's financial assets and liabilities that are exposed to significant foreign currency exchange rate risk are as follows:

	12/31/2022			**12/31/2021**		
	Foreign currency	**Exchange Rate**	**NTD**	**Foreign currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
USD : NTD	$ 101,384	30.710	3,113,497	92,823	27.680	2,569,340
USD : CNY (Note)	38,550	6.96	1,183,868	27,179	6.38	752,302
Financial liabilities						
Monetary items						
USD : NTD	25,605	30.710	786,318	21,170	27.680	585,989
USD : CNY (Note)	16,840	6.96	517,148	19,074	6.38	527,960

Note: Because the functional currency of some of the subsidiaries of the Group is not NTD, it must be taken it into account when disclosing information on the exchange rate risk. For example, when a subsidiary's functional currency is RMB, but has financial components valued in the U.S. dollar, we must then take that into account.

b) Sensitivity Analysis

The exchange rate risk for the Group's monetary items arises primarily from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables, which generate foreign exchange grains or losses when translated. As of December 31, 2022 and 2021, if NTD had weakened or strengthened by 5% against the U.S. dollar, with all other factors held constant and the same assumption applied to both periods, net income would have decreased or increased by $119,756 thousand and $88,308 thousand, respectively, for the years ended on December 31, 2022 and 2021.

c) Exchange gains or losses on monetary items

As there is a variety of functional currencies within the Group, information on the foreign currency exchange gains or losses on monetary items is disclosed here in the aggregate. The realized and unrealized foreign exchange gains or losses (in parentheses) are $326,378 thousand and ($48,400) thousand, respectively, for the years ended on December 31, 2022 and 2021.

4) Interest rate risk

The Group's interest rate risk exposure of financial assets and financial liabilities is duscussed in the foregoing Liquidity Risk section in this note.

The flunctuation rate used in internal reporting of interest rates to the Group’s key management is a five basis point in increase or decrease, which also represents management's expectation of the reasonably possible fluctuation in interest rates

If interest rates had increased or decreased by 5 basis points, with all other factors held constant, the Group's net income would have decreased or increased by $581 thousand and $825 thousand for the years ended on December 31, 2022 and 2021, respectively.

5) Other price risk

The effects on comprehensive income of changes in commodity prices or equity securities prices, with all other factors held constant, as of the reporting dates for the following periods, which are analyzed on the same basis for both periods, are as follows:

	2022		2021	
Securities prices as of reporting date	**Other comprehensive income, after tax**	**Net income**	**Other comprehensive income, after tax**	**Net income**
Increase 5%	$ 1,601	19,050	1,832	-
Decrease 5%	$ (1,601)	(19,050)	(1,832)	-

6) Fair value analysis

a) Types of financial intruments and fair values

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values, including fair value hierarchy information, of different types of financial assets and financial liabilities are presented as follows (the carrying amount of a financial instrument not carried at fair value is a reasonable approximation of fair value, and the disclosure of fair value information on lease liabilities is not required under the regulations):

	12/31/2022				
	Carrying	**Fair value**			
	amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-dirivative financial assets mandatorily measured at fair value	$ 381,000	381,000	-	-	381,000
Finanacial assets at fair value through other comprehensive income					
Domestic unlisted stocks	$ 32,025	-	-	32,025	32,025

	12/31/2022				
	Carrying	**Fair value**			
	amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Finanacial assets at amortized cost					
Cash and cash equivalents	$ 4,137,537	-	-	-	-
Notes and accounts receivables (including related parties)	991,862	-	-	-	-
Other receivables - related parties	171,114	-	-	-	-
Other financial assets (including current and non-current)	1,477,113	-	-	-	-
Total	6,777,626	-	-	-	-
Finanacial liabilities at amortized cost					
Notes and accounts receivables (including related parties)	$ 1,383,409	-	-	-	-
Other receivables - related parties	763,143	-	-	-	-
Lease liabilities	21,368	-	-	-	-
Total	2,167,920	-	-	-	-

	12/31/2021				
	Carrying	**Fair value**			
	amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Finanacial assets at fair value through other comprehensive income					
Domestic listed stocks	$ 2,595	2,595	-	-	2,595
Domestic unlisted stocks	34,044	-	-	34,044	34,044
Total	36,639	2,595	-	34,044	36,639
Finanacial assets at amortized cost					
Cash and cash equivalents	$ 3,539,466	-	-	-	-
Notes and accounts receivables (including related parties)	1,000,954	-	-	-	-
Other receivables - related parties	305,495	-	-	-	-
Other financial assets (including current and non-current)	1,207,105	-	-	-	-
Total	6,053,020	-	-	-	-
Finanacial liabilities at amortized cost					
Notes and accounts receivables (including related parties)	$ 1,121,438	-	-	-	-
Other receivables - related parties	766,096	-	-	-	-
Lease liabilities	11,616	-	-	-	-
Total	1,899,150	-	-	-	-

b) Fair value valuation techniques for financial instruments not carried at fair value

The methods and assumptions used by the Group to estimate values of instruments that are not measured at fair value are as follows:

A) Financial assets measured at amortised cost and financial liabilities measured at amortised cost

If information on relevant transactions or quotations from the market maker is available, the most recent transaction price and quotation information will be used as the basis for assessing the fair value. If market values are not available, the valuation techniques will be used, i.e., to assess the fair value using the valuation method and assumptive discounted cash flow for estimation.

c) Fair value valuation techniques for financial instruments carried at fair value

A) Non-dirivative financial instruments

If there is a public quotation on a financial instrument in the active market, the fair value of the instrument will be based on the quotation. The fair values of listed equity instruments and of debt instruments with quotations in the active market are based on the market prices announced by the major exchanges and, for instruments that are deemed popular, by the government bond OTC trading locations.

A financial instrument has a public quotation in the active market if quotations can be obtained, timely and routinely, from exchanges, brokers, underwriters, industry associations, pricing services or the competent authority and if the price represents those of actual and normal fair market transactions. If the aforementioned conditions are not met, the market is considered inactive. Generally, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Except the aforementioned financial instruments with quotes in active markets, the fair values of all other financial instruments are obtained using the valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through the valuation techniques may be determined by reference to the current fair values of other financial instruments with similar substantive conditions and characteristics, or using the discounted cash flow method, or using other valuation techniques, including computation using models built on market information available as of the date of the consolidated balance sheet.

d) Transfer between Level 1 and Level 2: None.

e) Table of changes in Level 3

	At fair value through profit or loss	At fair value through other comprehensive income	
	Non-dirivative financial assets required at fair value through profit or loss	Financial instruments without public quotation	Total
January 1, 2022	$ -	34,044	34,044
Total gains or losses			
Recognized in profit or loss	1,251	-	1,251
Recognized in other comprehensive income	-	(10,114)	(10,114)
Reclassification	-	2,595	2,595
Purchase	301,517	6,000	307,517
Disposal	(302,768)	-	(302,768)
Cash capital reduction	-	(500)	(500)
Effect of changes in exchange rate	-	-	-
December 31, 2022	$ -	32,025	32,025
January 1, 2021	$ -	35,033	35,033
Total gains or losses			
Recognized in profit or loss	16,448	-	16,448
Recognized in other comprehensive income	-	1,711	1,711
Purchase	1,749,613	-	1,749,613
Disposal	(1,766,061)	-	(1,766,061)
Cash capital reduction	-	(2,700)	(2,700)
December 31, 2021	$ -	34,044	34,044

The foregoing total gains or losses was reported in “other gains and losses ” and "unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income". Of these, the following related to the assets owned as of December 31, 2022 and 2021:

	2022	2021
Total gains or losses		
Recignized in other comprehensive income (reported in “Unrealized valuation gains (losses) on fanacial assets at fair value through other comprehensive income)”)	$ (10,114)	1,711

f) Quantitative information on fair value measurements of significant unobservable input (Level 3)

The Company's fair value measurements classified as Level 3 apply primarily to financial assets measured at fair value through other comprehensive income - equity securities investments.

The majority of the Group's fair values that are classified as Level 3 have only one single significant unobservable input, and only investments in equity instruments without an active market have multiple significant unobservable inputs. Significant unobservable inputs to investments in equity instruments with no active market are not correlated with one another as they are independent of any other.

The quantitative information of significant unobservable input values is listed below:

Assets	Valuation technique	Significant unobservable input	Relationship between signification unobservable input and fair value
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Discounted cash flow Approach Asset Approach Market Approach-valuation multiples of comparable listed company	• Weighted average capital cost (7.50%~13.16% for both years) • Lack of market liquidity discount (20% for both years) • Minority interest discount (18.57%~21.30% for both years) • Price-Book ratio (1.38~ 1.74 for both years) • Price to Sales ratio (1.08~1.71 for both years)	• The higher the weighted average capital cost, the minority interest discount and the lack of liquidity discount, the lower the fair value • The lower the multiplier, the lower the fair value

g) Analysis of sensitivity of fair values to reasonably possible alternatives for Level 3 fair value measurement

The Group's fair value measurements of financial instruments may differ if different valuation models or valuation parameters are used.

(21) Financial Risk Management

1) Overview

The Group is exposed to the following risks due to the use of financial instruments:

a) Credit risk

b) Liqiudity risk

c) Market risk

This Note presents information on the Group's exposure to each of the risks in the above and the Group's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the individual financial statements.

2) Risk management framework

The Board is fully responsible for and oversees the risk management of the Group. The Board is responsible for and controls the Group's risk management policies and reports regularly to the directors on its operations.

The Group's risk management policy is established to identify and analyze the risks faced by the Group, to set appropriate risk limits and control, and to monitor risks and compliance with risk limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's operations. The Group develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the Group's risk management framework with respect to the risks it faces. Internal auditorial personnel assists the Audit Committee in its oversight role. Said personnel conduct regular and non-regular reviews of risk management controls and procedures and report the results of these reviews to management.

3) Credit risk

Credit risk is the risk of financial loss arising from the failure of the Group's customers or financial instrument counter-parties to meet their contractual obligations. It is inherent primarily in the Group's accounts receivable from customers and bank deposits.

a) Accoutns receivable and other receivables

It is the Group's policy to transact only with reputable or long-standing counterparties and with businesses that are rated as investment grade or above based on information provided by independent rating agencies. If rating information is not available, the Group will use other publicly available financial information and transaction records to rate key customers. The Group monitors credit risk exposures and counterparty credit ratings on an ongoing basis, and it disperses the total transaction volumn over customers with qualified credit ratings and controls exposures to credit risk by reviewing counterparty credit limits annually.

b) Investments

The credit risk in bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Group's finance department. The Group's transactional and contractual counter-parties are financial institutions, corporate organizations and government agencies with outstanding credit ratings so as to cast no significant doubt about their performance and, thus, to give rise to no significant credit risk.

c) Guarantee

The Group had not provide any endorsement or guarantee as of December 31, 2022 and 2021.

4) Liquidity risk

The Group manages and maintains sufficient amounts of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. All of he non-dirivative financial intruments for which the Group has definitive repayment dates are financial liabilities due in one year (including mostly short-term borrowings, notes and accounts payables, accounts payable – related parties, other payables and other payables – related parties). At current, the Group has sufficient capital and working capital to meet all of its contractual obligations and, thus, is not exposed to liquidity risk which might arise from its inability to raise capital to meet contractual obligations. As of December 31, 2022 and 2021, the Group had unused financing facilities of $500,000 thousand and $300,000 thousand, respectively.

5) Market risk

Market risk is the risk that subjects the Group’s earnings or the values of the financial intruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity intruments. The goal of market risk management is to control the degree of exposure to market risk within acceptable levels and to optimize investment returns. The Group's market risk management practices are as follows:

a) Exchange rate risk

The Group is exposed to exchange rate risk in the sales, purchase and borrowing transactions that are not denominated in a functional currency. The principal currencies in which these transactions are denominated are NTD, RMB and the U.S. dollar.

When there is a short-term imbalance in a monetary asset or liability denominated in one of the other foreign currencies, the Company purchases or sells the foreign currency at the prevailing exchange rate to ensure that the net risk exposure is maintained at an acceptable level.

b) Interest rate risk

The Group's policy is to adopt a fixed interest rate for time deposit. Considering that market interest rates at present are relatively low, the Group has not entered into any interest rate swap contracts. However, it may consider using interest rate swap to reduce risk should the interest rates rise.

c) Other market risk

The Group is exposed to equity price risk due to its investments in listed equity securities. The equity investments are not held for trading and are for strategic porposes. The Group does not actively trade these investments, and its management manages the risk by maintaining a investment portfolio with different risks.

(22) Capital Management

The Group's objectives in capital management are to ensure the ability to continue as a going concern in order to continue to provide compensations to shareholders and profits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group may maintain or adjust its capital structure by adjusting the dividends paid to shareholders, reducing capital with refunds to shareholders, or issuing new shares.

As standard practice in the industry, the Group bases its capital control on the liability to capital ratio. This ratio is calculated by dividing net liability by total capital. Net liability is total liabilities as shown in the balance sheet less cash and cash equivalents. Total capital is the sum of all components of equity (i.e., capital stock, capital surplus, retained earnings and other equity) plus net debt.

The Group's capital management strategy was consistent through the years ended on December 31, 2022 and 2021. The liability-to-capital ratio as of December 31, 2022 and 2021 were as follows:

	12/31/2022	12/31/2021
Total liabilities	$ 4,141,283	3,558,649
Less: cash and cash equivalents	(4,137,537)	(3,539,466)
Net liability	$ 3,746	19,183
Total equity	$ 9,232,298	8,037,449
Liability to capital ratio	0.04%	0.24%

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship with related parties

The related parties with whom the Group had transactions during the period covered by the within consolidated financial statement were as follows:

Name of Related Party	Relatinship with the Group
QNAP Systems, Inc.	Associate
QNAP Inc.(USA)	Associate
QNAP Inc.(Canada)	Associate
QNAP UK Limited	Associate
QNAP Co., Ltd. (Japan)	Associate
QNAP Gmbh	Associate
Oring Industrial Networking Corp.	Associate
Oring Industrial Networking Americas Inc.	Associate
Acquire System Inc.	Associate
XINGWEI Computer (Kunshan) Co.,Ltd.	Associate
Xuanwei Electronics (Beijing) Co., Ltd.	Associate
Anewtech Systems Pte Ltd.	Associate
ORing Industrial Networking Corp.(Shanghi)	Associate
BEYONDZB Inc.	Associate
Genevisio Co., Ltd.	Associate
QNAP HK Limited	Associate
Halza Pte.Ltd	Others

(2) Significant Transactions with Related Parties

1) Operating revenue

The Group's significant sales to related parties were as follows:

	2022	2021
Associates	$ 107,326	158,559

The terms of sales to associates were not significantly different from the normal sales prices.

The Group engaged in transactions related to agency revenue, and the revenue and costs of these transactions have been netted out.

Receivables and payables related to agency transactions were presented in aggregate amount because they did not meet the criteria for derecognition of financial assets and liabilities.

2) Purchases

The Group's purchases from related parties were as follows:

	2022	2021
Associates – QANP Systems, Inc.	$ 294,902	383,340
Associates	191,498	184,580
	$ 486,400	567,920

The purchase prices that the Group paid to the associates were not significantly different from that paid to other vendors in general.

3) Receivables and payables

The Group’s receivables from, and payables to, related parties were as follows:

Account Item	Relationship	12/31/2022	12/31/2021
Receivable	Associates	$ 19,600	45,939
Other receivable	Associate – QNAP Inc.(USA)	$ 144,218	190,769
Other receivable	Associates – QNAP Inc.(Canada)	25,839	113,548
Other receivable	Associates	1,057	1,178
		$ 171,114	305,495
Payable	Associates – QNAP Systems, Inc.	$ 102,789	57,328
Payable	Associates	45,678	50,993
		$ 148,467	108,321
Other payable	Associates – QNAP Systems, Inc.	$ 126,587	268,184
Other payable	Associates	2,026	515
		$ 128,613	268,699

As of December 31, 2022 and 2021, none of the Group’s accounts receivable or other receivables from related parties was overdue, and it did not expect any credit losses.

4) Contractual liabilities

The Company's contractual liabilities to related parties were as follows

	12/31/2022	12/31/2021
Associates	$ 6,663	-

5) Property transactions

a) Disposal of property, plant and equipment

The disposal prices of the property, plant and equipment of the Group from related parties are summarized as follows:

	2022	2021
Associate – QNAP Systems, Inc.	$ -	50

b) Disposal of other properties

The Group’s sales of other properties to related parties are summarized as follows:

		2021	
Related Party	Account Item	Disposal Price	Gain or Loss
QNAP Systems, Inc.	Investments accounted for using the equity method	$ 8,019	124

QNAP Systems, Inc. repurchased 0.07% of its shares from the Group on April 29, 2021. Please refer to Note 6(7) for further information.

6) Lease

a) Lessees

Account Item	Relationship	2022	2021
Lease income	Associate – QNAP Systems, Inc.	$ 8,023	6,480
Lease income	Associates	639	143
		$ 8,662	6,623

b) Lessors

In April and September, 2022, the Group leased a factory from related party – QNAP Systems, Inc., and, at the time of acquisition, a right-to-use asset and a lease liability, of $20,383 thousand each, were recognized. Earlier in 2021, the Group leased a factory from related party – BeyondZB Inc., and a right-to-use asset and a lease liability, of $11,032 thousand each, were recognized at the time of acquisition. The lease agreements were entered into upon referencing the rental quotes in the geographic area. Interest expenses of $406 thousand and $417 thousand were recognized in the years ended on December 31, 2022 and 2021, respectively, and the balance of lease liabilities were $21,368 thousand and $11,616 thousand as of December 31, 2022 and 2021, respectively.

7) Other transactions

Account Item	Relationship	2022	2021
Other income	Associate – QNAP Systems, Inc.	$ 12,055	11,621
Other income	Associates	2,870	2,855
Other income	Other related parties	-	2,085
Manufacturing and operating expenses	Associates	(76,273)	(22,767)
		$ (61,348)	(6,206)

(3) **Key Management Personnel**

Remuneration of key management personnel included:

	2022	2021
Short-term employee benefits	$ 42,349	44,683
Post-employment benefits	729	788
	$ 43,078	45,471

8. PLEDGED ASSETS

The carrying values of the assets pledged by the Group were as follows:

Assets Name	Collateral Pledged for	12/31/2022	12/31/2021
Other financial assets – current	Tax payable for release-first-tax-later imported goods	$ 7,260	7,226
Other financial assets – current	Banker's acceptances	91,712	46,943
		$ 98,972	54,169

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS: NONE.

10. LOSS DUE TO MAJOR DISASTER: NONE.

11. SIGNIFICANT POST-PERIOD EVENTS: NONE.

12. OTHER MATTERS

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

Function / Nature	2022 Cost of sale	2022 Operating expenses	2022 Total	2021 Cost of sale	2021 Operating expenses	2021 Total
Employee benefit expense						
Salaries and Wages	280,731	799,569	1,080,300	273,164	756,654	1,029,818
Labor and Health Insurance	41,556	84,032	125,588	36,004	78,386	114,390
Pension	1,660	16,858	18,518	1,473	18,185	19,658
Other employee benefits	12,455	21,486	33,941	982	32,809	33,791
Depreciation	20,505	86,283	106,788	20,166	79,035	99,201
Amortization	-	22,613	22,613	-	18,850	18,850

The depreciation expense in the above does not include the amount of depreciation of investment properties, which is recorded as non-operating expenses in the amounts as follows:

	2022	2021
Depreciation of investment properties	$ 5,873	4,972

13. ADDITIONAL DISCLOSURE

(1) Material Transactions

Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group should disclose information regarding material transactions for the year ended on December 31, 2022, as follows:

1) Loans to other parties

In thousands of NTD

	No. (Note 1)	Name of lender	Name of borrower	Account Item	Related party	Maximum balance for the period (Note 2)	Ending balance (Note 2)	Amount actually drawn in the period (Note 2)	Interest rate	Nature for financing	Transaction amount for business	Reason for financing	Allowance for loss	Collateral		Financing limit for each borrowing company (Note 3)	Total financing limit (Note 1)
														Item	Value		
	1	Armorlink SH Corp.	Ailean Technologies Corp.	Other receivables – related party	Yes	21,644	-	-	-	Short-term financial assistance	-	Operating capital	-	None	-	411,682	411,682

Note 1: Items are ordered as follows:
1. 0 for issuer.
2. The investee companies are numbered individually in order, starting with the Arabic number 1.

Note 2: The amounts are calculated based on the exchange rate of RMB$1 = NTD$4.4094 at the end of December 2022.

Note 3: The financing limit for each borrowing company and total financing limit amount are limited to 40% of the lending company's net worth as in its most recent financial statements as of December 31, 2022.

Note 4: The above-listed transaction has been offset in preparing the Group's consolidated financial statements.

2) Endorsements and guarantees: None.

3) Marketable Securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures:

In thousands of NTD

Holder name	Marketable Securities type and name (Note 1)	Relationship with the issuer	Account Item	End of period				Maximum percentage of ownership held during the period	Note
				Shares/units in thousands	Carrying value	Percentage of ownership	Fair value		
IEI Integration Corp.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	15,722	200,391	- %	200,391	- %	
IEI Integration Corp.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,984	180,609	- %	180,609	- %	
IEI Integration Corp.	Hundure Technology Co. Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	497	2,380	4.78 %	2,380	4.78 %	
IEI Integration Corp.	Hua Da Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	3,382	10.00 %	3,382	10.00 %	
IEI Integration Corp.	Anteya Technology Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	-	5.26 %	-	5.26 %	
IEI Integration Corp.	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income or loss - non-current	309	-	0.41 %	-	0.41 %	
IEI Integration Corp.	Castec International Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	2,400	26,263	6.60 %	26,263	6.60 %	

Note 1: "Marketable Securities" in this table refers to stocks, bonds, beneficiary certificates and other marketable securities derived from the aforementioned items that fall within the scope of IFRS 9, "Financial Instruments".

4) The cumulative amount of acquisition or disposal of the same marketable securities that exceeded $300 million or 20% of the paid-in capital.

In thousands of NTD

Company name	Marketable security Type and Name	Account Item	Counterparty	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/units (in thousands)	Amount	Shares/units (in thousands)	Amount	Shares/units (in thousands)	Amount	Carrying value	Gain/loss on disposal	Shares/units in thousands	Amount
IEI Integration Corp..	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	38,577	490,0	22,855	290,335	290,000	335	15,722	200,391

Note: Amount at end of period includes valuation gains or losses of $391 thousand.

5) Acquisition of real properties in an amount that exceeded $300 million or 20% of the paid-in capital: None.

6) Disposal of real properties in an amount that exceeded $300 million or 20% of the paid-in capital: None.

7) Total purchase from or sales to related parties in an amount that exceeded $100 million or 20% of the paid-in capital:

In thousands of NTD

Company name	Related party	Relationship	Transaction detail				Abnormal transaction		Notes/accounts receivable or payable		Note
			Purchase/ sales	Amount	Percentage to total	Payment terms	Unit price	Payment terms	Ending balance	Percentage to total	
IEI Integration Corp.	BriteMED Technology Inc.	Subsidiary	Sales	(284,995)	(5.44) %	90 days	-	-	43,483	6.48%	
BriteMED Technology	IEI Integration Corp.	Ultimate	Purchase	284,995	70.17 %	90 days	-	-	(43,483)	(54.90)%	

Company name	Related party	Relationship	Transaction detail				Abnormal transaction		Notes/accounts receivable or payable		Note
			Purchase/ sales	Amount	Percentage to total	Payment terms	Unit price	Payment terms	Ending balance	Percentage to total	
Inc.		parent company									
IEI Integration Corp.	IEI Technology USA Corporation	Subsidiary	Sales	(1,563,419)	(29.84) %	60 days	-	-	205,838	30.68%	
IEI Technology USA Corporation	IEI Integration Corp.	Ultimate parent company	Purchase	1,563,419	93.03 %	60 days	-	-	(205,838)	(91.91)%	
Armorlink SH Corp.	IEI Integration Corp.	Ultimate parent company	Sales	(2,258,426)	(53.64) %	60 days	-	-	364,068	43.09%	
IEI Integration Corp.	Armorlink SH Corp.	Subsidiary	Purchase	2,258,426	57.62 %	60 days	-	-	(364,068)	(44.54)%	
Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	Subsidiary	Sales	(1,256,433)	(29.84) %	60 days	-	-	343,673	40.68%	
IEI Technology (Shanghai) CO., Ltd.	Armorlink SH Corp.	Subsidiary	Purchase	1,256,433	97.01 %	60 days	-	-	(343,673)	(78.72)%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(431,630)	(10.25) %	60 days	-	-	120,441	14.26%	
Weibotong Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchase	431,630	100.00 %	60 days	-	-	(120,441)	(99.99)%	
QNAP Systems, Inc.	Armorlink SH Corp.	Associate	Sales	(195,094)	(3.96) %	60 days			84,764	9.99%	
Armorlink SH Corp.	QNAP Systems, Inc.	Associate	Purchase	195,094	6.59 %	60 days			(84,764)	(10.68)%	
Xingwei Computer (Kunshan) Co. Ltd.	Armorlink SH Corp.	Associate	Sales	(164,782)	(41.02) %	30 days			39,355	33.79%	
Armorlink SH Corp.	Xingwei Computer (Kunshan) Co. Ltd.	Associate	Purchase	164,782	5.57 %	30 days			(39,355)	(4.96)%	

8) Receivables from related parties in an amount that exceeded $100 million or 20% of paid-in capital:

In thousands of NTD

Company name	Related party	Relationship	Ending balance	(Note 2) Turnover rate	Overdue		Amount received In subsequent period	Allowance for loss
					Amount	Action taken		
IEI Integration Corp.	IEI Technology USA Corporation	Subsidiary	206,524	9.53	-		206,524	-
Armorlink SH Corp.	IEI Integration Corp.	Ultimate parent company	364,068	5.91	-		335,822	-
Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	Subsidiary	343,673	4.25	-		190,266	-
Armorlink SH Corp.	Ailean Technologies Corp.	Subsidiary	735,449	25.57	-		804	-
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	120,441	5.51	-		88,188	-
IEI Technology USA Corporation	QNAP Inc. (USA)	Associate	150,386	1.52	-		150,386	-
Fortunetec Internatinoal Corp.	Armorlink SH Corp.	Subsidiary	2,259,415	-	-		-	-

Note 1: Parent-subsidiary transaction has been offset in preparing the consolidated financial statements.
Note 2: The turnover calculation did not include other receivables.

9) Transactions involving derivative financial instruments: None.

10) Parent-subsidiary business relationships and significant transactions:

No. (Note 1)	Company name	Counterparty	Relatinship (Note 2)	Parent-subsidiary transactions (Note 3)			
				Account Item	Amount	Terms	Percentage of consolidated net revenue or total assets (Note 4)
0	IEI Integration Corp.	BriteMED Technology Inc.	1	Sales	284,995	90 days	3.59%
0	IEI Integration Corp.	BriteMED Technology Inc.	1	Accounts receivable - related parties	43,483	90 days	0.33%
0	IEI Integration Corp.	IEI Technology USA Corporation	1	Sales	1,563,419	60 days	19.68%
0	IEI Integration Corp.	IEI Technology USA Corporation	1	Accounts receivable - related parties	205,838	60 days	1.54%
1	Armorlink SH Corp.	IEI Integration Corp.	2	Sales	2,258,426	60 days	28.44%
1	Armorlink SH Corp.	IEI Integration Corp.	2	Accounts receivable - related parties	364,068	60 days	2.72%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Sales	431,630	60 days	5.43%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Accounts receivable - related parties	120,441	60 days	0.90%
1	Armorlink SH Corp.	Ailean Technologies Corp.	1	Other receivables – related parties	734,807	Per agreement	5.49%
1	Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	1	Sales	1,256,433	60 days	15.82%
1	Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	1	Accounts receivable - related parties	343,673	60 days	2.57%
2	IEI Technology USA Corp.oration	IEI Integration Corp.	2	Prepayments	21,232	Prepayment	0.16%
3	Ailean Technologies Corp.	Armorlink SH Corp.	2	Lease income	20,503	Per agreement	0.26%
4	Fortunetec Internatinal Corp.	Armorlink SH Corp.	1	Other receivables – related parties	2,259,415	Per agreement	16.89%
5	IEI Technology (Shanghai) CO., Ltd.	Armorlink SH Corp.	2	Prepayments	34,715	Prepayment	0.26%

Note 1: Items are ordered as follows:
1. 0 for issuer.
2. The investee companies are numbered individually in order, starting with the Arabic number 1.

Note 2: The types of relationship with the counterparty are as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: For each transaction, only the sales and receivable accounts are disclosed and the corresponding purchase and payable accounts are omitted here to avoid redundancy.

Note 4: The calculation is done by dividing the transaction amount by the consolidated net revenue or consolidated total assets multiplied by 100%.

(2) Investments

Information on the Group's investees for the year ended on December 31, 2022, was as follows (excluding investees located in mainland China):

In thousands of NTD

Investor company	Investee company	Location	Main business and products	Original investment amount (Note 1)		Balance as of December 31, 2022 (Note 1)			Maximum percentage of shares held during the period	Net income (loss) of Investee company	Share of investee's profit or loss (Note 2)	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value				
IEI Integration Corp.	ICP Electronics Limited	Samoan Islands	Holding company and sales of computers and related products	219,313	397,213	5,000	100.00%	4,368,724	100.00%	472,177	463,080	Subsidiary
IEI Integration Corp.	QNAP Systems, Inc.	Taiwan	Sales of network security monitoring and network storage and communication related products	584,106	584,106	33,930	24.44%	2,072,316	24.44%	445,134	106,573	Investment using the equity method
IEI Integration Corp.	Internet Application Technology Ltd.	Samoan Islands	Holding company and sales of computer and related products	375,897	375,897	11,853	100.00%	1,123,413	100.00%	90,613	90,613	Subsidiary
IEI Integration Corp.	BriteMED Technology Inc.	Taiwan	Manufacturing and sales of electronic components	80,000	80,000	8,000	100.00%	274,828	100.00%	134,226	134,226	Subsidiary
IEI Integration Corp.	Oring Industrial Networking Corp.	Taiwan	Sales of products related to network storage and communication and electronic materials	30,510	30,510	2,797	18.28%	61,212	18.28%	36,973	6,758	Investment using the equity method
IEI Integration Corp.	IEI Halza Health Intelligence Corp.	Taiwan	Development of medical software and related products	1,650	1,650	165	55.00%	264	55.00%	(1,903)	(1,046)	Subsidiary
ICP Electronics Limited	Fortunetec International Corp.	Mauritius	Holding company and sales of computers and related products	153,550	214,970	500	100.00%	4,103,105	100.00%	459,448	Exempt from disclosure	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Holding company and sales of computers and related products	58,423	58,423	199	49.71%	173,790	49.71%	7,512	Exempt from disclosure	Investment using the equity method
Internet Application Technology Ltd.	Rich Excel Corp.oration Holdings Limited	British Virgin Islands	Holding company and sales of computers and related products	357,081	357,081	11,628	100.00%	980,618	100.00%	89,219	Exempt from disclosure	Subsidiary
BriteMED Technology Inc.	Oring Industrial Networking Corp.	Taiwan	Sales of products related to network storage and communication and electronic materials	30,517	30,517	1,483	9.69%	33,002	9.69%	36,973	Exempt from disclosure	Investment using the equity method
Rich Excel Corp.oration Holdings Limited	Equilico Inc.	USA	Real estate leasing	199,120	199,120	6,484	100.00%	198,221	100.00%	9,693	Exempt from disclosure	Subsidiary
Rich Excel Corp.oration Holdings Limited	Potency Inc.	Samoan Islands	Holding company and sales of computers and related products	228,221	228,221	5,840	100.00%	750,178	100.00%	79,217	Exempt from disclosure	Subsidiary
Equilico Inc.	Suntend LLC	USA	Real estate leasing	122,038	122,038	-	100.00%	190,711	100.00%	9,478	Exempt from disclosure	Subsidiary
Potency Inc.	IEI Technology USA Corp.oration	USA	Sales of industrial computers and related products	55,711	55,711	14,000	100.00%	570,097	100.00%	62,508	Exempt from disclosure	Subsidiary
Potency Inc.	Anewtech Systems Pte. Ltd	Singapore	Sales of industrial computers and related products	37,373	37,373	400	31.68%	63,410	31.68%	12,079	Exempt from disclosure	Investment using the equity method

Note 1: The original amount of investment and the carrying amount held at the end of the period were converted based the exchange rate as of December 31, 2022, of $1 U.S. dollar to $30.710 NTD.

Note 2: The profit or loss for the period is converted based on the exchange rate of $1 U.S. dollar to $29.805 NTD.

(3) Investments in Mainland China

1) Information on the Group's investees located in mainland China for the year ended on December 31, 2022, was as follows:

In thousands of NTD

Investee company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of 01/01/2022	Investment flows for the period		Accumulated outflow of investment from Taiwan as of 12/31/2022	Net income (loss) Of investee company	Percentage of ownership through direct or indirect investment	Maximum percentage of shares held during the period	Share of investee's Profit or loss	Carrying value as of 21/31/2022	Accumulated inward remittance Of earnings as of 12/31/2022
					Out-flow	In-flow							
IEI Technology (Shanghai) Co., Ltd	Distribution center and sales of industrial computers	115,354 (RMB26,161)	Investee of Armorlink SH Corp.	109,021 (USD3,550)	-	-	109,021 (USD3,550)	1,336	100.00%	100.00%	1,336	90,211	-
XINGWEI Computer (Kunshan) CO.,LTD.	Distribution center and sales of industrial computers	147,408 (USD4,800)	Investment in mainland China through third party Acquire System Inc.	58,410 (USD1,902)	-	-	58,410 (USD1,902)	6,557	49.71%	49.71%	3,259	162,319	-
Armorlink SH Corp.	Manufacturing and sales of computers and related products	245,680 (USD8,000)	Investment in mainland China through third party Fortunetec International Corp.	391,553 (USD12,750)	-	330,133 (USD10,750)	61,420 (USD2,000)	297,680	100.00%	100.00%	297,680	1,029,204	149,588 (USD4,871)
AILEAN Technologies Corp.	Manufacturing and sales of computers and related products	258,563 (RMB58,639)	Investee of Armorlink SH Corp.	760,073 (USD24,750)	-	575,813 (USD18,750)	184,260 (USD6,000)	34,045	100.00%	100.00%	34,045	529,944	280,352 (USD9,129)
ASH ENERGY GROUP LIMITED	Supply chain management	44,094 (RMB10,000)	Investee of AILEAN Technologies Corp.	-	-	-	-	1,275	100.00%	100.00%	1,275	57,383	-
Weibotong Technology (Shanghai) Co., Ltd.	Distribution center and sales of industrial computers	8,819 (RMB2,000)	Investee of Armorlink SH Corp.	-	-	-	-	(15,967)	100.00%	100.00%	(15,967)	(18,388)	-

Note 1: Furtunetec International Corp. disposed of shares in AILEAN Technologies Corp. and reinvested in Armorlink SH Corp. during the period ended on 12/31/2022.

2) Investment limit to mainland China:

Accumulated investment in mainland China as of December 31, 2022	Investment amounts authorized by the Investment Commission, MOEA	Upper limit on investment per Investment Commission, MOEA (Note 4)
413,111 (USD 13,452)	IEI Technology (Shanghai) 109,021 (USD 3,550) XINGWEI Computer 72,383 (USD 2,357) Armorlink SH 391,553 (USD 12,750) AILEAN Technology 760,073 (USD 24,750)	5,539,379

USD/NTD exchange rate: end of period 30.710, period average 29.805

RMB/NTD exchange rate: end of period 4.4094, period average 4.4341

Note 1: Investment methods are categorized as follows:

1) Direct investment in China.
2) Reinvestment in China through a third region company.
3) Other method.

Note 3: The relevant figures in this table are presented in NTD. The net investment income recognized for the period and the carrying value of investments at the end of the period that were measured in foreign currencies are translated into NTD using the average exchange rate for the financial reporting period and the exchange rate as of the date of the financial report, respectively.

Note 4: Calculation of investment limit: Net equity for the period × 60% = 9,232,298 thousand × 60% = 5,539,379 thousand.

Note 5: Due to operational considerations, the equity investments in subsidiaries in mainland China were restructured for the year ended on December 31, 2022.

3) Material transactions:

For information on material transactions between the Group and its investees in mainland China for the year ended on December 31, 2022, (the accounts for which have been offset in preparing the consolidated financial statements) please refer to the "a. Material Transactions" section.

(4) Major Shareholders

In unit of shares

Shares Shareholder	Total shares owned	Ownership percentage
QNAP Systems, Inc.	23,963,007	13.56%
KUO, PO-TA	21,763,469	12.32%
Custodianship of bitbank investment account by HSBC	13,392,000	7.58%

14. OPERATING SEGMENTS INFORMATION

(1) General information

The Group has three reportable segments: Order, Design and Sales, Production, and Regional Sales, China, offering a variety of products and services. As each strategic business unit involves different technology and marketing strategy, it must be managed separately.

The Order, Design and Sales segment specializes in custom product design and global branding and marketing channels for industrial IT products in response to specific customer needs.

(2) Information on income, assets and liabilities and their measurement basis and reconciliation relating to the reportable segments

The Group uses the segmental profit or loss before tax (excluding extraordinary gain or loss and exchange gain or loss) in the internal management report reviewed and approved by the chief operating decision maker as the basis for managerial resource allocation and performance evaluation. The Group does not attribute income tax expenses (benefits), extraordinary gains or losses, and exchange gains or losses to separate segments because income tax, extraordinary gains or losses and exchange gains or losses are managed as a whole on the Group level. In addition, not all reportable segments have non-cash accounts of significance besides depreciation and amortization. The amounts reported here are consistent with those internally reported to operational decision makers.

The accounting policies of the operating segments are consistent with those set forth in Note 4, "Summary of Significant Accounting Policies," except that pension expenses for each operating segment are recognized and measured on the basis of cash payments to the pension plan.

The Group recognizes intersegment sales and transfers as transactions with third parties measured at current market prices.

Information on the Group’s operating segments and a reconciliation of the accounts are as follows:

	2022					
	Order, Design and Brand Sales	**Product Manufacturing**	**Brand Sales, China**	**Other Operating Segments**	**Reconciliation and elimination**	**Total**
Revenue:						
From external sources	$ 4,054,374	204,345	1,778,392	1,905,304	-	7,942,415
Intersegmental	1,889,132	4,035,200	15,035	10,176	(5,949,543)	-
Total	$ 5,943,506	4,239,545	1,793,427	1,915,480	(5,949,543)	7,942,415
Interest expense	$ 5,105	-	-	188	-	5,293
Share of profit or loss of affiliates and joint ventures	124,475	-	-	-	-	124,475
Reportable segment income	**$ 1,229,333**	**350,113**	**(14,918)**	**346,990**	**(9,107)**	**1,902,411**
Reportable segment assets	**$ 6,974,561**	**5,040,137**	**808,335**	**4,822,790**	**(4,272,242)**	**13,373,581**

	2021					
	Order, Design and Brand Sales	**Product Manufacturing**	**Brand Sales, China**	**Other Operating Segments**	**Reconciliation and elimination**	**Total**
Revenue:						
From external sources	$ 3,518,509	190,882	1,725,832	808,286	-	6,243,509
Intersegmental	785,602	3,458,575	4,424	28,353	(4,276,954)	-
Total	$ 4,304,111	3,649,457	1,730,256	836,639	(4,276,954)	6,243,509
Interest expense	$ 126	22	-	293	-	441
Share of profit or loss of affiliates and joint ventures	251,196	-	-	-	-	251,196
Reportable segment income	**$ 685,097**	**264,046**	**1,651**	**99,642**	**(11,728)**	**1,038,708**
Reportable segment assets	**$ 5,250,476**	**4,201,051**	**599,121**	**2,498,294**	**(952,844)**	**11,596,098**

(3) Revenue by products or services

Information on the Group's revenue from external sources is as follows:

Products or services		2022	2021
Industrial computer	$	4,574,701	3,983,088
Industrial computer components and peripherals		2,620,924	1,956,996
Others		746,790	303,425
Total	**$**	**7,942,415**	**6,243,509**

(4) Revenue by regions

Information on the Group's revenue based on the geographical location of the customer and non-current assets based on the geographical location of the assets is as follows:

Regions		**2022**	**2021**
Revenue from external sources:			
America	$	2,804,852	1,588,584
Europe		937,273	824,466
Asia		3,853,952	3,445,949
Domestic		303,403	346,234
Others		42,935	38,276
Total	**$**	**7,942,415**	**6,243,509**
Non-current assets:			
America	$	158,638	151,408
Asia		536,441	440,281
Domestic		965,362	968,708
Total	**$**	**1,660,441**	**1,560,397**

Non-current assets exclude those classified as financial instruments or deferred income tax assets.

(5) Main customer information

		2022	**2021**
Customer A from Order, Design and Sales	**$**	**809,490**	**493,126**

Appendix 2: Indiviual Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the IEI Integration Corp.:

Opinion

We, the undersigned, have audited the accompanying individual financial statements of IEI Integration Corp. (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 period from January 1 to December 31, 2022 and 2021, as well as notes to the individual financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying individual financial statements are compiled, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and fairly represent the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the period from January 1 to December 31, 2022 and 2021.

Basis for Opinion

We conducted the within audits according to 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 the standards are more fully set forth in the Auditors' Responsibilities in Audits of Individual Financial Statements section of this report. We the practitioners at KPMG who are subject to the standards of independence have remained independent of the Company, and we have fulfilled the ethical responsibilities prescribed in The Norm of Professional Ethics for Certified Public Accountants of the Republic of China. We believe that the evidence we have obtained through the audits is adequate and sufficient to provide the basis for our opinion.

Key Audit Matters

"Key audit matters" are those areas that, in our professional judgment, were most important within the purview of the audit of the Company's individual financial statements for the year ending on December 31, 2022. As these matters have substantively been addressed in the context of our audit of the Company's individual financial statements as a whole, and we do not separately express any opinions on the matters.

1. Sales Recognition

Please refer to Note 4(16) and Note 6(17) to these individual financial statements for the accounting policies and discussions, respectively, concerning sales recognition.

Explanation

The Company transacts sales by directly shipping the final products to the customers from the overseas manufacturing plant in mainland China and recognizes the sales revenue upon transfer of control to the buyers. However, the timing of the transfer of control varies per transaction due to variations in delivery conditions depending on the negotiated times and locations for delivery based on the terms of the respective agreements, which might cause sales revenues to be recognized in the wrong reporting period for the sales realized close to the cutoff date of the last period. Therefore, we recognized the assessment of the adequacy of the timing of sales recognition was one of the key audit matters in our audit of the Company's individual financial statements.

Procedure:

- Assess relevant control procedures and execution efficiency in the delivery and payment cycle.
- Sample and audit the accuracy of sales recognition dates for product sales recorded within set time period(s) before and after the date of the balance sheet.
- Examine relevant documents to verify the adequacy of the timings of transfer of control and the reasonableness of each sales recognition.

2. Inventory Valuation

Please refer to Note 4(7), Note 5(1) and Note 6(5) to these individual financial statements for the accounting policies concerning inventory, the accounting estimates and presumption of uncertainty in inventory valuation, and details of inventory values, respectively.

Explanation

The value of inventory in a financial statement is the cost or net realizable value, whichever is lower. The rapid roll-out of next-gen products and intense competition in the market might cause the cost of inventory to exceed its net realizable value.

Procedure

- Assess the Company's statement and analysis of inventory age and analyze changes in inventory age in the respective time periods.
- Obtain valid statements of changes to verify the accuracy of the reporting periods for inventory age.
- Sample the current replacement costs for row materials and current product market values, and re-compute the net realized value upon assessment of the promotional expense ratio, to evaluate the reasonableness of the net realized value reported by the Company in the statements.

Responsibilities of Management and Governing Bodies for the Individual Financial Statements

Management is responsible for the preparation and fair representation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for maintaining such internal procedures as it deems necessary for the preparation thereof, to ensure the individual financial statements are free of material misrepreentation, whether due to fraud or mistake.

In preparing the individual financial statements, management is also responsible for evaluating the Company's ability to continue as a going concern, disclosure of pertinent information, and implementation of the going concern basis of accounting, unless management intends to liquidate or cease the operations of the Company, or has no other practicable alternatives other than doing so.

The governing bodies of the Company, including the Audit Committee, are responsible for overseeing its financial reporting process.

Auditors' Responsibilities in Auditing the Individual Financial Statements

The objectives of our audit of the individual financial statements are to deduce reasonable assurance whether the individual financial statements as a whole are free of material misrepresentation, whether due to fraud or mistake, and to issue a report on our findings and opinion. Reasonable assurance denotes a high level of certainty, but is not a guarantee that an audit conducted according to the Standards on Auditing of the Republic of China will always ferret out a material misrepresentation when it exists in the individual financial statements. Misrepresentations can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users who make such decisions on the basis of these individual financial statements.

We exercised professional judgment and maintained professional skepticism in conducting the audit pursuant to the Standards on Auditing of the Republic of China. In addition, we:

1. Identified and assessed potential material misrepresentations in the individual financial statements, whether due to fraud or mistake; planned and executed responsive procedures to the potentials thus identified; and deduced valid and sufficient evidence to form the bases for our opinion. Because fraud involves conspiracy, forgery, intentional omissions, deceitful representation, and/or matters beyond internal control, the probability of failing to identify a material misrepresentation as a result of fraud is higher than that as a result of mistake.

2. Attained an adequate understanding of the internal procedures that had bearings on the audit in planning for such audit procedures suitable for the circumstances, although the purpose was not to express any opinions concerning the efficacy of said internal procedures
.

3. Evaluated the adequacy of the accounting policies and the reasonableness of the accounting estimates and relevant disclosures made by management.

4. Drew conclusion, based on evidence obtained from the audit, on the adequacy of the going concern basis of accounting implemented by management and the existence of material uncertainty whether there might be matters or circumstances that might cast significant doubt on the Company's ability to continue as a going concern. If we believed such a material uncertainty existed, we were required in the auditors' report to draw the attention of the users of the individual financial statements to the relevant disclosures made therein, or, in the case that the disclosures were deemed inadequate, to amend our opinion. Our conclusions are based on evidence obtained in the course of the audit up to the date of this auditors' report. Future events or conditions might nevertheless affect the ability of the Company to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the individual financial statements, including the notes, and whether the individual financial statements fairly represent the underlying transactions and matters.

6. Expressed our opinion concerning the individual financial statements upon obtaining adequate and sufficient audit evidence on the financial status of the investees in investments accounted for using the equity method. We were responsible for the direction, supervision and execution of the audit activities and for deriving an opinion therefrom about the Company.

Matters we discussed with the governing bodies include planned scope and timing of the audit and important audit findings, including significant deficiencies in the internal procedures identified during the course of the audit.

We also provided the governing bodies with a statement that we the practitioners at KPMG who are subject to the standards of independence have complied with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence, and communicated to the governing bodies all the relationships and other matters that might be deemed to affect the independence of the auditors, including relevant safeguards.

In the matters discussed with the governing bodies, we determined which matters were of the most significance in auditing the individual financial statements (i.e., the key audit matters) for the year ending on December 31, 2022. We discuss these matters in the auditors' report unless disclosure of the matters is forbidden by law or regulations or when, in extremely rare circumstances, we have determined that a particular matter should not be discussed in our report, in which case it should reasonably be inferred that the detrimental effects from the disclosure outweigh the public interest.

Audit undertaken and report prepared by Chen, Chung-Che and Lai, Li-Chen,

KPMG
Taipei, Taiwan
Republic of China
March 10, 2023

IEI Integration Corp

Balance Sheet

As of December 31, 2022 and 2021

In thousands of NTD

		Notes	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	ASSETS					
	Current Assets:					
1100	Cash and cash equivalents	6(1)(20)	$ 1,255,603	11	697,147	7
1110	Financial assets at fair value through profit or loss - current	6(2)	381,000	3	-	-
1170	Notes and accounts receivable, net	6(4)(17)(20)	413,272	4	380,401	4
1180	Notes and accounts receivable from related parties, net	6(20)&7	257,607	2	158,468	2
1210	Other receivables from related parties	6(20)&7	11,694	-	12,844	-
130X	Inventory	6(5)	519,544	4	245,126	2
1476	Other financial assets - current	6(6)(20)&8	7,260	-	7,226	-
1479	Other current assets	7	75,906	1	48,325	-
			2,921,886	25	1,549,537	15
	Non-current Assets:					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)(20)	32,025	-	36,639	-
1550	Investments accounted for using equity method	6(7)	7,900,757	67	7,641,412	75
1600	Property, plant and equipment	6(8)&7	532,060	5	540,941	6
1755	Right-of-use assets	6(9)	16,526	-	2,937	-
1760	Investment properties, net	6(10)	388,694	3	394,922	4
1821	Other intangible assets, net		15,123	-	11,648	-
1840	Deferred income tax assets	6(14)	34,361	-	22,154	-
1975	Net defined benefit assets - non-current	6(13)	8,093	-	8,811	-
1990	Other non-current assets		195	-	801	-
			8,927,834	75	8,660,265	85
	Total Assets		$11,849,720	100	10,209,802	100

		Notes	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Liabilities and Equity					
	Current Liabilities:					
2130	Contract liabilities -current	6(17)&7	$ 184,035	2	256,487	3
2170	Accounts payable	6(20)	435,215	4	181,914	2
2180	Accounts payable to related parties	6(20)&7	382,180	3	414,976	4
2219	Other payables	6(20)	259,777	2	239,332	2
2220	Other payables to related parties	6(20)&7	16,476	-	4,246	-
2230	Income tax payable		272,685	2	93,882	1
2280	Lease liabilities - current	6(11)(20)&7	6,931	-	3,011	-
2399	Other current liabilities		23,066	-	16,813	-
			1,580,365	13	1,210,661	12
	Non-current Liabilities:					
2570	Deferred income tax liabilities	6(14)	921,131	8	893,354	9
2580	Lease liabilities -non-current	6(11)(20)&7	10,298	-	-	-
2670	Other non-current liabilities		105,843	1	69,410	1
			1,037,272	9	962,764	10
	Total Liabilities		2,617,637	22	2,173,425	22
	Equity Attributable to Shareholders of the Parent	6(15)				
3100	Share Capital		1,765,978	15	1,765,978	17
3200	Capital surplus		820,437	7	820,325	8
	Retained earnings:					
3310	Legal reserve		1,753,262	15	1,665,388	16
3320	Special reserve		687,892	6	604,488	6
3350	Unappropriated retained earnings		4,658,093	39	3,868,090	38
			7,099,247	60	6,137,966	60
3400	Other equity		(453,579)	(4)	(687,892)	(7)
	Total Equity		9,232,083	78	8,036,377	78
	Total Liabilities and Equity		$11,849,720	100	10,209,802	100

(See accompanying notes to individual financial statements.)

IEI Integration Corp.
STATEMENT OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021

In thousands of NTD

Code	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4110	**Sales Revenue**		$ 5,266,950	101	3,476,460	101
4170	Sales returns and discounts		28,144	1	24,552	1
	Net Sales Revenue	6(16)&7	5,238,806	100	3,451,908	100
5110	**Cost of Sales**	6(5)&7&12	3,680,695	70	2,597,366	75
	Gross Profit		1,558,111	30	854,542	25
5910	Unrealized profit (loss) from sales		(49,791)	(1)	(12,913)	-
5920	Realized profit (loss) from sales		12,913	-	48,880	1
	Gross Profit from operations		1,521,233	29	890,509	26
	Operating Expenses	6(4)(18)&7&12				
6100	Selling expenses		298,911	6	263,332	8
6200	General and administrative expenses		118,399	2	103,759	3
6300	Research and development expenses		300,659	6	314,313	9
6450	Expected credit impairment loss (gain)		14,442	-	(574)	-
	Total Operating Expenses		732,411	14	680,830	20
	Net Operating Income		788,822	15	209,679	6
	Non-operating Income and Expenses	6(7)(12)(19)&7				
7100	Interest income		11,027	-	282	-
7010	Other income		75,877	1	62,927	2
7020	Other gains and losses, net		68,741	1	(7,345)	-
7050	Finance costs		(218)	-	(126)	-
7060	Share of profits of associates and joint ventures accounted for using equity method, net		800,204	16	712,399	21
	Total Non-operating Income and Expenses		955,631	18	768,137	23
	Profit Before Income Tax		1,744,453	33	977,816	29
7950	**Income tax expense**	6(14)	252,264	4	111,871	3
	Profit for the year		1,492,189	29	865,945	26
8300	**Other Comprehensive Income :**					
8310	**Components that will not be reclassified to profit or loss**	6(15)(20)				
8311	Gain/(loss) on re-measurements of defined benefit plans		(1,394)	-	15,999	-
8316	Unrealized gain/(loss) from investments in equity instruments measured at fair value through other comprehensive income		(10,114)	-	3,158	-
8330	Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		140,853	2	(45,223)	(1)
8349	Income tax related to components that will not be reclassified to profit or loss		279	-	(3,200)	-
			129,624	2	(29,266)	(1)
8360	**Components that will be reclassified to profit or loss**	6(15)(20)				
8361	Exchange differences on translation		80,917	2	(33,028)	(1)
8380	Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		22,657	-	(8,311)	-
8399	Income tax related to components that will be reclassified to profit or loss		-	-	-	-
	Total components that will be reclassified to profit or loss		103,574	2	(41,339)	(1)
8300	**Other Comprehensive Income (Loss), net**		233,198	4	(70,605)	(2)
	Total Comprehensive Income		**$ 1,725,387**	**33**	**795,340**	**24**
	Earnings per Share (NT$)					
	Basic Earnings per Share (NT$)	6(16)	**$ 8.45**		**4.90**	
	Diluted Earnings per Share (NT$)	6(16)	**$ 8.38**		**4.86**	

(See accompanying notes to individual financial statements.)

IEI Integration Corp.
STATEMENT OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

In thousands of NTD

Item Code		Share Capital		Retained Earnings				Others			
		Common Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
A1	**Balance at January 1, 2021**	$ 1,765,978	819,341	1,566,050	635,680	3,410,688	5,612,418	(472,411)	(132,077)	(604,488)	7,593,249
D1	Profit for the year	-	-	-	-	865,945	865,945	-	-	-	865,945
D3	Other comprehensive income (loss)	-	-	-	-	12,799	12,799	(41,339)	(42,065)	(83,404)	(70,605)
D5	Total comprehensive income (loss)	-	-	-	-	878,744	878,744	(41,339)	(42,065)	(83,404)	795,340
	Earnings appropriation and distribution:										
B1	Legal reserve appropriated	-	-	99,338	-	(99,338)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(353,196)	(353,196)	-	-	-	(353,196)
B17	Reversal of special reserve	-	-	-	(31,192)	31,192	-	-	-	-	-
	Changes in other capital reserves:										
C7	Adjustments to share of changes in equities of associates	-	(1,872)	-	-	-	-	-	-	-	(1,872)
C17	Other changes in capital reserves	-	2,856	-	-	-	-	-	-	-	2,856
	Balance at December 31, 2021	1,765,978	820,325	1,665,388	604,488	3,868,090	6,137,966	(513,750)	(174,142)	(687,892)	8,036,377
D1	Profit for the year	-	-	-	-	1,492,189	1,492,189	-	-	-	1,492,189
D3	Other comprehensive income (loss)	-	-	-	-	(1,115)	(1,115)	103,574	130,739	234,313	233,198
D5	Total comprehensive income (loss)	-	-	-	-	1,491,074	1,491,074	103,574	130,739	234,313	1,725,387
	Earnings appropriation and distribution:										
B1	Legal reserve appropriated	-	-	87,874	-	(87,874)	-	-	-	-	-
B3	Special reserve	-	-	-	83,404	(83,404)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(529,793)	(529,793)	-	-	-	(529,793)
	Changes in other capital reserves:										
C7	Adjustments to share of changes in equities of associates	-	(134)	-	-	-	-	-	-	-	(134)
C17	Other changes in capital reserves	-	246	-	-	-	-	-	-	-	246
Z1	**Balance at December 31, 2022**	$ 1,765,978	820,437	1,753,262	687,892	4,658,093	7,099,247	(410,176)	(43,403)	(453,579)	9,232,083

(See accompanying notes to individual financial statements.)

IEI Integration Corp.

STATEMENT OF CASH FLOWS

January 1 to December 31, 2021 and 2022

In thousands of NTD

		2022	2021
AAAA	**Cash Flows from Operating Activities:**		
A10000	**Profit before income tax**	$ 1,744,453	977,816
A20000	**Adjustments items:**		
A20100	Depreciation expense	51,989	51,857
A20200	Amortization expense	19,069	17,264
A20300	Expected credit impairment loss (reversal of impairment loss)	14,442	(574)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,335)	(216)
A20900	Interest expense	218	126
A21200	Interest income	(11,027)	(282)
A21300	Dividend income	(647)	(1,581)
A22400	Share of profits of associates and joint ventures accounted for using equity method	(800,204)	(712,399)
A22500	Impairment loss (gain) on property, plant and equipment	(1,384)	(386)
A23700	Allowance for inventory valuation and obsolescence loss	11,864	6,951
A24000	Unrealized (realized) profit from sales	36,878	(35,967)
A24100	Unrealized loss (gain) on foreign exchange	(1,239)	(3,782)
A20010	Total adjustments to reconcile profit (loss)	(681,376)	(678,989)
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets measured at fair value through profit and loss	(379,665)	60,219
A31150	Decrease (increase) in Notes and accounts receivable	(53,543)	(13,708)
A31160	Decrease (increase) in accounts receivable from related parties	(99,139)	80,908
A31190	Decrease (increase) in other receivables from related parties	1,140	(10,172)
A31200	Decrease (increase) in Inventory	(286,282)	(42,328)
A31240	Decrease (increase) in Other current assets	(26,211)	(2,983)
A31990	Decrease (increase) in Net defined benefit assets	(676)	(847)
A32000	Changes in operating liabilities, net:		
A32125	Increase (decrease) in contract liabilities	(72,452)	93,730
A32150	Increase (decrease) in Notes and accounts payable	260,770	83,707
A32160	Increase (decrease) in accounts payable to related parties	(32,796)	79,653
A32180	Increase (decrease) in other payables	8,174	(23,955)
A32190	Increase (decrease) in Other payables to related parties	12,230	579
A32230	Increase (decrease) in other current liabilities	6,253	(1,150)
A30000	Total changes in operating assets and liabilities	(662,197)	303,653
A20000	Total adjustments	(1,343,573)	(375,336)
A33000	Cash inflow generated from operations	400,880	602,480
A33100	Interest received	9,656	270
A33200	Dividends received	607,899	169,825
A33300	Interest paid	(218)	(126)
A33500	Income tax paid	(57,612)	(68,116)
AAAA	**Net cash flows from (used in) operating activities**	960,605	704,333
BBBB	**Cash Flows from Investing Activities:**		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	500	2,700
B02400	Pay-back from capital reduction of investees accounted for using equity method	177,900	-
B02700	Acquisition of property, plant and equipment	(16,052)	(45,681)
B02800	Disposal of property, plant and equipment	1,471	50
B04500	Acquisition of intangible assets	(22,544)	(21,855)
B06600	Decrease (increase) of other financial assets	(34)	3,992
B06800	Decrease (increase) of other non-current assets	(1,394)	255
BBBB	**Net cash flows from (used in) investing activities**	133,847	(60,539)
CCCC	**Cash Flows from Financing Activities:**		
C04020	Payment of lease liabilities	(6,165)	(6,871)
C04400	Decrease in other non-current liabilities	(70)	(434)
C04500	Cash dividends paid	(529,793)	(353,196)
C09900	Other financial activities	32	-
CCCC	**Net cash flows from (used in) financing activities**	(535,996)	(360,501)
EEEE	Net Increase in Cash and Cash Equivalents	558,456	283,293
E00100	Cash and Cash Equivalents at Beginning of Year	697,147	413,854
E00200	Cash and Cash Equivalents at End of Year	**$ 1,255,603**	**697,147**

(See accompanying notes to individual financial statements.)

IEI Integration Corp.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
For the Years Ending on December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars Unless Specified Otherwise)

1. GENERAL

The IEI Integration Corp. (the "Company" or "IEI") was incorporated with the Taiwan Ministry of Economic Affairs on April 17, 1997. The Company's principal business involves the manufacturing and sales of computers, computer components and peripherals and related trading.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying individual financial statements were approved for issuance by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Effects from the Application of New and Revised Standards and Interpretations Endorsed and Issued into Effect by the Financial Supervisory Commission

Effective January 1, 2022, the Company has applied the following international financial reporting standards, which do not significantly affect the individual financial statements.

- Amendments to the International Accounting Standards (IAS) 16, "Property, Plant and Equipment – Proceeds Before Intended Use"
- Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to International Financial Reporting Standards (IFRS) 2018-2020
- Amendments to IFRS 3, "Reference to the Conceptual Framework"

(2) Effects from Non-application of Standards Endorsed and Issued into Effect by the Financial Supervisory Commission

The Company finds that the application of the following international financial reporting standards which have been promulgated since January 1, 2023, will not significantly affect the individual 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"

(3) New and Revised Standards and Interpretations Not Yet Endorsed and Issued into Effect by the Financial Supervisory Commision

The Company finds that the following new and revised standards which have not been endorsed by the Financial Supervisory Commission (FSC) will not significantly affect the individual financial statements.

- IFRS 10 and Amendments to IAS 28, "Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture"
- IFRS 17, "Insurance Contracts," and Amendments to IFRS 17
- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Covenants"
- Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the accompanying individual financial statements, which apply categorically to the entire reporting period thus covered, are summarized as follows:

(1) Statement of Compliance

The accompanying individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

(2) Bases for Preparation

1) Measurement bases

The accompanying individual financial statements are compiled on the basis of historical cost, except the following key items in the balance sheet:

a) Financial assets at fair value through profit or loss are measured at fair value.

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

c) Net defined benefit liabilities (assets) are measured by deducting the current value of defined benefit obligation from pension plan assets at fair value, subject to the upper limit as prescribed in Note 4(17).

2) Functional and presentation currencies

The Company and its units of operation use the prevailing currency of the principal economic environment in which it conducts business as its functional currency. Monetary values in the accompanying individual financial report is presented in the Company's functional currency, the New Taiwan dollar (NTD). All the financial data expressed in NTD are in thousands of NTD unless specified otherwise.

(3) Foreign Currencies

1) Foreign currency transactions

Transactions using foreign currencies are recognized in NTD at the exchange rates prevailing on the dates of the respective transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the exchange rates prevailing on the reporting period's end date ("the reporting date").

Non-monetary items measured at fair value that are denominated in foreign currencies are translated into NTD at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the exchange rates on the dates of the respective transactions.

The differences resulting from exchange rates are typically recognized in profit or loss, whereas equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

2) Overseas Operations

Assets and liabilities of overseas operations are translated into NTD at the exchange rates prevailing on the reporting date. Income and expenses are translated into NTD at the average exchange rate for the reporting period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposition of an overseas operation results in the loss or share of control or in serious consequences, the cumulative exchange differences related to said overseas operation are reclassified into profit or loss. Upon partial disposition of a subsidiary which has units operating overseas, the relevant cumulative exchange differences are reattributed proportionally to noncontrolling interests. Upon partial disposition of an investment in an affiliate or joint venture which has units operating overseas, the relevant cumulative exchange differences are reclassified proportionally to profit or loss.

When there is no plan to settle a monetary receivable or payable to an overseas operation and it is not likely to be settled in the foreseeable future, the resultant foreign exchange gain or loss is deemed as part of the net investment in the overseas operation and recognized in other comprehensive income.

(4) Guidelines for classification of Assets and Liabilities into Current and Non-current

An asset is classified current if it is any of the following. All assets that are not current are non-current assets.

1) The asset is expected to be realized in the normal operating cycle or intended to be sold or consumed;
2) The asset is held primarily for trading purposes;
3) The asset is expected to be realized within 12 months of the reporting period; or
4) The asset is cash or cash equivalent, unless it is otherwise restricted from being traded or used to settle a liability for at least twelve months after the reporting period.

A liability is classified current if it is any of the following. All liabilities that are not current are non-current liabilities.

1) The liability is expected to be settled in the normal operating cycle;
2) The liability is maintained primarily for trading purposes;
3) The liability is expected to be settled within 12 months of the reporting period; or
4) The liability is not attached with an unconditional right to defer settlement for at least 12 months after the

reporting period. The classification is not affected if the terms of the liability may, at the option of the counterparty, be settled through the issuance of equity instruments.

(5) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to a minimal risk of value variation. Time deposits that meet the foregoing definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(6) Financial Instruments

Accounts receivable and debt securities issued are recognized initially when incurred. All other financial assets and financial liabilities are recognized when initially the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (other than accounts receivable which do not involve a significant financial element) or financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance thereof. Accounts receivable that do not involve significant financial elements are measured initially at their transaction prices.

1) Financial assets

For the purchase or sale of financial assets consistent with customary trading practices, the Company categorically accounts for all purchases and sales of the financial assets that are classified in the same manner on the date of the transaction or settlement.

Financial assets are classified on initial recognition as financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, investments in equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The Company will reclassify all of the affected financial assets effective the first day of the next reporting period only when the Company changes its operating models for managing financial assets

a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is not designated as measured at fair value through profit or loss and meets both of the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on a specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

These assets are subsequently measured at their initially recognized values plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any loss allowances. Interest income, foreign currency exchange gains or losses and impairment losses are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

b) Financial assets measured at fair value through other comprehensive income

An investment in debt instrument is measured at fair value through other comprehensive income when it is not designated as measured at fair value through profit or loss and meets both of the following criteria:

- The financial asset is held pursuant to an operating model which purpose is to receive cash flow and resale under the contractual terms.
- The financial asset under the contractual terms is to generate cash flow on a specific date and solely for the purpose of repaying the principal and interest on the outstanding sum of principal.

On initial recognition, the Company may make an irrevocable choice to report subsequent changes in the fair value of investments in equity instruments not held for trading purposes in other comprehensive income. The aforesaid choice is made on an instrument-by-instrument basis.

Investments in debt-instrument are subsequently measured at fair value. Interest income, foreign currency exchange gains or losses and impairment losses calculated based on the effective interest method are recognized in profit or loss, while other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly reflects a partial recovery of investment costs) is recognized in profit or loss, while the other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date the Company has the right to receive the dividends (usually the ex-dividend date).

c) Financial assets measured at fair value through profit or loss

Financial assets, that are not classified as measured at amortized cost or at fair value through other comprehensive income as described above, are measured at fair value through profit or loss—this includes derivative financial assets. Upon initial recognition, the Company may irrevocably designate such financial assets, which qualify as measured at amortized cost or at fair value through other comprehensive income, as financial assets measured at fair value through profit or loss, for the purpose of eliminating or significantly reducing accounting mismatches.

These assets are subsequently measured at fair value, which net gains or losses (including any dividends and interest income) are recognized in profit or loss.

d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

Loss allowance for the following financial assets is measured based on the value of the expected credit loss over 12 months, while loss allowance for others is measured based on the value of the expected credit loss over the life of the asset:

- Debt securities determined to have a low credit risk on the reporting date.
- Other debt securities and bank deposits which credit risk (i.e., the risk of default over the expected life of the financial instruments) has not increased significantly since initial recognition.

Loss allowance on accounts receivable and contract assets is measured based on the value of the expected credit loss over the life of the contract.

In determining whether there has been a significant increase in credit risk since initial recognition, the Company takes into account reasonable information based on evidence that are available without undue cost or input, including qualitative and quantitative data and analyses based on the Company's past experience, credit evaluations and prospective information.

The Company assumes that the credit risk on a financial asset has increased significantly if payments are overdue under the contractual terms.

The Company considers a financial asset to be in default if it is unlikely that the borrower will be able to fulfill its credit obligation to pay the full amount to the Company.

Expected credit losses over the life of the instrument are the expected credit losses arising from all possible defaults over the expected life of the instrument

Expected credit loss over twelve months is the expected credit loss arising from a possible default of the financial instrument within twelve months after the reporting date, or a shorter period if the expected life of the financial instrument is less than twelve months.

The maximum time period for measuring expected credit losses is the maximum contractual period during which the Company is exposed to credit risk.

The expected credit loss is a weighted estimate of the probability of credit loss over the expected life of the financial instrument. Credit losses are measured at the present value of all the cash shortfalls, which is the difference between the cash flows that the Company can receive under the contracts and those that it expects to receive. Expected credit losses are discounted based on the effective interest rates of the financial assets.

On each reporting date the Company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are impaired. A financial asset is credit-impaired if one or more events have occurred which have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information as follows:

- Significant financial difficulties of the borrower or issuer;
- Defaults, such as delays or exceeding credit terms over a extended period;

- The Company has made condcessions that it otherwise would not have considered but for some economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to file for bankruptcy or undertake other financial reorganization; or
- Loss of an active market for the financial asset due to financial difficulties

Allowance for loss on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

The Company reduces the total carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the financial asset. For corporate accounts, the Company assesses the timing and amount of write-off on a case-by-case basis based on whether recovery is reasonably expected. The Company does not expect any material reversal of the amount that has thus been written off. However, financial assets that have been written off are still enforceable to comply with the Company's procedures for recovering past due amounts.

e) 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.

When entering into a transaction to transfer a financial asset, the Company continues to recognize a financial asset on its balance sheet if it retains all or nearly all the risks and rewards related to the ownership of the transferred financial asset.

2) Financial liabilities and equity instruments

a) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definition of financial liabilities.

b) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset from which all of its liabilities are deducted. Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

c) Financial liabilities

Financial liabilities are classified as measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, are derivative instruments or are so designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the asssociated 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 exchange gain or loss are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

d) Derecognition of financial liabilities

The Company derecognize a financial liability when the contractual obligations pertaining thereto expire or are discharged or cancelled. When the terms of a financial liability are amended and the cash flows per the liability are materially different upon amendment, the pre-amendment financial liability is derecognized and the amended liability is recognized at fair value based on the amended terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(7) Inventory

Inventories are measured at its cost or net realizable value, whichever is lower. Cost includes the cost of acquisition, production or processing, plus other associated costs, incurred in bringing the inventory to the location and condition in which it becomes available for use.

Net realizable value is the estimated selling price under normal operations less the estimated costs necessary to complete the project and to make the sale.

(8) Investments in Associates

An associate is an entity over which the Company has significant influence, but not control or joint control, in its financial and operating policies. The Company's equity interest in an associate is accounted for using the equity method. Under the equity method, the original acquisition is recognized at cost, and the cost of investment includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill recognizable at the time of investment, less any accumulated impairment loss.

The individual financial statements include the amount of profit or loss and other comprehensive income of the associates, recognized in proportion to the Company's equity interest in each associate during the time in which the Company retains said signification influence and after adjustments to attain conformity to the Company's accounting policies. When there is a change in equity in an associate not recognized as profit or loss nor other comprehensive income that does not proportionally affect the Company's share in the associate, the Company recognizes the change in equity corresponding to its equity interest in the associate as capital surplus in proportion to its holdings.

Unrealized gains and losses arising from transactions between the Company and its associates are recognized in its financial statements only to the extent of equity interest in the associates not owned by the Company.

The Company ceases to recognize an associate's losses when its share of such losses equals or exceeds its equity interest in the associate. Thereafter the Company recognizes additional losses and associated liabilities only to the extent of any legal or constructive obligations incurred or of any payments made on behalf of the investee.

From the date investment in the associate terminates, the Company ceases to use the equity method and measures any remaining interest in the associate at fair value. The difference between the fair value of the remaining interest and the disposal price and the carrying amount of the investment on the date the Company ended the equity method is recognized in profit or loss for the reporting period. All amounts previously recognized in other comprehensive income pertaining to the investment are accounted for on the same basis as that applicable in cases in which the relevant assets or liabilities are disposed of by the associate. For instance, any gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss, or retained earnings, upon disposal of the relevant assets or liabilities—i.e., when an enterprise ceases to use the equity method, the gains or losses are reclassified from equity to profit or loss, or retained earnings. If the Company continues to apply the equity method when its ownership interest in an associate has declined, the Company shall reclassify the gains or losses previously recognized in other comprehensive income that are attributable to the decrease in ownership interest and make adjustments according to the preceding method proportionate to the reduction in ownership.

In cases of an investment in an associate becoming that of a joint venture, or vice versa, the Company will continue to apply the equity method without reevaluating the retained interest.

(9) Investments in Subsidiaries

In preparing the individual financial statements, the Company uses the equity method of accounting relating to investees over which it has control. Under the equity method, the apportionment of current profit or loss and other comprehensive income in the individual financial statements is the same as the apportionment of current profit or loss and other comprehensive income attributable to the shareholders of the Company in the consolidated financial statements, and the shareholders' equity in the individual financial statements is the same as the equity attributable to the shareholders of the Company in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as equity transactions among the shareholders.

(10) Investment Properties

Investment properties are real properties held for rental revenue or asset appreciation, or both, but not for sale in the ordinary course of business, nor to use for production, supply of goods or services or administrative purposes.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment, and the methods used to account for the depreciation, useful life and residual value follows those used for property, plant and equipment.

Gain or loss upon disposal of investment property, calculated as the difference between the net price of disposal and the carrying amount of the item, is recognized in profit or loss.

Lease revenue from investment properties is recognized in non-operating income from other income using the straight-line method over the lease term. Lease incentives granted are recognized as part of lease revenue over the lease term

When an investment property changes in usage and is reclassified as property, plant and equipment, the reclassification shall carry the carrying amount of the property at the time of the usage change.

(11) Property, Plant and Equipment

1) Recognition and measurement

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

If the major components of property, plant and equipment have different service lives, they are deemed separate items (primary components) of property, plant and equipment.

Gain or loss upon disposal of property, plant and equipment is recognized in profit or loss.

2) Subsequent costs

Subsequent expenditures are capitalized only if it is likely that future economic benefits will flow into the Company.

3) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful lives of each component using the straight-line method.

Land is not account for depreciation.

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

- Premises and buildings 3 to 55 years
- Machines and equipment 3 to 8 years
- Other equipment 1 to 7 years

The Company reviews the depreciation method, useful life and residual value at each reporting and makes appropriate adjustments as necessary.

4) Reclassification to investment properties

When a real property used for other purposes is turned into an investment property, the property is reclassified to investment properties at the carrying amount as of the time of the usage change.

(12) Leases

The Company assesses, on the date a contract is entered into, whether a contract is a lease or includes a lease. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

1) Lessee

The Company recognizes a right-of-use asset and a lease liability on the commencement date of the lease. A right-of-use asset is measured initially at cost, which comprises the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs for dismantling and removing and restoring the subject asset, whether by itself or to its location, and less any lease incentives received

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to either the end of the useful life or the end of the lease term, whichever is sooner, of the right-of-use asse. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred and, when lease liability is remeasured, adjusts the right-of-use asset accordingly.

Lease liabilities are measured initially at present value of the lease payments outstanding on the date the lease is entered into. The discount rate is set to the implied interest rate of the lease if it is readily determinable and, if it is not, to the Company's incremental borrowing rate. In general, the Company uses its incremental borrowing rate as the discount rate

Lease payments included in the measurement of lease liabilities include:

a) fixed payment, including real fixed payment;

b) variable lease payment that depend on some index or rate, measured initially using the index or rate at the commencement date of each lease;

c) the expected payment of the balance of the lease deposit; and

d) the price or penalty to pay to exercise purchase option or lease termination option upon a reasonable amount of certainty that it will be exercised.

The interest for lease liabilities is subsequently calculated using the effective interest method and will be remeasured when:

a) the index or rate used to determine lease payments has changed that causes future lease payments to change;
b) the expected payment of the balance of the lease deposit has changed;
c) the expectation concerning the purchase option for the subject asset has changed;
d) the expectation whether to exercise the option to extend or terminate the lease has changed that causes the expectation of the duration of the lease to change; or
e) the subject, scope or other terms of the lease have changed.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the balance of the lease deposit and changes in the assessment of purchase, extension or termination options, as described above, the carrying amount of the right-of-use asset shall be adjusted accordingly, and, when the carrying amount of the right-of-use asset is reduced to zero, the remaining amount upon remeasurement is recognized in profit or loss.

When the scope of the lease is narrowed upon amendment, the carrying amount of the right-of-use asset is reduced to reflect the termination of the lease in full or in part, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company itemizes right-of-use assets and lease liabilities that do not meet the definition of investment properties in separate lines in the balance sheet.

The Company elects not to recognize short-term leases and leases of low-value assets as right-of-use assets or lease liabilities and, instead, recognizes the relevant lease payments as expenses on a straight-line basis over the lease term.

2) Lesser

Transactions in which the Company is the lessor are classified as finance lease if, on the date the lease was entered into, the lease contract transfers nearly all the risks and rewards associated with the ownership of the subject asset, and as operating lease if it does not. In said assessment, the Company considers pertinent specific indicators such as whether the lease term covers a significant portion of the economic life of the subject asset.

If the Company is a sublessor, it then processes the master lease and any sublease transactions separately and determines the classification of a sublease transaction based on the right-of-use assets arising from the master lease. If the master lease is a short-term lease to which a recognition exemption applies, the sublease transaction should be classified as an operating lease.

If a lease agreement includes both lease and non-lease components, the Company uses IFRS 15 to allocate the consideration in the contract.

(13) Intangible Assets

1) Recognition and measurement

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditures are capitalized only when: the expenditures can be reliably measured; the technical or commercial feasibility of the product or process has been achieved; future economic benefits will most likely flow to the Company; and the Company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment.

Other intangible assets acquired by the Company with finite useful lives are measured at cost less accumulated amortization and accumulated impairment.

2) Subsequent expenditures

Subsequent expenditures are capitalized only to the extent that they will enhance the future economic benefits of the specific asset to which they relate. All other expenses, including goodwill and branding for internal development, are recognized in profit or loss when incurred.

3) Amortization

For amortization, the amortizable amount is calculated by deducting the residual value from the cost of the asset.

Intangible assets are amortized on a straight-line basis over their estimated useful lives (one to three years) from the date they attain their serviceable condition, and the amortization is recognized in profit or loss.

The Company reviews the amortization method and the useful lives and residual values of intangible assets at each reporting, and makes appropriate adjustments as necessary.

(14) Impairment of non-financial assets

The Company assesses at each reporting whether there is any indication that the carrying amount of non-financial assets (other than inventories, contract assets and deferred income tax assets) may have been impaired. If any such indication exists, the recoverable amount of the asset will then be assessed.

In detecting impairment, a group of assets with cash inflows that are predominantly independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets.

The recoverable amount is the fair value of an individual asset or cash-generating unit less its value in use or costs to sell, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the individual asset or cash-generating unit is adjusted downward to its recoverable amount, and an impairment loss is recognized for the difference. The impairment loss is recognized, immediately in the current period, in profit or loss.

The Company re-evaluates at each reporting whether there is any indication that an impairment loss recognized for a non-financial asset in the preceding year may no longer exist or may have decreased. If there is any change in the estimates used to determine the recoverable amount, the impairment loss is reversed to increase the carrying amount of the individual asset or cash-generating unit to its recoverable amount, but not to exceed the carrying amount, less recognizable depreciation or amortization, that would have been determined if no impairment loss had been recognized for that individual asset or cash-generating unit in the preceding year.

(15) Liability Reserve

A liability reserve is recognized when the Company is exposed, by a present obligation resulting from a past event, to the likelihood under which it is required to direct an outflow of economic resources to settle the obligation in the future, when the amount of the obligation can reliably be estimated. The liability reserve is discounted at a pre-tax discount rate that reflects the market’s current assessments of the time value of money and the risks specific to the liability, with amortization of the discount being recognized as interest expense.

Warranty liability reserve is recognized upon the sale of goods or services. The reserve is measured based on historical warranty information and all possible outcomes weighted by their respective probabilities.

(16) Revenue Recognition

1) Revenue from customer contracts

Revenue is measured as the consideration to which one expects to be entitled for transferring goods or services. The Company recognizes an item in revenue when it has performed the obligation by transferring control of the goods or services to customers. The Company's primary sources of revenue are described as follows:

a) Product sales

The Company’s primary business is the manufacture and sale of computers and computer peripherals. The Company recognizes an item in revenue when it has transferred control of a product. The transfer of control of the product means that the product has been delivered to the customer who then has the sole discretion over the marketing channel and price of the product and to whom no outstanding obligation needs to be performed for the customer's acceptance of the product. Delivery occurs when the product is delivered to the specified location at which the risks of obsolescence and loss are transferred to the customer and when the customer has accepted the product in accordance with the sales contract, the terms of acceptance have lapsed, or the Company has objective evidence that all the conditions for acceptance have been met.

The Company provides general warranties on products sold and recognizes them as liability reserve at the time of sale.

The Company recognizes accounts receivable upon delivery of goods because the Company has an unconditional right to receive consideration at that point in time.

b) Financial components

The Company expects that the time interval between the transfer of goods or services to a customer and the payment for the goods or services by the customer will not exceed one year for all customer contracts. Therefore, the Company does not adjust the transaction price for the time value of money.

(17) Employee Benefits

1) Defined contribution plans

The contribution obligation for defined contribution pension plans is recognized as an expense over the period of service rendered by the employees.

2) Defined benefit plans

The Company's net obligation for defined benefit plans is calculated for each plan by discounting the amounts of future benefits earned by employees for the current or the preceding period to the present value, less the fair value of any plan assets.

The defined benefit obligation is actuarially determined annually by a certified actuary using the projected unit benefit method. When the result of the calculation is likely to be beneficial to the Company, the asset is recognized to the extent of the present value of any economic benefits available in the form of refund of contributions from the plan or reduction in future contributions to the plan. The present value of the economic benefits is calculated by taking into account any minimum contribution funding requirements.

The remeasurement of the net defined benefit liability, which includes actuarial gains and losses, compensation on plan assets (excluding interest), and any change in the asset ceiling effect (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings.The Company determines the net interest expense (or income) on the net defined benefit liability (or asset) using the net defined benefit liability (or asset) and the discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the change in benefits related to the previous service cost or the curtailment benefit or loss is recognized immediately in profit or loss. The Company recognizes a gain or loss on the settlement of a defined benefit plan at the time of the settlement.

3) Short-term employee benefits

A short-term employee benefit obligation is recognized as an expense when the subject services are being rendered. The amount is recognized as a liability if the Company has a present legal or constructive obligation to pay for services rendered by the employees in the past and if the obligation can reliably be estimated.

(18) Income Tax

Income tax consists of the current and deferred income taxes. The current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations or items directly recognizable in equity or in other comprehensive income.

The current income tax includes the estimated income tax payable or tax refund receivable based on the current year taxable income (or loss), with any adjustments for the preceding year's income tax payable or tax refund receivable. The amount is determined as the best estimate of the amount expected to be paid or received pursuant to the statutory tax rate or rate prescribed by substantive legislation as of the reporting date.

Deferred income tax is recognized and determined from the temporary differences between the carrying amounts of assets and liabilities for purposes of financial reporting and their tax bases. Deferred income tax is not recognized for temporary differences arising from the following:

1) Assets or liabilities that are not initially recognized in a business combination and do not affect the accounting profit or taxable income (or loss) at the time of the transaction;
2) Temporary differences arising from investments in subsidiaries, associates and joint ventures where the Company can control the timing of the reversal of the temporary difference and where it is most likely that the temporary difference will not reverse in the foreseeable future; and
3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in the next reporting period, with deductible temporary differences, to the extent that taxable income will most likely be available in the future. Deferred income tax assets are reassessed on subsequent reporting dates on which such assets may be written down to the extent that the relevant income tax benefit will be less likely to be realized and on which such write-down may be reversed to the extent that it appears sufficient taxable income will most likely be available.

Deferred income tax is measured based on the tax rate at the time the temporary difference is expected to be reversed, using the statutory tax rate or rate prescribed by substantive legislation.

Deferred income tax assets and deferred income tax liabilities are offset only if both of the following conditions are met:

1) There is a right by law to offset the period's income tax assets and income tax liabilities; and
2) The deferred income tax assets and deferred income tax liabilities pertain to one of the following taxable entities which are subject to income taxation by the same taxing authority:
   a) the same taxable entity; or
   b) different taxable entities, provided that each entity intends to settle each period's income tax liabilities with the period's income tax assets on a net basis, or to realize such assets and settle such liabilities at the same time, in each future period in which significant amounts of deferred income tax assets and significant amounts of deferred income tax liabilities are expected to be recovered and settled respectively.

(19) Earnings Per Share

The Company accounts for the basic and diluted earnings per share attributable to equity holders of the Company's common stock. The basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. The diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common stock by the weighted-average number of common shares outstanding, after adjusting each first for all the potential dilutive effects of the common shares.

(20) Segment Information

The Company has disclosed segment information in the consolidated financial statements and does not reiterate here in the individual financial statements.

5. KEY SOURCES OF UNCERTAINTY IN CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the within individual financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported. Actual outcomes may differ from the estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and recognizes changes in accounting estimates in the period of change and in the future periods affected.

The accounting policies which involve critical judgments and significantly affects the amounts recognized in the within individual financial statements are as follows:

1) Please refer to the consolidated financial statements for the year ended December 31, 2022, for determination whether the investee company has substantial control over its affairs.

The uncertainty inherent in the assumptions and estimates described as follows pose significant risks of material adjustments to the carrying amounts of assets and liabilities in the next financial year:

2) Valuation of inventory

   Because inventory is measured at the lower of cost or net realizable value, the Company evaluates the amount of inventory through normal wear and tear, obsolescence or having no market value as of the reporting date and writes down the cost of inventory to the net realizable value. Said inventory valuation is based primarily on the estimation of product demand in a specific period in the future and is subject to vary significantly due to rapid changes in the industry. Please refer to Note 6, (5), for estimates in inventory valuation.

   The Company's accounting policies and disclosures include the use of fair value to measure its financial or non-financial assets and liabilities. The Company verifies that independent sources of information approximate market conditions and that the sources of information are independent, reliable, consistent with other sources, and representative of executable prices. The Company regularly calibrates its valuation models, performs back testing, updates input values and information and any other necessary fair value adjustments as required by the valuation models to ensure that the outcome of the valuation is reasonable.

   The Company uses observable input from the market whenever possible to measure its assets and liabilities. The fair value hierarchy is based on the input values used in the valuation technique and is set forth as follows:

   Level 1: Publicly quoted price for the identical asset or liability in an active market (unadjusted).

Level 2: Except the publicly available quotation in Level 1, the input value for an asset or a liability is observable either directly (i.e., the price) or indirectly (i.e., derived from the price).

Level 3: The input value for an asset or a liability that is not based on observable market data (non-observable value)

If a transfer among the fair value hierarchy occurs, the Company recognizes it on the reporting date.

Please refer to Note 6, (20), for information related to the assumptions used to measure the fair value of financial instruments.

6. SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	12/31/2022	12/31/2021
Cash and cash equivalents	$ 663	548
Bank deposits - foreign currency and callable deposits	210,800	419,799
Bank deposits - time deposits	1,044,140	276,800
Cash and cash equivalents in the statement of cash flows	$ 1,255,603	697,147

1) The above cash and cash equivalents are not pledged as security.
2) Time deposits not fitting the definition of cash equivalents have been re-recognized in other financial assets – current. Please refer to Note 6(6).
3) Please refer to Note 6 (20) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

	12/31/2022	12/31/2021
Financial assets that must be measured at fair value through profit or loss:		
Fund beneficiary certificates	$ 381,000	-

1) Please refer to Note 6 (19) for the amount recognized in profit or loss based on fair value remeasurement.
2) The above financial assets are not pledged as security.

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

	12/31/2022	12/31/2021
Equity instruments measured at fair value through other comprehensive income:		
Domestic listed company stocks	$ -	2,595
Domestic unlisted company stocks	32,025	34,044
Total	$ 32,025	36,639

1) The Company holds these equity instruments not for trading purposes but as long-term strategic investments and have thus designated them as measured at fair value through other comprehensive income.
2) Please refer to Note 6 (20) for credit risk and market risk information.
3) The above financial assets are not pledged as security.

(4) Notes and Accounts Receivable

	12/31/2022	12/31/2021
Notes receivable	$ 2,081	3,066
Accounts receivable	425,634	377,336
Deduct: loss allowance	(14,443)	(1)
	$ 413,272	380,401

The Company takes a simplified approach to estimate expected credit losses for all notes and accounts receivable, which is to measure the expected credit losses over the life of the contract. For purposes of the measurement, these notes and accounts receivable are grouped, upon incorporation of prospective information, by the common credit risk characteristics that represent the customer's ability to pay all the amounts due under the terms of the contract. The aging analysis of the Company's notes and accounts receivable is as follows:

1) Group One

	12/31/2022		
	Accounts receivable carrying amount	**Weighted average expected credit loss ratio**	**Allowance for credit loss over life of contract**
Not past due	$ 371,260	0%	-
Past due 0-90 days	42,012	0%	-
Past due 90-180 days	-	0%	-
	$ 413,272		**-**

	12/31/2021		
	Accounts receivable carrying amount	**Weighted average expected credit loss ratio**	**Allowance for credit loss over life of contract**
Not past due	323,287	0%	-
Past due 0-90 days	57,113	0%	-
Past due 90-180 days	1	0%	-
Past due over 181 days	1	100%	1
	$ 380,402		**1**

2) Group Two

	12/31/2022		
	Accounts receivable carrying amount	**Weighted average expected credit loss ratio**	**Allowance for credit loss over life of contract**
Not past due	$ 6,285	100%	6,285
Past due 0-90 days	4,944	100%	4,944
Past due 90-180 days	3,214	100%	3,214
Past due over 181 days	-	0%	-
	$ 14,443		**14,443**

The changes in the allowances for loss on notes and accounts receivable were as follows:

	2022	**2021**
Balance, beginning of period	$ 1	628
Impairment loss recognized	14,442	-
Amounts written off as uncollectible during the year	-	(53)
Reversal of impairment loss	-	(574)
Balance, end of period	**$ 14,443**	**1**

As of December 31, 2022 and 2021, the Company had not pledged the aforementioned notes receivable and accounts receivable as collateral.

(5) **Inventories**

	12/31/2022	**12/31/2021**
Finished goods	$ 186,407	103,088
Work in progress	115,654	16,855
Raw materials	217,483	125,183
	$ 519,544	**245,126**

1) For the years ended on December 31, 2022 and 2021, the costs of inventories recognized as costs of goods sold were $3,680,695 thousand and $2,597,366 thousand, respectively. For the years ended on December 31, 2022 and 2021, the Company recognized losses of $11,864 thousand and $6,951 thousand, respectively, on the write-down of inventories to net realizable value.
2) As of December 31, 2022 and 2021, none of the Company's inventories were pledged as collateral.22

(6) **Other Financial Assets**

The breakdown of the Company's other financial assets is as follows:

	12/31/2022	**12/31/2021**
Current:		
Time deposits	**$ 7,260**	**7,226**

Please refer to Note 8 for information on pledges of other financial assets of the Company.

(7) Investments Accounted for Using the Equity Method

The Company's investments accounted for using the equity method as of the reporting date are as follows:

	12/31/2022	12/31/2021
Subsidiaries	$ 5,767,229	5,707,177
Associates	2,133,528	1,934,235
	$ 7,900,757	**7,641,412**

1) Subsidiaries

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

2) Information on associates of significant importance to the Company is as follows

Name of associate	Nature of relationship with the Company	Main business venue/country of incorporation	Percentage of ownership and voting rights 12/31/2022	Percentage of ownership and voting rights 12/31/2021
QNAP Systems, Inc.	Sales of network security monitoring and network storage & communication related products	Taiwan	24.44%	24.43%

The aggregate financial information for associates of significant importance to the Company, which has been adjusted for amounts reported in the associates' financial statements prepared per IFRS standards to reflect the fair-value adjustments made upon the Company's acquisition of equity interest in the associates and the adjustments for differences in accounting policies, is as follows:

Aggregate financial information for QNAP Systems, Inc.

	12/31/2022	12/31/2021
Current assets	$ 2,301,697	3,079,211
Non-current assets	7,663,244	6,892,010
Current liabilities	(1,311,110)	(2,167,235)
Non-current liabilities	(143,519)	(91,188)
Net assets	**$ 8,510,312**	**7,712,798**

	2022	2021
Operating revenue	**$ 4,926,063**	**6,112,009**
Net income of continuing operations for the period	$ 445,134	1,030,038
Other comprehensive income	631,893	(204,161)
Total comprehensive income	**$ 1,077,027**	**825,877**
Total comprehensive income attributable to the Company	**$ 268,342**	**205,459**

Carrying amount of equity held by the Company in the associate, beginning of period	$ 1,879,323	1,782,671
Total comprehensive income attributable to the Company for the period	268,342	205,459
Recognition of Changes in the associate	(134)	(1,872)
Dividends received from the associate during the period	(67,866)	(101,790)
The Company's share of the associate's net assets, end of period	2,079,665	1,884,468
Deduct: Unrealized write-off of sales benefits from side-stream sales transactions	6,440	4,745
Unrealized write-off of sales benefits from counterflow sales transactions	909	400
Carrying amount of equity held by the Company in the associate, end of period	**$ 2,072,316**	**1,879,323**

As of December 31, 2022, QNAP Systems, Inc., held 23,963 thousand shares of the Company's stock.

3) The aggregate financial information on associates of individual insignificant relationships with the Company, which has been included in the Company's individual financial statements, is as follows:

	12/31/2022	12/31/2021
Aggregate carrying amount of equity in individual insignificant associates, end of period	$ 61,212	54,912

	2022	2021
Attributable to the Company:		
Net income of continuing operations for the period	$ 6,758	1,155
Other comprehensive income	101	(4)
Total comprehensive income	$ 6,859	1,151
Dividends received by the Company	$ 559	-

4) Collateral

As of December 31, 2022 and 2021, none of the Company's investments accounted for under the equity method was pledged as collateral.

(8) **Property, Plant and Equipment**

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

	Land	Premises & Buildings	Machinery & Equipment	Other Equipment	Total
Cost or deemed cost:					
Balance on 01/01/2022	$ 274,601	297,405	15,780	225,390	813,176
Reclassification of prepayment	2,000	-	-	-	2,000
Additions	-	153	939	27,456	28,548
Disposal	-	-	(1,380)	(2,503)	(3,883)
Balance on 12/31/2022	$ 276,601	297,558	15,339	250,343	839,841
Balance on 01/01/2021	$ 305,492	421,254	14,642	203,065	944,453
Reclassification to investment property	(30,891)	(70,997)	-	-	(101,888)
Additions	-	281	1,568	43,832	45,681
Disposal	-	(53,133)	(430)	(21,507)	(75,070)
Balance on 12/31/2021	$ 274,601	297,405	15,780	225,390	813,176
Depreciation and impairment loss:					
Balance on 01/01/2022	$ -	77,698	10,630	183,907	272,235
Annual depreciation	-	12,263	1,752	24,952	38,967
Disposal	-	-	(918)	(2,503)	(3,421)
Balance on 12/31/2022	$ -	89,961	11,464	206,356	307,781
Balance on 01/01/2021	$ -	134,211	9,227	180,805	324,243
Reclassification to investment property	-	(17,098)	-	-	(17,098)
Annual depreciation	-	13,718	1,794	24,609	40,121
Disposal	-	(53,133)	(391)	(21,507)	(75,031)
Balance on 12/31/2021	$ -	77,698	10,630	183,907	272,235
Carrying amount:					
December 31, 2022	$ 276,601	207,597	3,875	43,987	532,060
January 1, 2021	$ 305,492	287,043	5,415	22,260	620,210
December 31, 2021	$ 274,601	219,707	5,150	41,483	540,941

1) Please refer to Note 6, (19), for the Company's gains or losses on disposal of property, plant and equipment.

2) As of December 31, 2022 and 2021, none of the Company's property, plant or equipment was pledged as collateral.

3) Reclassification to investment property

In October 2021 and November 2021, respectively, the Company leased some of its offices to an associate and reclassified the real property as investment property at the cost of the change of use.

(9) **Right-of-Use Assets**

The changes in the cost, depreciation and impairment losses of the premises and buildings leased by the Company are as follows:

	Premises and Buildings
Cost of right-of-use assets:	
Balance on January 1, 2022	$ 20,383
Additions	20,383
Reductions	(20,383)
Balance on December 31, 2022	**$ 20,383**
Balance on January 1, 2021	$ 20,383
Balance on December 31, 2021	**$ 20,383**
Depreciation and impairment losses of right-of-use assets:	
Balance on January 1, 2022	$ 17,446
Annual depreciation	6,794
Reductions	(20,383)
Balance on December 31, 2022	**$ 3,857**
Balance on January 1, 2021	$ 10,651
Annual depreciation	6,795
Balance on December 31, 2021	**$ 17,446**
Carrying amount:	
December 31, 2022	**$ 16,526**
January 1, 2021	**$ 9,732**
December 31, 2021	**$ 2,937**

(10) **Investment Properties**

	Land and Improvements	Premises and Buildings	Total
Cost or deemed cost:			
Balance on January 1, 2022	$ 196,925	266,160	463,085
Balance on December 31, 2022	**$ 196,925**	**266,160**	**463,085**
Balance on January 1, 2021	$ 166,034	195,163	361,197
Transferred from Property, Plant and Equipment	30,891	70,997	101,888
Balance on December 31, 2021	**$ 196,925**	**266,160**	**463,085**
Depreciation and impairment losses:			
Balance on January 1, 2022	$ -	68,163	68,163
Annual depreciation	-	6,228	6,228
Balance on December 31, 2022	**$ -**	**74,391**	**74,391**
Balance on January 1, 2021	$ -	46,124	46,124
Transferred from Property, Plant and Equipment	-	17,098	17,098
Annual depreciation	-	4,941	4,941
Balance on December 31, 2021	**$ -**	**68,163**	**68,163**
Carrying amount:			
December 31, 2022	**$ 196,925**	**191,769**	**388,694**
January 1, 2021	**$ 166,034**	**149,039**	**315,073**
December 31, 2021	**$ 196,925**	**197,997**	**394,922**
Fair value:			
December 31, 2022			**$ 1,275,876**
December 31, 2021			**$ 920,258**

1) The fair value of investment properties is assessed based on the Company's evaluation using the comparative method with reference to information such as real estate agency transaction quotations and the transaction price registry maintained by the Ministry of the Interior. The input values used in the fair value valuation technique are classified as Level 3.
2) In 2021, the Company decided to lease some of its offices to an associate and thus transferred the property from property, plant and equipment to investment properties (please refer to Note 6(8)).
3) As of December 31, 2022 and 2021, none of the Company's investment properties was pledged as collateral.

(11) **Lease Liabilities**

The Company's lease liabilities are as follows:

	12/31/2022	12/31/2021
Current	$ 6,931	3,011
Non-current	$ 10,298	-

Please refer to Note 6 (20) "Financial Instruments", for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 217	123
Expenses relating to short-term leases	$ 850	1,965

The amounts recognized in the Statement of Cash Flows are as follows:

	2022	2021
Total cash outflow for leases	$ 7,232	8,959

Lease of land, premises and buildings

On April 15, 2022, and September 1, 2022, respectively, the Company leased premises and buildings for use as factory for a period of one year with the option to extend, at the end of the lease, for another contractual period identical to that of the original.

(12) **Operating Leases**

The leasing out of investment properties by the Company is classified as operating leases because, as described in Note 6(10), "Investment Properties," it does not transfer nearly all of the risks and rewards associated with the ownership of the subject assets to the lessee.

The maturity analysis of lease payments for accounting of the total undiscounted lease payments to be received in the future is shown in the following table:

	12/31/2022	12/31/2021
Less than one year	$ 10,129	10,268
Total undiscounted lease payments	$ 10,129	10,268

Rental income generated by investment properties amounted to $15,050 thousand and $12,400 thousand for the years ended on December 31, 2022 and 2021, respectively.

(13) **Employee Benefits**

1) Defined benefit plans

A reconciliation of the present value of the Company's defined benefit obligation to the fair value of plan assets is as follows:

	12/312022	12/31/2021
Present value of defined benefit obligation	$ 2,028	35,233
Fair value of plan assets	(10,121)	(44,044)
Net defined benefit liability (assets)	$ (8,093)	(8,811)

The Company's defined benefit plan is contributed to the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement payment for each employee under the Labor Standards Law is calculated based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

a) Plan assets composition

The Company's retirement fund under the Labor Standards Act is managed by the Ministry of Labor, Bureau of Labor Funds. According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of the date of reporting, the balance in the Company's labor pension reserve funds account in the Bank of Taiwan's was $10,121 thousand. Please visit the Bureau of Labor Funds' website for information on the utilization of the labor retirement fund assets including the fund yield and fund asset allocation.

b) Changes in the present value of the defined benefit obligation

The changes in the present value of the Company's defined benefit obligation for the years ended on December 31, 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligation, January 1	$	35,233	51,001
Service cost and interest for the period		182	267
Remeasurement of net defined benefit liability (assets)			
- Actuarial gains and losses resulting from experiential adjustments		5,341	(14,491)
- Actuarial gains and losses resulting from changes in financial assumptions		(508)	(823)
Plan benefit payments		(38,220)	(721)
Defined benefit obligation, December 31	$	2,028	35,233

c) Changes in the fair value of plan assets

The changes in the current value of the Company's defined benefit plan assets for the years ended on December 31, 2022 and 2021, were as follows

		2022	2021
Fair value of plan assets, January 1	$	(44,044)	(42,966)
Interest income		(230)	(134)
Remeasurement of net defined benefit liability (assets)			
- Return on plan assets (excluding interest for the period)		(3,439)	(685)
Amount contributed to the plan		(628)	(980)
Plan benefit payments		38,220	721
Fair value of plan assets, December 31	$	(10,121)	(44,044)

d) Expenses recognized in profit or loss

For the years ended on December 31, 2022 and 2021, the Company reported the following expenses:

		2022	2021
Service cost for the period	$	-	108
Net interest on net defined benefit liabilities		(48)	24
	$	(48)	132
Operating costs	$	(12)	13
Marketing expenses		(15)	51
Management expenses		(23)	29
Research and development expenses		2	39
	$	(48)	132

e) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities cumulatively recognized by the Company in other comprehensive income was as follows:

		2022	2021
Cumulative balance on January 1	$	(716)	(13,515)
Recognized profit (loss) for the period		(1,115)	12,799
Cumulative balance on December 31	$	(1,831)	(716)

f) Actuarial assumptions

The key actuarial assumptions taken to determine the present value of the Company's defined benefit obligation at the end of the financial reporting period are as follows:

	12/31/2022	12/31/2021
Discount rate	1.7744%	0.5170%
Future salary increase rate	1.25%	1.25%

The Company expects to contribute $86 thousand to the defined benefit plan within one year from the reporting date in 2022.

The weighted-average duration of the defined benefit plan is 22.42 years.

g) Sensitivity analysis

The calculation of the present value of the defined benefit obligation requires the Company to exercise judgment and estimation to determine the pertinent actuarial assumptions on the date of the balance sheet. Subject considered includes discount rates, employee turnover rates and future salary changes. Any changes in actuarial assumptions could materially affect the amount of the Company's defined benefit obligation.

The effect of changes in the key actuarial assumptions as of December 31, 2022 and 2021, on the present value of the defined benefit obligation is as follows:

		Effect on the defined benefit obligation	
		Increase	**Decrease**
December 31, 2022			
0.5% change in discount rate	$	(209)	237
1% change in future salary increase rate		498	(395)
December 31, 2021			
0.5% change in discount rate		(1,922)	2,085
1% change in future salary increase rate		4,204	(3,648)

The foregoing sensitivity analysis assesses the effect of changes in each individual assumption ceteris paribus. In reality, changes in multiple assumptions may intertwine. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liabilities in the balance sheet. The methodology used and assumptions taken in the sensitivity analysis in the current period are the same as those used in the previous period.

2) Defined contribution plans

Pursuant to the Labor Pension Act, the Company contributes 6% of each employee's monthly wages under the defined contribution plan to an individual labor pension account administered by the Bureau of Labor Insurance. Upon contributing the specific amount to the Bureau of Labor Insurance under the plan, Company has no further legal or constructive obligation for any additional payments.

For the years ended on December 31, 2022 and 2021, the Company’s pension expenses under the defined contribution pension plan were $16,084 thousand and $17,191 thousand, respectively, which have been transferred to the Bureau of Labor Insurance.

(14) **Income Tax**

1) The breakdown of the Company’s income tax expenses for the years ended on December 31, 2022 and 2021, is as follows:

		2022	**2021**
Income tax expenses for the period			
Incurred in current period	$	241,839	44,932
Tax on unappropriated earnings		8,884	26,373
Adjustment for prior periods		(14,308)	(29,290)
		236,415	42,015
Deferred income tax expenses			
Origination/reversal of temporary differences		15,849	69,856
Income tax expenses	$	252,264	111,871

2) A reconciliation of the Company’s income tax expenses to net income before income tax for the years ended on December 31, 2022 and 2021, is as follows:

		2022	**2021**
Net income before income tax	$	1,744,453	977,816
Income tax based on the Company’s domestic tax rate		348,891	195,563
Tax-exempt income		(396)	(359)
Investment benefits under the equity method		(49,302)	(77,674)
Non-deductible expenses		-	7
Under(over)estimate for prior periods		(14,308)	(29,290)
Tax on unappropriated earnings		8,884	26,373
Tax-deductible offshore income		(41,510)	-
Others		5	(2,749)
	$	252,264	111,871

3) Deferred income tax assets and liabilities

a) Unrecognized deferred income tax assets

The following is not recognized as deferred income tax assets:

	12/31/2022	12/31/2021
Investment deduction	$ 22,893	22,585

Investment tax credits for investments in equipment, technology, research and development, and personnel training are deducted from net income for the current year in accordance with the Statute for Industrial Innovation before income tax is applied. These items are not recognized as deferred income tax assets because there is significant uncertainty in the assessment of the realization of these investment tax credits.

b) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for the years ended on December 31, 2022 and 2021, were as follows:

Deferred income tax assets:

	Allowance for post-sale service liabilities	Deferred income	Allowance for decline in value of inventory	Others	Total
January 1, 2022	$ 2,651	2,582	9,120	7,801	22,154
(Debit) Credit in income statement	1,042	7,376	2,034	1,755	12,207
December 31, 2022	**$ 3,693**	**9,958**	**11,154**	**9,556**	**34,361**
January 1, 2021	$ 2,796	9,776	8,022	5,818	26,412
(Debit) Credit in income statement	(145)	(7,194)	1,098	1,983	(4,258)
December 31 2021	**$ 2,651**	**2,582**	**9,120**	**7,801**	**22,154**

Deferred income tax liabilities:

	Subsidiaries' undistributed earnings	Defined benefit retirement plan	Others	Total
January 1, 2022	$ 889,750	3,604	-	893,354
(Debit) Credit in income statement	27,719	135	202	28,056
(Debit) Credit in other comprehensive income	-	(279)	-	(279)
December 31, 2022	**$ 917,469**	**3,460**	**202**	**921,131**
January 1, 2021	$ 824,944	234	(622)	824,556
(Debit) Credit in income statement	64,806	170	622	65,598
(Debit) Credit in other comprehensive income	-	3,200	-	3,200
December 31, 2021	**$ 889,750**	**3,604**	**-**	**893,354**

4) The Company's income tax returns have been cleared by the tax authorities through the year ending on December 31, 2020.

(15) **Capital and Other Equity**

As of December 31, 2022 and 2021, the total authorized capital stock of the Company was $3,500,000 thousand, with a par value of $10 per share for 350,000 thousand shares, in which 176,598 thousand shares have been issued. All issued shares were paid up upon issuance.

1) Capital surplus

The Company's capital surplus comprises the following:

	12/31/2022	12/31/2021
Additional paid-in capital	$ 46,223	46,223
From convertible bonds	730,821	730,821
From treasury stock	13,187	13,187
From changes in net equity in affiliates	12,264	12,398
Others	17,942	17,696
	$ 820,437	820,325

2) Retained earnings

Pursuant to the Company's Articles of Incorporation, if there are any profits in the Company's annual final accounts, the Company shall reserve taxes to be paid, offset losses, set aside 10% of the remainder as the legal capital reserve, and set aside or reverse the special reserve as required by law. If there is any remaining balance, the Board of Directors shall prepare a proposal for the distribution of the surplus, together with the accumulated undistributed earnings, and submit it to the shareholders for resolution.

The Company is in a business growth phase. In response to the overall industry environment and for needs in business expansion, the future dividend distribution will be based on mid- to long-term capital budget planning, with the goal of pursuing a balanced dividend policy and stable and sustainable business development. The Board of Directors will consider the past issuance, industry standards and future operating capacity and other factors in formulating a proposal for dividends to shareholders. The total amount of dividends to shareholders shall not exceed 90% of the accumulated earnings available for distribution each year, of which the percentage of cash dividends shall not be less than 5% of the total amount of dividends to shareholders.

a) Legal capital reserve

When it has incurred no loss, the Company may distribute dividends in new shares or cash from the legal capital reserve by resolution at the shareholders' meeting. The distribution is limited to the portion of the reserve in excess of 25 percent of the paid-in capital.

b) Special capital reserve

In accordance with the regulations of the FSC, when it distributes distributable earnings, the Company shall set aside a special capital reserve equivalent to the current period’s net debit balance of the other components of the shareholders’ equity from the current period's profit or loss and the prior period's undistributed earnings. The amount of the debit balance in the other components of the shareholders' equity carried over from the prior period is not distributable from the special capital reserve set aside from the prior period’s undistributed earnings. If there is a reversal of the debit balance in other components of the shareholders' equity subsequently, the amount reversed may be distributed as distributable earnings.

c) Earnings distribution

At the annual shareholders’ meetings on June 14, 2022, and August 6, 2021, the Company resolved the appropriation of earnings for the years ended on December 31, 2021, and December 31, 2020, respectively, and the amounts of dividends distributed to shareholders were as follows:

	2021		2020	
	Per share (NT$)	Total	Per share (NT$)	Total
Dividends to common shareholders:				
Cash Dividends	$ 3.00	529,793	2.00	353,196

On March 10, 2023, the Board of Directors approved the appropriation of earnings for the year ended on December 31, 2022, and the amount of dividends to be distributed to shareholders is as follows

	2022	
	Per share (NT$)	Total
Dividends to common shareholders:		
Cash Dividends	$ 3.50	618,092

3) Other equity (net of tax)

		Exchange differences on translation of financial statements of overseas operations	Unrealized (loss) gain on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2022	$	(513,750)	(174,142)	(687,892)
Exchange differences arising from the translation of net assets of foreign operations		80,917	-	80,917
Unrealized (loss) gain on financial assets at fair value through other comprehensive income		-	(10,114)	(10,114)
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates		-	140,853	140,853
Share of exchange differences on translation attributed to affiliates		22,657	-	22,657
Balance, December 31, 2022	$	(410,176)	(43,403)	(453,579)

		Exchange differences on translation of financial statements of overseas operations	Unrealized (loss) gain on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2021	$	(472,411)	(132,077)	(604,488)
Exchange differences arising from the translation of net assets of foreign operations		(33,028)	-	(33,028)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income		-	3,158	3,158
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates		-	(45,223)	(45,223)
Share of exchange differences on translation attributed to affiliates		(8,311)	-	(8,311)
Balance, December 31, 2021	$	(513,750)	(174,142)	(687,892)

(16) **Earnings Per Share**

The calculations of the Company’s basic earnings per share and diluted earnings per share are as follows:

	2022	2021
Basic earnings per share (NT$)		
Net income attributable to holders of the Company's common stock	$ 1,492,189	865,945
Weighted-average number of outstanding common shares (in thousands)	176,598	176,598
	$ 8.45	4.90
Diluted earnings per share (NT$)		
Net income attributable to holders of the Company's common stock (after adjusting for the effects of dilutive potential ordinary shares)	$ 1,492,189	865,945
Weighted-average number of outstanding common shares (in thousands)	176,598	176,598
Effect of dilutive potential ordinary shares		
Effect of stock-based employee compensation	1,557	1,584
Weighted-average number of outstanding common shares (after adjusting for the effects of dilutive potential ordinary shares) (in thousands)	178,155	178,182
	$ 8.38	4.86

(17) **Revenue from Contracts with Customers**

1) Revenue sources

	2022	2021
Major markets:		
Domestic	$ 586,455	636,162
America	2,457,312	1,198,240
Europe	848,909	696,442
Asia	1,303,652	882,806
Others	42,478	38,258
	$ 5,238,806	3,451,908

2) Contract balances

	12/31/2022	12/31/2021	01/01/2021
Notes and Accounts Receivable	$ 427,715	380,402	363,033
Less: loss allowance	(14,443)	(1)	(628)
Total	$ 413,272	380,401	362,405
Contract liabilities – prepayment received	$ 184,035	256,487	162,757

Please refer to Note 6(4), for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities as of January 1, 2022 and 2021, were recognized as income in the amounts of $256,487 and $162,757, respectively, for the years ended on December 31, 2022 and 2021.

(18) **Remuneration for employees, directors and supervisors**

Pursuant to the Company's Articles of Incorporation, 5% to 20% of the annual profit shall be appropriated as compensation to employees and up to 3% as compensation to directors and supervisors. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' remuneration includes that of the employees of the Company’s subsidiaries which meet the predefined criteria.

For the years ended on December 31, 2022 and 2021, the estimated amount of employee compensation was $91,976 thousand and $62,016 thousand, respectively, and the estimated amount of director compensation was $3,300 thousand for each year. The estimated amounts were based on the Company's pre-tax net income for the respective periods, before deducting employee and director compensations, multiplied by the distribution percentages of employee and director compensations as prescribed in the Company's Articles of Incorporation, and reported as operating costs or operating expenses for the years ended on December 31, 2022 and 2021. If the amounts actually distributed differ from the estimated amounts in the ensuing year, the differences are deemed as changes in accounting estimate and recognized in profit or loss for the that year.

For the years ended on December 31, 2021 and 2020, the amount of employee compensation was $62,016 thousand and $72,739 thousand, respectively, and the amount of director or supervisor compensation was $3,300 thousand for each year, which did not differ from the actual distribution. Please visit the Market Observation Post System for relevant information.

(19) **Non-operating Income and Expenses**

1) Interest income

The Company’s interest income for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Interest income from bank deposits	$ 11,027	282
Other interest	-	-
	$ 11,027	282

2) Other income

The Company’s other income for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Rental income	$ 15,010	12,400
Dividends	647	1,581
Others	60,220	48,946
Total	$ 75,877	62,927

3) Other gains and losses

The Company's other gains and losses for the years ended on December 2022 and 2021, were as follows:

	2022	2021
Foreign exchange gains (losses)	$ 73,069	(2,958)
Net gains on financial assets at fair value through profit or loss	1,335	216
Gain on disposal of property, plant and equipment	1,384	386
Others	(7,047)	(4,989)
Total	$ 68,741	(7,345)

4) Financial costs

The Company's financial costs for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Interest expenses		
Other financial costs	$ 218	126

(20) **Financial Instruments**

1) Credit risk

a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount of credit risk.

b) Credit risk concentration

Because the Company sells globally, it does not have significant concentration of transactions with a single customer and has scattered sales regions, so there is no obvious concentration of credit risk on accounts receivable. It is the Company's policy to transact with creditworthy counterparties and to continue to monitor credit risk exposure and the credit ratings of the counterparties.

c) Credit risk with accounts receivable

Please refer to Note 6(4), for information on the credit risk exposure concerning notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables and other financial assets, among others. Please refer to Note 6(6), for information on relevant investments. All of these financial assts carry low credit risk, and, therefore, the allowance for loss is measured at the amount of expected credit loss for the 12-month period. The Company's time deposit institutions and trading and contractual counterparties are considered to have low credit risk because they are financial institutions with investment grade or above.

2) Liquidity risk

The following table shows the contract maturities for financial liabilities, including estimated interest but excluding the effect of netting agreements:

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years
December 31, 2022						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	$ 1,093,648	1,093,648	1,001,672	91,976	-	-
Lease liabilities	17,229	17,595	4,080	3,497	6,994	3,024
	$ 1,110,877	1,111,243	1,005,752	95,473	6,994	3,024
December 31, 2021						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	$ 840,468	840,468	840,468	-	-	-
Lease liabilities	3,011	3,024	2,587	437	-	-
	$ 843,479	843,492	843,055	437	-	-

The Company does not expect the timing of the cash flows in the maturity analysis to be significantly earlier or the actual amounts to be significantly different

3) Exchange rate risk

a) Exchange rate risk exposure

The Company's financial assets and liabilities that are exposed to significant foreign currency exchange rate risk are as follows:

	12/31/2022			12/31/2021		
	Foreign currency	Exchange Rate	NTD	Foreign currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD : NTD	$ 57,706	30.710	1,772,158	38,977	27.680	1,078,893
Financial liabilities						
Monetary items						
USD : NTD	23,410	30.710	718,933	19,375	27.680	536,292

b) Sensitivity Analysis

The exchange rate risk for the Company's monetary items arises primarily from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables, which generate foreign exchange grains or losses when translated. As of December 31, 2022 and 2021, if NTD had weakened or strengthened by 5% against the U.S. dollar, with all other factors held constant and the same assumption applied to both periods, net income would have decreased or increased by $42,129 thousand and $21,704 thousand, respectively, for the years ended on December 31, 2022 and 2021.

c) Exchange gains or losses on monetary items

As there is a variety of functional currencies within the Company, information on the foreign currency exchange gains or losses on monetary items is disclosed here in the aggregate. The realized and unrealized foreign exchange gains or losses (in parentheses) are $73,069 thousand and ($2,958) thousand, respectively, for the years ended on December 31, 2022 and 2021.

4) Interest rate risk

The Company's interest rate risk exposure of financial assets and financial liabilities is duscussed in the foregoing Liquidity Risk section in this note.

The flunctuation rate used in internal reporting of interest rates to the Company’s key management is a five basis point in increase or decrease, which also represents management's expectation of the reasonably possible fluctuation in interest rates

If interest rates had increased or decreased by 5 basis points, with all other factors held constant, the Company's net income would have decreased or increased by $84 thousand and $168 thousand for the years ended on December 31, 2022 and 2021, respectively.

5) Other price risk

The effects on comprehensive income of changes in commodity prices or equity securities prices, with all other factors held constant, as of the reporting dates for the following periods, which are analyzed on the same basis for both periods, are as follows

	2022		2021	
Securities prices as of reporting date	Other comprehensive income, after tax	Net income	Other comprehensive income, after tax	Net income
Increase 5%	$ 1,601	19,050	1,832	-
Decrease 5%	$ (1,601)	(19,050)	(1,832)	-

6) Fair value analysis

a) Types of financial intruments and fair values

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values, including fair value hierarchy information, of different types of financial assets and financial liabilities are presented as follows (the carrying amount of a financial instrument not carried at fair value is a reasonable approximation of fair value, and the disclosure of fair value information on lease liabilities is not required under the regulations):

	12/31/2022				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Fund beneficiary certificate	$ 381,000	381,000	-	-	381,000
Financail assets at fair value through other comprehensive income					
Domestic unlisted stocks	$ 32,025	-	-	32,025	32,025
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,255,603	-	-	-	-
Notes and accounts receivables (including related parties)	670,879	-	-	-	-
Other receivables - related parties	11,694	-	-	-	-
Other financial assets	7,260	-	-	-	-
Total	1,945,436	-	-	-	-
Finanacial liabilities at amortized cost					
Notes and accounts receivables (including related parties)	$ 817,395	-	-	-	-
Other receivables - related parties	276,253	-	-	-	-
Lease liabilities	17,229	-	-	-	-
Total	1,110,877	-	-	-	-

	12/31/2021				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financail assets at fair value through other comprehensive income					
Domestic listed stocks	$ 2,595	2,595	-	-	2,595
Domestic unlisted stocks	34,044	-	-	34,044	34,044
Total	36,639	2,595	-	34,044	36,639
Financial assets at amortized cost					
Cash and cash equivalents	$ 697,147	-	-	-	-
Notes and accounts receivables (including related parties)	538,869	-	-	-	-
Other receivables - related parties	12,844	-	-	-	-
Other financial assets	7,226	-	-	-	-
Total	1,256,086	-	-	-	-
Finanacial liabilities at amortized cost					
Notes and accounts receivables (including related parties)	$ 596,890	-	-	-	-
Other receivables - related parties	243,578	-	-	-	-
Lease liabilities	3,011	-	-	-	-
Total	843,479	-	-	-	-

b) Fair value valuation techniques for financial instruments not carried at fair value

The methods and assumptions used by the Company to estimate values of instruments that are not measured at fair value are as follows:

A) Financial assets measured at amortised cost and financial liabilities measured at amortised cost

If information on relevant transactions or quotations from the market maker is available, the most recent transaction price and quotation information will be used as the basis for assessing the fair value. If market values are not available, the valuation techniques will be used, i.e., to assess the fair value using the valuation method and assumptive discounted cash flow for estimation.

c) Fair value valuation techniques for financial instruments carried at fair value

A) Non-dirivative financial instruments

If there is a public quotation on a financial instrument in the active market, the fair value of the instrument will be based on the quotation. The fair values of listed equity instruments and of debt instruments with quotations in the active market are based on the market prices announced by the major exchanges and, for instruments that are deemed popular, by the government bond OTC trading locations.

A financial instrument has a public quotation in the active market if quotations can be obtained, timely and routinely, from exchanges, brokers, underwriters, industry associations, pricing services or the competent authority and if the price represents those of actual and normal fair market transactions. If the aforementioned conditions are not met, the market is considered inactive. Generally, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Except the aforementioned financial instruments with quotes in active markets, the fair values of all other financial instruments are obtain ed using the valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through the valuation techniques may be determined by reference to the current fair values of other financial instruments with similar substantive conditions and characteristics, or using the discounted cash flow method, or using other valuation techniques, including computation using models built on market information available as of the date of the consolidated balance sheet.

d) Transfer between Level 1 and Level 2: None.

e) Table of changes in Level 3

	At fair value through other comprehensive income Financial instruments without public quotation
January 1, 2022	$ 34,044
Total gains or losses	
Recognized in other comprehensive income	(10,114)
Reclassification	2,595
Purchase	6,000
Cash capital reduction	(500)
December 31, 2022	**$ 32,025**
January 1, 2021	$ 35,033
Total profit or loss	
Recognized in other comprehensive income	1,711
Cash capital reduction	(2,700)
December 31, 2021	**$ 34,044**

The foregoing total gains or losses was reported in "unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income." Of these, the following related to the assets owned as of December 31, 2022 and 2021:

	2022	**2021**
Total gains or losses		
Recognized in other comprehensive income (reported in "Unrealized valuation gains (losses) on fanacial assets at fair value through other comprehensive income)")	$ (10,114)	1,711

f) Quantitative information on fair value measurements of significant unobservable input (Level 3)

The Company's fair value measurements classified as Level 3 apply primarily to financial assets measured at fair value through other comprehensive income - equity securities investments.

The majority of the Company's fair values that are classified as Level 3 have only one single significant unobservable input, and only investments in equity instruments without an active market have multiple significant unobservable inputs. Significant unobservable inputs to investments in equity instruments with no active market are not correlated with one another as they are independent of any other.

The quantitative information of significant unobservable input values is listed below:

Assets	Valuation technique	Significant unobservable input	Relationship between signification unobservable input and fair value
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Discounted cash flow Approach Asset Approach Market Approach-valuation multiples of comparable listed company	‧Weighted average capital cost (7.50%~13.16% for both years) ‧Lack of market liquidity discount (20% for both years) ‧Minority interest discount (18.57%~21.30% for both years) ‧Price-Book ratio (1.38~ 1.74 for both years) ‧Price to Sales ratio (1.08~1.71 for both years)	· The higher the weighted average capital cost, minority interest discount and deficient liquidity discount, the lower the fair value. · The lower the multiplier, the lower the fair value

g) Analysis of sensitivity of fair values to reasonably possible alternatives for Level 3 fair value measurement

The Company's fair value measurements of financial instruments may differ if different valuation models or valuation parameters are used.

(21) **Financial Risk Management**

1) Overview

The Company is exposed to the following risks due to the use of financial instruments:

a) Credit risk

b) Liqiudity risk

c) Market risk

This Note presents information on the Company's exposure to each of the risks in the above and the Company's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the individual financial statements.

2) Risk management framework

The Board is fully responsible for and oversees the risk management of the Company. The Board is responsible for and controls the Company's risk management policies and reports regularly to the directors on its operations.

The Company's risk management policy is established to identify and analyze the risks faced by the Group, to set appropriate risk limits and control, and to monitor risks and compliance with risk limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the Company's risk management framework with respect to the risks it faces. Internal auditorial personnel assists the Company's Audit Committee in its oversight role. Said personnel conduct regular and non-regular reviews of risk management controls and procedures and report the results of these reviews to management.

3) Credit risk

Credit risk is the risk of financial loss arising from the failure of the Company's customers or financial instrument counter-parties to meet their contractual obligations. It is inherent primarily in the Company's accounts receivable from customers and bank deposits.

a) Accoutns receivable and other receivables

It is the Company's policy to transact only with reputable or long-standing counterparties and with businesses that are rated as investment grade or above based on information provided by independent rating agencies. If rating information is not available, the Company will use other publicly available financial information and transaction records to rate key customers. The Company monitors credit risk exposures and counterparty credit ratings on an ongoing basis, and it disperses the total transaction volumn over customers with qualified credit ratings and controls exposures to credit risk by reviewing counterparty credit limits annually.

b) Investments

The credit risk in bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Company's finance department. The Company's transactional and contractual counter-parties are financial institutions, corporate organizations and government agencies with outstanding credit ratings so as to cast no significant doubt about their performance and, thus, to give rise to no significant credit risk.

c) Guarantee

The Company had not provide any endorsement or guarantee as of December 31, 2022 and 2021.

4) Liquidity risk

The Company manages and maintains sufficient amounts of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. All of he non-dirivative financial intruments for which the Company has definitive repayment dates are financial liabilities due in one year (including mostly short-term borrowings, notes and accounts payables, accounts payable – related parties, other payables and other payables – related parties). At current, the Company has sufficient capital and working capital to meet all of its contractual obligations and, thus, is not exposed to liquidity risk which might arise from its inability to raise capital to meet contractual obligations. As of December 31, 2022 and 2021, the Company had unused financing facilities of $500,000 thousand and $300,000 thousand, respectively.

5) Market risk

Market risk is the risk that subjects the Group's earnings or the values of the financial intruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity intruments. The objective of market risk management is to control the degree of exposure to market risk within acceptable levels and to optimize investment returns. The Company's market risk management practices are as follows:

a) Exchange rate risk

The Company is exposed to exchange rate risk in the sales, purchase and borrowing transactions that are not denominated in a functional currency. The principal currencies in which these transactions are denominated are NTD and the U.S. dollar.

When there is a short-term imbalance in a monetary asset or liability denominated in one of the other foreign currencies, the Company purchases or sells the foreign currency at the prevailing exchange rate to ensure that the net risk exposure is maintained at an acceptable level.

b) Interest rate risk

The Company's policy is to adopt a fixed interest rate for time deposit. Considering that market interest rates at present are relatively low, the Company has not entered into any interest rate swap contracts. However, it may consider using interest rate swap to reduce risk should the interest rates rise.

c) Other market risk

The Company is exposed to equity price risk due to its investments in listed equity securities. The equity investments are not held for trading and are for strategic porposes. The Company does not actively trade these investments, and its management manages the risk by maintaining a investment portfolio with different risks.

(22) **Capital Management**

The Company's objectives in capital management are to ensure the ability to continue as a going concern in order to continue to provide compensations to shareholders and profits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company may maintain or adjust its capital structure by adjusting the dividends paid to shareholders, reducing capital with refunds to shareholders, or issuing new shares.

As standard practice in the industry, the Company bases its capital control on the liability to capital ratio. This ratio is calculated by dividing net liability by total capital. Net liability is total liabilities as shown in the balance sheet less cash and cash equivalents. Total capital is the sum of all components of equity (i.e., capital stock, capital surplus, retained earnings and other equity) plus net debt.

The Company's capital management strategy was consistent through the years ended on December 31, 2022 and 2021. The liability-to-capital ratio as of December 31, 2022 and 2021 were as follows:

	12/31/2022	12/31/2021
Total liabilities	$ 2,617,637	2,173,425
Less: cash and cash equivalents	(1,255,603)	(697,147)
Net liability	$ 1,362,034	1,476,278
Total equity	$ 9,232,083	8,036,377
Liability to capital ratio	14.75%	18.37%

7. RELATED PARTY TRANSACTIONS

(1) Related Party Names and Categories

The related parties who had transactions with the Company’s subsidiaries and those others with whom the Company had transactions during the period covered by the within individual financial statement were as follows:

Related Party Name	Relationship
BriteMED Technology Inc.	Subsidiary
IEI Halza Health Intelligence Corp.	Subsidiary
Armorlink SH Corp.	Subsidiary
Ailean Technologies Corp.	Subsidiary
ASH ENERGY GROUP LIMITED	Subsidiary
IEI Technology (Shanghai)Co., Ltd.	Subsidiary
Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary
ICP Electronics Limited	Subsidiary
Internet Application Technology Ltd.	Subsidiary
Fortunetec International Corp.	Subsidiary
Rich Excel Corporation Holdings Limited	Subsidiary
IEI Technology USA Corporation	Subsidiary
Equilico Inc.	Subsidiary
Potency Inc.	Subsidiary
Suntend LLC	Subsidiary
QNAP Systems, Inc.	Associate
Oring Industrial Networking Corp.	Associate
Genevisio Co., Ltd.	Associate
Anewtech Systems Pte Ltd.	Associate
Acquire System Inc.	Associate
QNAP Inc. (USA)	Associate
QNAP Inc. (Canada)	Associate
QNAP Co., Ltd. (Japan)	Associate
QNAP GmbH	Associate
QNAP UK Limited	Associate
QNAP HK Limited	Associate

(2) Significant Transactions with Related Parties

1) Operating revenue

The Company's significant sales to related parties were as follows:

	2022	2021
Subsidiary – IEI Technology USA Corporation	$ 1,563,419	409,353
Subsidiaries	284,995	291,563
Associates	54,820	31,963
	$ 1,903,234	732,879

The terms of sales to subsidiaries and affiliates were not significantly different from the normal sales prices. The collection period with related parties was 30 to 90 days from month to month.

2) Purchases

The Company's purchases from related parties were as follows:

	2022	2021
Armorlink SH Corp.	$ 2,258,426	1,637,560
Subsidiaries	139	700
Associates	101,168	198,182
	$ 2,359,733	1,836,442

The purchase prices that the Company paid to the associates were not significantly different from that paid to other vendors in general.

3) Receivables and payables

The Company’s receivables from, and payables to, related parties were as follows:

Account Item	Relationship	12/31/2022	12/31/2021
Receivable	Subsidiary – IEI Technology USA Corporation	$ 205,839	122,420
Receivable	Subsidiary – BriteMED Technology Inc.	43,483	30,259
Receivable	Associates	8,285	5,789
		$ 257,607	158,468
Other receivable	Subsidiary – Armorlink SH Corp.	$ 9,837	10,573
Other receivable	Subsidiaries	800	1,093
Other receivable	Associates	1,057	1,178
		$ 11,694	12,844
Payable	Subsidiary – Armorlink SH Corp.	$ (364,068)	(399,595)
Payable	Subsidiaries	(87)	(166)
Payable	Associates	(18,025)	(15,215)
		$ (382,180)	(414,976)
Other payable	Subsidiaries	$ (4,627)	(1,789)
Other payable	Associates – QNAP Systems, Inc.	(11,690)	(2,141)
Other payable	Associates	(159)	(316)
		$ (16,476)	(4,246)

As of December 31, 2022 and 2021, none of the Company’s accounts receivable or other receivables from related parties was overdue, and it did not expect any credit losses.

4) Prepayments

The Company's prepayments to related parties, recorded as other current assets, were as follows:

	12/31/2022	12/31/2021
Subsidiary – Armorlink SH Corp.	$ 18,239	20,553

5) Contractual liabilities

The Company's contractual liabilities to related parties were as follows

	12/31/2022	12/31/2021
Subsidiary – IEI Technology USA Corporation	$ 20,438	9,535
Associates	6,663	-
	$ 27,101	9,535

6) Property transactions

a) Acquisition of property, plant and equipment

The acquisition prices of the property, plant and equipment of the Company from related parties are summarized as follows:

	2022	2021
Subsidiary – IEI Technology USA Corporation	$ -	130

b) Disposal of property, plant and equipment

The disposal prices of the property, plant and equipment of the Company to related parties are summarized as follows:

	2022	2021
Associate – QNAP Systems, Inc.	$ -	50

7) Lease

a) Lessees

Item	Relationship	2022	2021
Lease income	Subsidiary – BriteMED Technology Inc.	$ 5,771	3,257
Lease income	Subsidiaries	123	211
Lease income	Associate – QNAP Systems, Inc.	8,023	6,480
Lease income	Associates	493	-
		$ 14,410	9,948

b) Lessors

In April and September, 2022, the Company leased a factory from related party – QNAP Systems, Inc. and entered into a lease agreement upon referencing the rental quotes in the geographic area. At the time of acquisition, a right-to-use asset and a lease liability, of $20,383 thousand each, were recognized. Interest expenses of $217 thousand and $123 thousand were recognized in the years ended on December 31, 2022 and 2021, respectively, and the balance of lease liabilities were $17,229 thousand and $3,011 thousand as of December 31, 2022 and 2021, respectively.

8) Other transactions

Account Item	Relationship	2022	2021
Other income	Subsidiary – Armorlink SH Corp.	$ 9,874	10,600
Other income	Subsidiaries	5,465	5,539
Other income	Associate – QNAP Systems, Inc.	12,021	11,592
Other income	Associates	2,852	2,836
Manufacturing and operating expenses	Subsidiaries	(20,016)	(5,105)
Manufacturing and operating expenses	Associates	(35,982)	(15,392)
		$ (25,786)	10,070

(3) **Key Management Personnel**

Remuneration of key management personnel included:

	2022	2021
Short-term employee benefits	$ 34,542	34,445
Post-employment benefits	729	788
	$ 35,271	35,233

8. PLEDGED ASSETS

The carrying values of the assets pledged by the Company were as follows:

Asset name	Collateral Pledged for	12/31/2022	12/31/2021
Other financial assets – current	Tax payable for release-first-tax-later imported goods	$ 7,260	7,226

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS: NONE.

10. LOSS DUE TO MAJOR DISASTER: NONE.

11. SIGNIFICANT POST-PERIOD EVENTS: NONE.

12. OTHER MATTERS

The employee benefits, depreciation, depletion and amortization expenses are summarized by function as follows:

Function / Nature	2022			2021		
	Cost of sale	Operating expenses	Total	Cost of sale	Operating expenses	Total
Employee benefit expense						
Salaries and Wages	24,399	390,678	415,077	21,870	411,374	433,244
Labor and Health Insurance	2,246	28,389	30,635	1,961	30,532	32,493
Pension	954	15,082	16,036	818	16,505	17,323
Directors' remuneration	-	3,300	3,300	-	3,300	3,300
Other employee benefits	693	10,361	11,054	583	11,242	11,825
Depreciation	9,408	36,353	45,761	9,885	37,031	46,916
Amortization	-	19,069	19,069	-	17,264	17,264

The depreciation expense in the above does not include the amount of depreciation of investment properties, which is recorded as non-operating expenses in the amounts as follows:

	2022	2021
Depreciation of investment properties	$ 6,228	4,941

The Company′s number of employees and additional information on employee benefit expense for the years ended on December 31, 2022 and 2021, were as follows:

	2022	2021
Number of employees	371	404
Number of non-employee directors	6	6
Average employee benefit expense	$ 1,295	1,243
Average employee salaries and wages	$ 1,137	1,089
Adjustments to average employee salaries and wages	4.41%	20.33%
Supervisor remuneration	$ -	-

Information on the Company's employee compensation policy, applicable to directors, manages and employees, is provided as follows:

(1) **Directors**

Remuneration for directors, including independent directors, is provided at the rate pursuant to the Company's Articles of Incorporation and is paid annually. The compensation to directors for carrying out businesses is adjusted according to the degree of participation and value contributed by individual directors.

(2) **Managers and Employees**

1) According to the "Remuneration Committee Policy and Procedures", the Remuneration Committee of the Company establishes and regularly reviews the policies, systems, standards and structure concerning the compensation of its directors and managers, ensuring the compensations are consistent with industry norms.

2) When the Company is profitable it shall provide compensation to the employees at the rate as set forth in its Article of Incorporation.

3) The Company has established a "Wage Management System" which specifies the recurring salary structure for employees to be the basis for employee salaries. In addition, dependent on its operating performance and profit making, the Company distributes year-end bonuses calculated according to the performance of individual departments and employees. It also has established a salary adjustment mechanism based on such performance to provide employees with adequate salaries and benefits.

13. ADDITIONAL DISCLOSURE

(1) **Material Transactions**

Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company should disclose information regarding material transactions for the year ended on December 31, 2022, as follows:

1) Loans to other parties

In thousands of NTD

	No. (Note 1)	Name of lender	Name of borrower	Account Item	Related party	Maximum balance for the period (Note 2)	Ending balance (Note 2)	Amount actually drawn in the period (Note 2)	Interest rate	Nature for financing	Transaction amount for business	Reason for financing	Allowance for loss	Collateral		Financing limit for each borrowing company (Note 3)	Total financing limit (Note 1)
														Item	Value		
	1	Armorlink SH Corp.	Ailean Technologies Corp.	Other receivables – related party	Yes	21,644	-	-	-	Short-term financial assistance	-	Operating capital	-	None	-	411,682	411,682

Note 1: Items are ordered as follows:
1. 0 for issuer.
2. The investee companies are numbered individually in order, starting with the Arabic number 1.

Note 2: The amounts are calculated based on the exchange rate of RMB$1 = NTD$4.4094 at the end of December 2022.

Note 3: The financing limit for each borrowing company and total financing limit amount are limited to 40% of the lending company's net worth as in its most recent financial statements as of December 31, 2022.

Note 4: The above-listed transaction has been offset in preparing the Group's consolidated financial statements.

2) Endorsements and guarantees: None.

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures:

In thousands of NTD

Holder name	Marketable Securities type and name (Note 1)	Relationship with the issuer	Account Item	End of period				Maximum percentage of ownership held during the period	Note
				Shares/units in thousands	Carrying value	Percentage of ownership	Fair value		
IEI Integration Corp.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	15,722	200,391	- %	200,391	- %	
IEI Integration Corp.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,984	180,609	- %	180,609	- %	
IEI Integration Corp.	Hundure Technology Co. Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	497	2,380	4.78 %	2,380	4.78 %	

Holder name	Marketable Securities type and name (Note 1)	Relationship with the issuer	Account Item	End of period				Maximum percentage of ownership held during the period	Note
				Shares/units in thousands	Carrying value	Percentage of ownership	Fair value		
IEI Integration Corp.	Hua Da Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	3,382	10.00 %	3,382	10.00 %	
IEI Integration Corp.	Anteya Technology Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	-	5.26 %	-	5.26 %	
IEI Integration Corp.	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income or loss - non-current	309	-	0.41 %	-	0.41 %	
IEI Integration Corp.	Castec International Corp.	-	Financial assets at fair value through other comprehensive income or loss - non-current	2,400	26,263	6.60 %	26,263	6.60 %	

Note 1: "Marketable Securities" in this table refers to stocks, bonds, beneficiary certificates and other marketable securities derived from the aforementioned items that fall within the scope of IFRS 9, "Financial Instruments".

4) The cumulative amount of acquisition or disposal of the same marketable securities that exceeded $300 million or 20% of the paid-in capital.

In thousands of NTD

Company name	Marketable security Type and Name	Account	Counterparty	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/units (in thousands)	Amount	Shares/units (in thousands)	Amount	Shares/units (in thousands)	Amount	Carrying value	Gain/loss on disposal	Shares/units in thousands	Amount
IEI Integration Corp	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	38,577	490,0	22,855	290,335	290,000	335	15,722	200,391

Note: Amount at end of period includes valuation gains or losses of $391 thousand.

5) Acquisition of real properties in an amount that exceeded $300 million or 20% of the paid-in capital: None.

6) Disposal of real properties in an amount that exceeded $300 million or 20% of the paid-in capital: None.

7) Total purchase from or sales to related parties in an amount that exceeded $100 million or 20% of the paid-in capital:

In thousands of NTD

Company name	Related party	Relationship	Transaction detail				Abnormal transaction		Notes/accounts receivable or payable		Note
			Purchase/ sales	Amount	Percentage to total	Payment terms	Unit price	Payment terms	Ending balance	Percentage to total	
IEI Integration Corp.	BriteMED Technology Inc.	Subsidiary	Sales	(284,995)	(5.44) %	90 days	-	-	43,483	6.48%	
BriteMED Technology Inc.	IEI Integration Corp.	Ultimate parent company	Purchase	284,995	70.17 %	90 days	-	-	(43,483)	(54.90)%	
IEI Integration Corp.	IEI Technology USA Corporation	Subsidiary	Sales	(1,563,419)	(29.84) %	60 days	-	-	205,838	30.68%	
IEI Technology USA Corporation	IEI Integration Corp.	Ultimate parent company	Purchase	1,563,419	93.03 %	60 days	-	-	(205,838)	(91.91)%	
Armorlink SH Corp.	IEI Integration Corp.	Ultimate parent company	Sales	(2,258,426)	(53.64) %	60 days	-	-	364,068	43.09%	
IEI Integration Corp.	Armorlink SH Corp.	Subsidiary	Purchase	2,258,426	57.62 %	60 days	-	-	(364,068)	(44.54)%	
Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	Subsidiary	Sales	(1,256,433)	(29.84) %	60 days	-	-	343,673	40.68%	
IEI Technology (Shanghai) CO., Ltd.	Armorlink SH Corp.	Subsidiary	Purchase	1,256,433	97.01 %	60 days	-	-	(343,673)	(78.72)%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(431,630)	(10.25) %	60 days	-	-	120,441	14.26%	
Weibotong Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchase	431,630	100.00 %	60 days	-	-	(120,441)	(99.99)%	
QNAP Systems, Inc.	Armorlink SH Corp.	Associate	Sales	(195,094)	(3.96) %	60 days			84,764	9.99%	
Armorlink SH Corp.	QNAP Systems, Inc.	Associate	Purchase	195,094	6.59 %	60 days			(84,764)	(10.68)%	
Xingwei Computer (Kunshan) Co. Ltd.	Armorlink SH Corp.	Associate	Sales	(164,782)	(41.02) %	30 days			39,355	33.79%	
Armorlink SH Corp.	Xingwei Computer (Kunshan) Co. Ltd.	Associate	Purchase	164,782	5.57 %	30 days			(39,355)	(4.96)%	

8) Accounts receivable from related parties in an amount that exceeded $100 million or 20% of paid-in capital:

In thousands of NTD

Company name	Related party	Relationship	Ending balance	(Note 2) Turnover rate	Overdue		Amount received In subsequent period	Allowance for loss
					Amount	Action taken		
IEI Integration Corp.	IEI Technology USA Corporation	Subsidiary	206,524	9.53	-		206,524	-
Armorlink SH Corp.	IEI Integration Corp.	Ultimate parent company	364,068	5.91	-		335,822	-
Armorlink SH Corp.	IEI Technology (Shanghai) CO., Ltd.	Subsidiary	343,673	4.25	-		190,266	-
Armorlink SH Corp.	Ailean Technologies Corp.	Subsidiary	735,449	25.57	-		804	-
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	120,441	5.51	-		88,188	-
IEI Technology USA Corporation	QNAP Inc. (USA)	Associate	150,386	1.52	-		150,386	-
Fortunetec Internatinoal Corp.	Armorlink SH Corp.	Subsidiary	2,259,415	-	-		-	-

Note 1: Parent-subsidiary transaction has been offset in preparing the consolidated financial statements.
Note 2: The turnover calculation did not include other receivables.

9) Transactions involving derivative financial instruments: None.

(2) **Investments**

Information on the Company's investees for the year ended on December 31, 2022, was as follows (excluding investees located in mainland China):

In thousands of NTD

Investor company	Investee company	Location	Main business and products	Original investment amount (Note 1)		Balance as of December 31, 2022 (Note 1)			Maximum percentage of shares held during the period	Net income (loss) of Investee company	Share of investee's profit or loss (Note 2)	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value				
IEI Integration Corp.	ICP Electronics Limited	Samoan Islands	Holding company and sales of computers and related products	219,313	397,213	5,000	100.00%	4,368,724	100.00%	472,177	463,080	Subsidiary
IEI Integration Corp.	QNAP Systems, Inc.	Taiwan	Sales of network security monitoring and network storage and communication related products	584,106	584,106	33,930	24.44%	2,072,316	24.44%	445,134	106,573	Investment using the equity method
IEI Integration Corp.	Internet Application Technology Ltd.	Samoan Islands	Holding company and sales of computer and related products	375,897	375,897	11,853	100.00%	1,123,413	100.00%	90,613	90,613	Subsidiary
IEI Integration Corp.	BriteMED Technology Inc.	Taiwan	Manufacturing and sales of electronic components	80,000	80,000	8,000	100.00%	274,828	100.00%	134,226	134,226	Subsidiary
IEI Integration Corp.	Oring Industrial Networking Corp.	Taiwan	Sales of products related to network storage and communication and electronic materials	30,510	30,510	2,797	18.28%	61,212	18.28%	36,973	6,758	Investment using the equity method
IEI Integration Corp.	IEI Halza Health Intelligence Corp.	Taiwan	Development of medical software and related products	1,650	1,650	165	55.00%	264	55.00%	(1,903)	(1,046)	Subsidiary
ICP Electronics Limited	Fortunetec International Corp.	Mauritius	Holding company and sales of computers and related products	153,550	214,970	500	100.00%	4,103,105	100.00%	459,448	Exempt from disclosure	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Holding company and sales of computers and related products	58,423	58,423	199	49.71%	173,790	49.71%	7,512	Exempt from disclosure	Investment using the equity method
Internet Application Technology Ltd.	Rich Excel Corp.oration Holdings Limited	British Virgin Islands	Holding company and sales of computers and related products	357,081	357,081	11,628	100.00%	980,618	100.00%	89,219	Exempt from disclosure	Subsidiary
BriteMED Technology Inc.	Oring Industrial Networking Corp.	Taiwan	Sales of products related to network storage and communication and electronic materials	30,517	30,517	1,483	9.69%	33,002	9.69%	36,973	Exempt from disclosure	Investment using the equity method
Rich Excel Corp.oration Holdings Limited	Equilico Inc.	USA	Real estate leasing	199,120	199,120	6,484	100.00%	198,221	100.00%	9,693	Exempt from disclosure	Subsidiary
Rich Excel Corp.oration Holdings Limited	Potency Inc.	Samoan Islands	Holding company and sales of computers and related products	228,221	228,221	5,840	100.00%	750,178	100.00%	79,217	Exempt from disclosure	Subsidiary
Equilico Inc.	Suntend LLC	USA	Real estate leasing	122,038	122,038	-	100.00%	190,711	100.00%	9,478	Exempt from disclosure	Subsidiary
Potency Inc.	IEI Technology USA Corp.oration	USA	Sales of industrial computers and related products	55,711	55,711	14,000	100.00%	570,097	100.00%	62,508	Exempt from disclosure	Subsidiary
Potency Inc.	Anewtech Systems Pte. Ltd	Singapore	Sales of industrial computers and related products	37,373	37,373	400	31.68%	63,410	31.68%	12,079	Exempt from disclosure	Investment using the equity method

Note 1: The original amount of investment and the carrying amount held at the end of the period were converted based the exchange rate as of December 31, 2022, of $1 U.S. dollar to $30.710 NTD.

Note 2: The profit or loss for the period is converted based on the exchange rate of $1 U.S. dollar to $29.805 NTD.

(3) Investments in Mainland China

1) Information on the Company's investees located in mainland China for the year ended on December 31, 2022, was as follows:

In thousands of NTD

Investee company	Main business and products	Total amount of paid-in capital	Method of investment (Note)	Accumulated outflow of investment from Taiwan as of 01/01/2022	Investment flows for the period		Accumulated outflow of investment from Taiwan as of 12/31/2022	Net income (loss) Of investee company	Percentage of ownership through direct or indirect investment	Maximum percentage of shares held during the period	Share of investee's Profit or loss	Carrying value as of 21/31/2022	Accumulated inward remittance Of earnings as of 12/31/2022
					Out-flow	In-flow							
IEI Technology (Shanghai) Co., Ltd	Distribution center and sales of industrial computers	115,354 (RMB26,161)	Investee of Armorlink SH Corp.	109,021 (USD3,550)	-	-	109,021 (USD3,550)	1,336	100.00%	100.00%	1,336	90,211	-
XINGWEI Computer (Kunshan) CO.,LTD.	Distribution center and sales of industrial computers	147,408 (USD4,800)	Investment in mainland China through third party Acquire System Inc.	58,410 (USD1,902)	-	-	58,410 (USD1,902)	6,557	49.71%	49.71%	3,259	162,319	-
Armorlink SH Corp.	Manufacturing and sales of computers and related products	245,680 (USD8,000)	Investment in mainland China through third party Fortunetec International Corp.	391,553 (USD12,750)	-	330,133 (USD10,750)	61,420 (USD2,000)	297,680	100.00%	100.00%	297,680	1,029,204	149,588 (USD4,871)
AILEAN Technologies Corp.	Manufacturing and sales of computers and related products	258,563 (RMB58,639)	Investee of Armorlink SH Corp.	760,073 (USD24,750)	-	575,813 (USD18,750)	184,260 (USD6,000)	34,045	100.00%	100.00%	34,045	529,944	280,352 (USD9,129)
ASH ENERGY GROUP LIMITED	Supply chain management	44,094 (RMB10,000)	Investee of AILEAN Technologies Corp.	-	-	-	-	1,275	100.00%	100.00%	1,275	57,383	-
Weibotong Technology (Shanghai) Co., Ltd.	Distribution center and sales of industrial computers	8,819 (RMB2,000)	Investee of Armorlink SH Corp.	-	-	-	-	(15,967)	100.00%	100.00%	(15,967)	(18,388)	-

Note 1: Furtunetec International Corp. disposed of shares in AILEAN Technologies Corp. and reinvested in Armorlink SH Corp. during the period ended on December 31, 2022.

2) Investment limit to mainland China:

Accumulated investment in mainland China as of December 31, 2022	Investment amounts authorized by the Investment Commission, MOEA	Upper limit on investment per Investment Commission, MOEA (Note 4)
413,111 (USD 13,452)	IEI Technology (Shanghai) 109,021 (USD 3,550) XINGWEI Computer 72,383 (USD 2,357) Armorlink SH 391,553 (USD 12,750) AILEAN Technology 760,073 (USD 24,750)	5,539,379

USD/NTD exchange rate: end of period 30.710, period average 29.805

RMB/NTD exchange rate: end of period 4.4094, period average 4.4341

Note 1: Investment methods are categorized as follows:
1) Direct investment in China.
2) Reinvestment in China through a third region company.
3) Other method.

Note 3: The relevant figures in this table are presented in NTD. The net investment income recognized for the period and the carrying value of investments at the end of the period that were measured in foreign currencies are translated into NTD using the average exchange rate for the financial reporting period and the exchange rate as of the date of the financial report, respectively.

Note 4: Calculation of investment limit: Net equity for the period × 60% = 9,232,298 thousand × 60% = 5,539,379 thousand.

Note 5: Due to operational considerations, the equity investments in subsidiaries in mainland China were restructured for the year ended on December 31, 2022.

3) Material transactions:

For information on material transactions between the Company and its investees in mainland China for the year ended on December 31, 2022, please refer to the "a. Material Transactions" section.

(4) **Major Shareholders**

In unit of shares

Shares Shareholder	Total shares owned	Ownership percentage
QNAP Systems, Inc.	23,963,007	13.56%
KUO, PO-TA	21,763,469	12.32%
Custodianship of bitbank investment account by HSBC	13,392,000	7.58%

4. OPERATING SEGMENTS INFORMATION

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

IEI Integration Corp.
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2022

In thousands of NTD

Item	Description	Amount
Cash	Cash in hand	$ 663
Bank Deposits		
Foreign currency	USD$3,235 thousand (exchange rate 30.71)	99,357
	EUR$217 thousand (exchange rate 32.72)	7,086
	JPY¥27,039 thousand (exchange rate 0.2324)	6,284
	GBP£26 thousand (exchange rate 37.09)	958
	CNY¥3 thousand (exchange rate 4.4094)	14
Demand deposit		97,101
		210,800
Term deposit	USD$34,000 thousand (exchange rate 30.71)	1,044,140
		$ 1,255,603

IEI Integration Corp.
STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
December 31, 2022

In thousands of NTD

	Beginning Balance			Increase		Decrease		Ending Balance			Market Value /Net Equity		Guarantees or
Investee Company	**Shares**	**Ownership %**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Ownership %**	**Amount**	**Per share**	**Total**	**Pledges**
Subsidiaries													
ICP Electronics Limited	11,000	100%	$ 4,503,098	-	463,080	(6,000)	(597,454)	5,000	100%	4,368,724	-	4,410,596	None
IEI Halza HealthIntelligence Corp.	165	55%	1,310	-	-	-	(1,046)	165	55%	264	-	264	〃
Internet Application Technology Ltd.	11,853	100%	938,494	-	184,919	-	-	11,853	100%	1,123,413	-	1,123,413	〃
BriteMED Technology Inc.	8,000	100%	264,275	-	134,279	-	(123,726)	8,000	100%	274,828	-	274,828	〃
Associates													
QNAP Systems, Inc.	33,930	24.43%	1,879,323	-	260,993	-	(68,000)	33,930	24.44%	2,072,316	-	8,510,312	〃
Oring Industrial Networking Corp.	2,797	18.28%	54,912	-	6,859	-	(559)	2,797	18.28%	61,212	-	334,872	〃
Total			$ 7,641,412		1,050,130		(790,785)			7,900,757			

Note 1: The increase in this period was due to the recognition of $801,250 thousand of equity interest in subsidiaries and associates using the equity method, $108,027 thousand of exchange differences on the translation of financial statements of overseas operations, and $140,853 thousand of other comprehensive income.

Note 2: The decrease in this period was due to the recognition of a loss of $1,046 thousand in the shares of subsidiaries and associates recognized under the equity method, a translation difference of $4,453 thousand in the financial statements of overseas operations, cash dividends of $607,252 thousand distributed by investees, a change of $134 thousand in the shares of associates recognized under the equity method, and a refund of $177,900 thousand for capital reduction from investees.

IEI Integration Corp.
STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
December 31, 2022

In thousands of NTD

Please refer to Note 6(8).

STATEMENT OF DEFERRED INCOME TAX LIABILITIES
December 31, 2022

Please refer to Note 6(14).

STATEMENT OF OPERATING REVENUE
January 1 to December 31, 2022

Item	Quantity (thousands)	Amount	Note
Industrial computer products	254	$ 2,970,272	
Industrial computer components and peripherals	1,325	1,867,357	
Others		429,321	
Total		5,266,950	
Less: Sales return		(13,545)	
Sales discount		(14,599)	
Net revenue		$ 5,238,806	

IEI Integration Corp.
STATEMENT OF OPERATING COSTS
January 1 to December 31, 2022

In thousands of NTD

Item	Amount
Inventory, beginning of period	$ 150,833
Add: Materials purchased this period	1,525,493
Finished products	139,256
Less: Row and other materials, end of period	(254,750)
Internal use	(9,281)
Other uses	(525)
Direct consumption of materials	1,551,026
Direct labor	17,950
Production expenses	93,804
Production costs	1,662,780
Add: Work in progress, beginning of period	18,944
Finished products reuse in production	814,964
Less: Work in progress, end of period	(118,715)
Costs for finished products	2,377,973
Add: Finished products, beginning of period	120,951
Materials purchased this period	2,381,842
Less: Finished products, end of period	(201,850)
Finished products reuse in production	(814,964)
Research and development use	(15,461)
Scrapping	(1,695)
Transfer of row materials	(139,256)
Others	(8)
Sales costs	3,707,532
Less: De-materialization adjustment	(80,391)
Other operating costs	41,690
Inventory depreciation	11,864
Total operating costs	**$ 3,680,695**

IEI Integration Corp.
STATEMENT OF OPERATING COSTS
January 1 to December 31, 2022

In thousands of NTD

Item		Sales Expense	Management Expense	R&D Expense	Total
Salaries and wages	$	133,154	76,462	184,362	393,978
Export expenses		34,594	-	-	34,594
Insurance expenses		14,231	6,462	10,265	30,958
Depreciations		4,467	3,171	28,714	36,352
Service expenses		12,232	8,148	17,088	37,468
Sampling expenses		10,678	-	11,867	22,545
Commission expenses		28,853	-	-	28,853
Other expenses		60,702	24,156	48,363	133,221
Total	**$**	**298,911**	**118,399**	**300,659**	**717,969**

Note: None of the amounts of the listed items exceeds 5 percent of the total balance.