



2023 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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This Annual Report is available at:

MOPS: <https://mops.twse.com.tw>

Company website: <https://www.ieiworld.com>

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The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

Corporate website: <https://www.ieiworld.com>

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I. Letter to Shareholders

Dear Shareholders,

Over the past year, the global economy has experienced a deceleration, accompanied by a sharp increase in inflation. Additionally, the geopolitical landscape has been marked by volatility and ongoing regional conflicts. In this context of significant environmental turbulence and weakened market demand, the Company has not only actively expanded its existing product lines and services but has also embraced the burgeoning trends of AI technology and ESG principles. Moving forward, it is committed to advancing its digital transformation initiatives and integrating these with its current product sectors. Through these efforts, the Company aims to seize new business opportunities and generate novel value, even as it navigates the complexities of emerging risks and challenges.

2023 Business Report

1. Business Results:

With the collective efforts of all colleagues of IEI INTEGRATION CORP., the consolidated operating revenue for fiscal year 2023 reached NT\$7,577,793 thousand, representing a 5% decline compared with last year. The consolidated net profit after tax was NT\$1,382,156 thousand, and the earnings per share after tax were NT\$7.83. The following is the Company's 2023 operating performance and financial status:

Financial status and profitability analysis

Unit: In thousands of NTD ; %

Item		2022	2023	Increase (decrease)	Increase (decrease)%
Financial status	Consolidated operating revenue	7,942,415	7,577,793	(364,622)	(5)%
	Consolidated operating margin	2,878,511	2,804,406	(74,105)	(3)%
	Consolidated net profit after tax	1,491,332	1,382,156	(109,176)	(7)%
Profitability	Consolidated return on assets ratio	11.98%	10.06%	(1.92)%	(16)%
	Consolidated return on equity ratio	17.27%	14.30%	(2.97)%	(17)%
	Consolidated EBIT to paid-in capital ratio	107.73%	98.80%	(8.93)%	(8)%
	Consolidated net profit ratio	18.78%	18.24%	(0.54)%	(3)%
	EPS (NT\$)	8.45	7.83	(0.62)	(7)%

2. Research and development results:

The Company has continued its robust investment in product research and development, allocating a total of NT\$548,010 thousand for R&D expenses in the fiscal year 2023. The IEI Integration Group possesses specialized R&D teams across different product market sectors. Through continuous innovation, the Company has developed applications in industrial computers, industrial automation, voting machines, medical displays, video surveillance equipment, network storage monitoring devices, and multimedia players. It has launched hundreds of system products and solutions, including factory automation, network communications equipment, defense, construction, public safety, intelligent transportation, medical devices, and related app applications. These products are extensively utilized in the Internet of Things applications of today's smart cities, satisfying diverse customer needs and establishing the Company as a comprehensive IoT system integration provider.

Ratio of R&D Expenses to Operating Revenue in the Most Recent Five Fiscal Years

Unit: In thousands of NTD

Item	Year	2019	2020	2021	2022	2023
Research and Development expenses		497,570	490,929	496,794	554,961	548,010
Operating revenue		5,606,591	5,947,577	6,243,509	7,942,415	7,577,793
Percentage of R&D expenses in operating revenue		8.87%	8.25%	7.96%	6.99%	7.23%

Overview of Business Plan for 2024

The Company continues to focus its business operations and product development in three key areas: edge computing, network communication, and medical applications:

1. Edge Computing and Embedded System Solutions

In response to the post-pandemic market recovery and changes, as well as the trends in vertical applications across various regional markets, iEi is committed to further cultivating five major vertical applications, providing clients with the most suitable solutions, and thereby seizing more differentiated business opportunities:

- (1) AI for Intelligent Industrial Inspection: Applications such as Automated Optical Inspection (AOI) equipment for production lines, automated meter reading, and product light signal detection, which replace manual interpretations with machine learning.
- (2) Energy Development Management: Includes robust human-machine interfaces and data collection platforms utilized in the energy industry.
- (3) Rail and Maritime Transportation: Solutions for monitoring and management on rail vehicles, deployment of central management equipment, and virtualized high-availability controllers.
- (4) Advanced Semiconductor Testing Equipment Platforms: Automation testing equipment for high-speed semiconductor products like DDR5, NVMe, and CXL.
- (5) Low Carbon Emission Display Systems: Comprises standalone, easy-to-integrate EPD (Electronic Paper Display) devices and centrally managed EPD display systems.

2. Network Communications and Cybersecurity Application Platform Products

Leveraging years of experience in designing and manufacturing for landmark clients in the network and cybersecurity industries, iEi has secured opportunities for new generation and high-end product design and manufacturing. In Europe and the United States, the Company has introduced reference platforms for next-generation SD-WAN and 5G CPE factory-end cybersecurity devices. This strategic move has enabled iEi to penetrate further into networks of emerging companies and leading manufacturers, thereby expanding its market share in the network communications and cybersecurity equipment sectors.

Furthermore, in 2023, iEi began mass shipments of specialized servers and storage products, utilizing the Group's design capabilities and technological expertise. The Company provided advanced AI biotechnology gene sequencing servers and multi-processor media transmission server products to top-tier clients in several countries. This not only raised the entry barrier for competitors but also enhanced the Company's profitability.

In terms of storage products, the demand for servers with substantial solid-state storage capacity, capable of handling computation and virtualization, has significantly increased in recent years due to the growing adoption of hybrid cloud data computing and the awareness of personal and corporate data protection. By securing projects for next-generation cybersecurity storage servers from existing ODM clients, iEi plans to

replicate these projects across more client projects, aiming to expand into new markets and increase revenue.

3. Medical Products

Leveraging many years of rich experience and resources in medical products, the Company continues to deepen relationships with existing clients while expanding and updating its existing product lines. It diversifies product applications and peripherals to enhance market competitiveness. Additionally, the Company is expanding into new markets with new partners by incorporating new AI medical applications and existing technologies, aiming to establish a comprehensive ecosystem.

Future Development Strategy

In 2023, global inflation and rising energy prices significantly altered the landscape of the network and edge computing markets. End clients now demand faster product development integration timelines and reduced integration costs, making software-hardware integration solutions a crucial strategic development for differentiation and accelerated product sales. Amidst the complexities of geopolitical issues exacerbated by the Russo-Ukrainian War and the Israeli-Palestinian conflict, there is an expected increase in manufacturing relocation needs. This shift indicates a growing demand for factory automation, cybersecurity, and basic communications infrastructure, which requires integration through software, cloud computing, and AI for local inference to reduce integration time.

Additionally, the surge in generative AI, led by advancements like Chat GPT, demonstrates capabilities beyond simple conversational bots, showcasing AI's potential in design and creation. iEi is extensively incorporating AI technology and modules into its software-hardware integration platforms under development. This approach not only enhances the functionality of its proprietary software products but also, through deep collaboration with third-party software suppliers in vertical domains, moves beyond the traditional hardware-centric industry positioning. By leveraging AI and large-scale software, the Company enhances its competitive edge in the market.

In the medical sector, driven by global aging populations, medical resource shortages, and pandemic impacts, there is a need for close monitoring of market demands and changes. Products and services tailored to different target groups and application scenarios are essential. According to Statista, the telemedicine market is projected to grow to nearly \$460 billion by 2030. iEi will continue to deepen relationships with existing clients, maintain close collaborations, and offer diversified new products and customized services and solutions to enhance client loyalty and satisfaction. Furthermore, iEi is committed to collaborating with domestic and international medical software vendors, equipment manufacturers, and system integrators to establish medical channel system solutions. Strategic alliances with operators will also enhance the Company's medical computer brand recognition and competitiveness. Moreover, the development of the digital medical industry is influenced by regulatory constraints, such as medical device certification, personal data protection, and intellectual property rights maintenance. Therefore, iEi is establishing a comprehensive regulatory compliance and risk management mechanism and developing appropriate internal controls and contingency measures to ensure the safety, legality, and efficacy of its products and services.

The Impact of External Competition, Legal Environment, and the overall business Environment

Global energy and transportation costs remain high, and amid widespread attention to environmental issues and vigorous implementation of ESG initiatives by companies, there are increasing demands for energy-efficient product designs, simplified packaging, and traceability of raw materials. iEi is rigorously aligning its new product designs with regulations and customer requirements, striving to meet these standards with minimal cost impact. Consequently, ESG-related regulatory compliance systems and mechanisms are poised to become a significant new business opportunity in the coming years. Given its expertise in production automation and

data collection, iEi has actively engaged in this sector, initiating the sales of products and systems.

Additionally, due to geopolitical and warfare influences, major ODM clients have increasingly been demanding global disaster recovery plans (Global-DRP) and business continuity management (BCM). Thus, iEi, besides its existing production bases in Taipei and Shanghai, has also commenced setting up outsourced production bases in third locations, such as the Philippines, implementing automated production management systems; some products are slated to begin production and shipment in 2024.

Recent years have marked a critical turning point for the digital medical industry, with the pandemic's impact and subsequent recovery accelerating the demand and development of digital medicine. According to a Frost & Sullivan market report, the global digital medical market is expected to reach \$260 billion this year, with a compound annual growth rate of 15.1%. Additionally, according to the IEK Consulting report by the Industrial Technology Research Institute, Taiwan's digital medical industry revenue is projected to reach NT\$50.2 billion in 2024, with a year-on-year increase of 10.1%. The development of the digital medical industry requires not only innovative technologies and products but also careful consideration of policies and regulations, collaboration platforms and ecosystems, and education and training. Therefore, it is essential to establish good communication and cooperation with all stakeholders, including governments, medical institutions, academic research, industry, and social organizations, to jointly promote the development and widespread adoption of digital medicine. However, the competition in the digital medical industry is intensifying. In addition to traditional medical equipment manufacturers, there are also numerous emerging digital medical startups and IT giants continuously capturing market share. To expand its market share and influence, iEi must continually innovate and improve its products and services to meet the needs and expectations of patients and medical personnel and form strategic alliances with suitable partners.

Despite facing a global economic downturn in 2023, the Company had already begun adjusting its operational direction in previous years, enabling iEi to smoothly transition to meet the demand for AI equipment. Simultaneously, the Company has been transforming its product offerings to satisfy the rigid demands for cybersecurity and low carbon emission devices. It is anticipated that in 2024, the Company will gradually begin to see revenue contributions from these new product lines.

Lastly, we extend our deepest gratitude to all shareholders for their consistent support and guidance. Thank you, everyone!

Sincerely yours,

Wishing you good health and success in all!

Chairman

Ming-Chih Chang,

II. Company Profile

2.1 Date of Incorporation: April 17, 1997

2.2 Company History

- 1997
- ★ The Company was established with a capital of NT\$60,000,000.
 - ★ The first SMD production line commenced operations, initiating the manufacture and sales of industrial computer motherboards.
 - ★ Capital increased to NT\$120,000,000.
 - ★ Completion of the fourth SMD production line setup.
- 1998
- ★ Capital increased to NT\$198,000,000, and a DIP production line was completed.
 - ★ Passed the ISO-9002 quality certification.
 - ★ Capital increased to NT\$380,000,000.
- 1999
- ★ Establishment of the EMC and Safety laboratory.
 - ★ The Zhongxing Plant began mass production of computer workstations.
 - ★ The second DIP line was completed and started production.
 - ★ Purchased the Oracle ERP enterprise resource planning system and signed a consultancy contract with KPMG.
 - ★ Contracted with Fortune Information Systems Corp for the Exceed 400 WMS logistics warehouse management system.
 - ★ Capital increased to NT\$460,000,000.
 - ★ The ERP system went live.
- 2000
- ★ Signed a contract with Integrate for the setup of e-commerce software.
 - ★ Established a logistics center.
 - ★ Capital increased to NT\$672,478,000.
 - ★ The Company's stock was approved for over-the-counter (TPEX) trading by the Securities and Futures Commission and passed the ISO-9001 quality certification.
 - ★ Established an e-commerce center.
- 2001
- ★ The Company's stock officially began over-the-counter (TPEX) trading.
 - ★ Launched the cross-platform Network Attached Storage (NAS).
 - ★ Capital increased to NT\$853,330,130.
 - ★ Established an Embedded/Linux research and development team.
 - ★ Formed an IC design team.
- 2002
- ★ Launched the world's first external network disk drive.
 - ★ Capital increased to NT\$1,090,437,670.
 - ★ The Company's stock moved from over-the-counter (TPEX) to being officially listed on the TWSE stock exchange after approval by the Securities and Futures Commission.
 - ★ First self-developed IC prototype produced.
- 2003
- ★ Purchased land at No. 29, Zhongxing Road, Xizhi City (Now Xizhi Dist.).
 - ★ Purchased the 2nd and 3rd floors of the factory at No. 306, Section 1, Datong Road, Xizhi City.

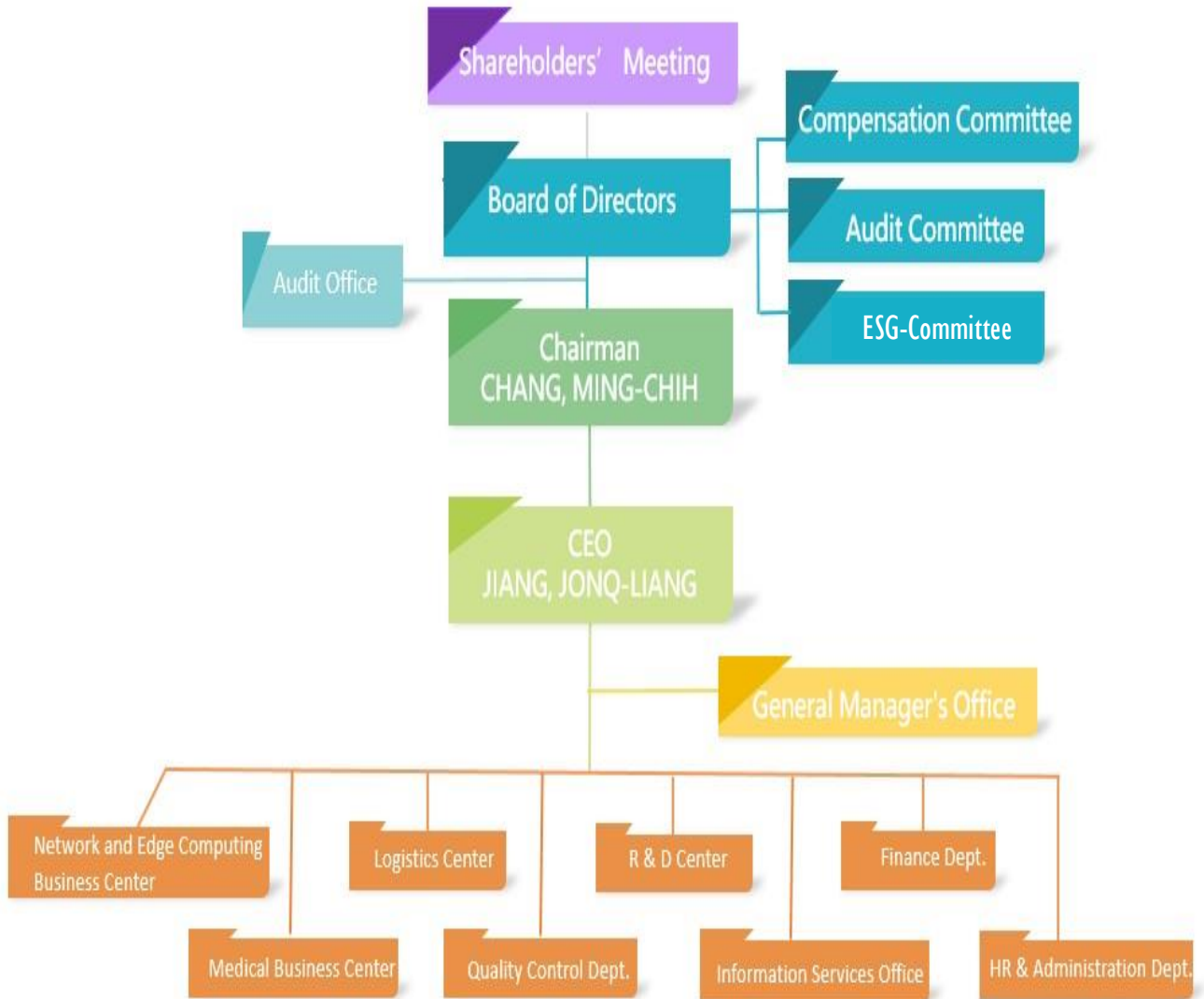
- ★ Completed the setup of a comprehensive manufacturing center - the Datong Factory introduced a lead-free process.
- ★ Groundbreaking for the Zhongxing Third Factory (No. 29 Zhongxing Road, Xizhi City), expected to be completed in June 2004 at the time.
- ★ Implemented KPI (Key Performance Indicator) management.
- ★ Oracle ERP upgraded to version R11i.
- ★ Implemented Agile PLM system.
- ★ NAS-4300 won the Best Choice of 2003 COMPUTEX TAIPEI award for Taiwan's best export information product.
- ★ Capital increased to NT\$1,388,347,670.
- 2004 ★ Passed the ISO-14001:1996 environmental management system certification.
- ★ The Armorlink SH Corp. factory in Shanghai began operations and started mass production.
- ★ Capital increased to NT\$1,484,936,670.
- 2005 ★ Capital increased to NT\$1,587,183,670.
- ★ Introduced the BI management information system.
- ★ Introduced the MES framework manufacturing management system.
- ★ Introduced the B2B e-procurement system.
- ★ Passed the ISO-14001: 2004 environmental management system certification.
- 2006 ★ Passed the ETC (Electronic Testing Center) Green Supply Chain Management System certification.
- ★ Purchased factory spaces on the 5th and 6th floors at No. 32 and 34 Zhongxing Road, Xizhi City.
- ★ Capital increased to NT\$1,671,999,670.
- 2007 ★ Passed ISO 13485: 2003 Medical Product Management System certification.
- ★ Launched the ASCP Advanced Supply Chain Planning system.
- ★ MES Electronic Inventory System went live.
- ★ Successfully marketed medical-grade displays developed in-house, obtained domestic patents, and applied for multiple patents in the United States and other countries.
- ★ Capital increased to NT\$1,793,419,670.
- 2008 ★ Issued five-year convertible bonds, totaling NT\$1 billion.
- ★ Successfully developed high-resolution diagnostic color displays of more than 30 bits, once again winning the "Taiwan Excellence Award" for 2008.
- ★ The second phase of factory expansion of the subsidiary Armorlink SH Corp. was completed by the end of 2008.
- ★ Capital increased to NT\$1,903,321,670.
- 2009 ★ The second phase factory of Armorlink SH Corp. set up 3 new SMD production lines, 1 new DIP production line, and 2 prototype production lines. With the new equipment, the production capacity of Armorlink SH Corp. was expected to double from 2009.
- ★ Expanded the IEI Group organization, investing 100% in the newly established BRITEMED Technology INC.
- ★ Capital increased to NT\$2,031,945,930.
- 2010 ★ All convertible bonds were fully converted by December 3, 2010, and trading was halted and delisted starting December 6, 2010.
- ★ Capital increased to NT\$2,258,170,540.
- 2011 ★ Capital increased to NT\$2,269,088,570.
- 2012 ★ Capital increased to NT\$2,949,815,140

- ★ Purchased land in the Guangfu section of Hsinchu City for planned factory construction.
- 2013
 - ★ Began adopting International Financial Reporting Standards (IFRSs).
 - ★ Company renamed to IEI INTEGRATION CORP.
 - ★ Capital increased to NT\$3,097,305,900.
- 2014
 - ★ Company relocated to No. 29, Zhongxing Road, Xizhi District, New Taipei City.
 - ★ Capital increased to NT\$3,283,144,250.
 - ★ The Board of Directors of the subsidiary Armorlink SH Corp. approved the split and establishment of Ailean Technologies Corp. in November 2014.
- 2015
 - ★ Approval certificates were obtained from the Shanghai Municipal People's Government for the proposal regarding the split of Armorlink SH Corp. and Ailean Technologies Corp. in March and February 2015, respectively.
 - ★ The MODAT-531 product won the 2015 Red Dot Design Award and the 2015 Golden Pin Design Award.
- 2016
 - ★ Actively began lay outs in the smart medical 4.0 industry sector.
 - ★ The POC-W22A-H81 product won the 2016 Red Dot Design Award.
- 2017
 - ★ The AFL3-W19C & HDTB-100FM products won the 2017 Red Dot Design Award.
 - ★ Established an Audit Committee.
- 2018
 - ★ The industrial tablet computer UPC-F12C-ULT3 product won the 2018 Red Dot Design Award.
 - ★ Conducted a cash capital reduction, reducing the capital to NT\$2,954,829,830.
- 2019
 - ★ The POCm-W24C-ULT3 product won the 2019 iF Design Award.
 - ★ Passed ISO 28000 and ISO 45001 certifications.
 - ★ Conducted another cash capital reduction, reducing the capital to NT\$1,772,897,900.
- 2020
 - ★ The POCm-W22C-ULT3+Battery Docking product won the Taiwan Excellence Award.
 - ★ Processed the cancellation of treasury shares, reducing the capital to NT\$1,765,977,900.
- 2021
 - ★ The POCi-W22-ULT5 product won the Taiwan Excellence Award.
 - ★ Passed ISO 27001:2013 and ISO 13485:2016 certifications.
- 2022
 - ★ In response to the Group's operational and development needs, completed the restructuring of the equity investment structure of the Group's mainland subsidiaries; after the restructuring, IEI Technology (Shanghai) Co., Ltd., Weibotong Technology (Shanghai), and Ailean Technologies became direct wholly-owned subsidiaries of Armorlink SH Corp.
 - ★ The HTB-210 product won the 2022 iF Design Award.
 - ★ Passed ISO 9001:2015, ISO 28000, ISO 45001, ISO 14001:2015, and IECQ QC 080000: 2017 certifications.
- 2023
 - ★ The HTB-210-Q470 product won the Taiwan Excellence Award.
 - ★ Passed ISO/IEC 27001:2013 certification.
 - ★ Obtained the first ISO 14064-1:2018 verification statement.
 - ★ Established a Sustainable Development Committee.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Operating functions of each department

Name of Department	Responsibilities of Department
Audit Office	<ol style="list-style-type: none"> 1. Audit of the Group's Company operational management. 2. Implementation and inspection of various internal control systems.
<p>Network and Edge Computing Business Center</p> <p>Medical Business Center</p>	<ol style="list-style-type: none"> 1. Market trend research and planning of products that meet market and customer needs. 2. Management of product lifecycle or project progress, and coordination of cross-department matters including R&D, production, and sales. 3. Marketing planning and execution, corporate image and product media production. 4. Development and maintenance of product markets, customers, and sales channels. 5. Implementation of product sales and business promotion. 6. Customer management and implementation of business order processes.
Research and Development Center	<ol style="list-style-type: none"> 1. Product development, design, and verification based on product and market needs. 2. Development and improvement of new technologies and processes. 3. Technical support related to post-sale product issues.
Logistics Center	<p><u>Logistics Management Department</u></p> <ol style="list-style-type: none"> 1. Coordination management of raw materials and finished goods inventory status and production and sales planning. 2. Selection and management of outsourced vendors. 3. Supplier management, inquiry comparison negotiation, and management of purchasing and delivery follow-ups. <p><u>Manufacturing Department</u></p> <ol style="list-style-type: none"> 1. Product manufacturing and production management affairs. 2. Warehouse management and logistics for incoming and outgoing goods.
Quality Control Department	<ol style="list-style-type: none"> 1. Quality specification management and inspection implementation for raw materials and finished products. 2. Handling of post-sale customer complaints and repair services. 3. Establishment and maintenance of the Company's quality management systems.
Information Services Office	<ol style="list-style-type: none"> 1. Planning, construction, and development of computer information systems. 2. Management and maintenance of computer software, hardware, and networks.
Finance and Accounting Department	<ol style="list-style-type: none"> 1. Handling of accounting and tax affairs. 2. Production and provision of accounting and financial information. 3. Operation and management of financial resources. 4. Handling of shareholder-related affairs and Shareholders' Meeting matters.
Human Resources and Administration Department	<ol style="list-style-type: none"> 1. Coordination of human resources, recruitment, and training. 2. Implementation and management of personnel systems, salary structures, attendance, evaluations, and personnel changes. 3. Implementation of general administrative affairs. 4. Handling of occupational safety and health matters.

3.2 Information Regarding Directors, President, Vice Presidents, Associate Managers, and Managers of Each Department and Branches

3.2.1 Director Information

Director Information [1]

2024/04/20

Title	Nationality or Place of Registration	Name of Director	Gender Age	Date of Election	Term	Commencement Date of First Term	No. of Shares Held at Time of Election		Current No. of Shares Held		Shares Held by Spouse and/or Minors		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and/or in Any Other Company	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Consanguineous Relationship			Remarks
							No. of Shares Held	Shareholding Ratio ((%))	No. of Shares Held	Shareholding Ratio ((%))	No. of Shares Held	Shareholding Ratio ((%))	No. of Shares Held	Shareholding Ratio ((%))			Title	Name of Director	Relationship	
Chairman	Taiwan, R.O.C.	QNAP Systems, Inc.	NA			2005.09.09			23,963,007	13.57	-	-	-	-	-	None	None	None	Where the Chairman, President, or individual with equivalent roles (top manager) are the same individual, spouses, or relatives within the first degree of consanguineous relationship : None	
Representative of the Chairman	Taiwan, R.O.C.	Ming-Chih Chang	Male 51~60	2023.06.16	3 years	2005.09.09	23,963,007	13.57	76,030	0.04	2,284	0.00	-	-	National Taiwan University, Department of Computer Science and Information Engineering Manager, Xuli Electronics	Chairman and President, QNAP Systems, Inc. Chairman, Datun Investment, Ltd.	None	None		None
Director	Taiwan, R.O.C.	Jong-Liang Jiang	Male 61~70	2023.06.16	3 years	2005.09.09	205,374	0.12	205,374	0.12	-	-	-	-	Arizona State Univ. IE Doctoral Degree President, U-POWER (Kaohsiung)	President of the Company Director and Representative of BriteMED Technology Inc.	None	None	None	
Director	Taiwan, R.O.C.	Wen-Yi Liou	Male 51~60	2023.06.16	3 years	2016.05.24	8,657	0.00	8,657	0.00	-	-	-	-	Master's Degree, Graduate Institute of Electrical Engineering, National Taiwan University Vice President of Research and Development, Gaoxuan Technology	COO, QNAP Systems, Inc.	None	None	None	
Director	Taiwan, R.O.C.	Ying-Yin Li	Female 41~50	2023.06.16	3 years	2000.04.15	2,148,759	1.22	2,031,759	1.15	-	-	-	-	National Taiwan Normal University Master's Degree, Department of Literature	None	None	None	None	
Independent Director	Taiwan, R.O.C.	In-Chyuan Ho	Male 61~70	2023.06.16	3 years	2020.06.12	-	-	-	-	-	-	-	-	Doctoral Degree, Department of Electrical Engineering, National Cheng Kung University Vice Chairman, Vincera Management Consultants Co., Ltd.	Chairman, Accuvest Management Inc. Chairman, Pin Mao Investment Co., Ltd. Legal Representative (Director) of Fiber Logic Communications, Inc. Director, Zhun Mao Venture Capital Co., Ltd. Director, Zhun Sheng Venture Capital Co., Ltd.	None	None	None	
Independent Director	Taiwan, R.O.C.	Jia-Lien Hsu	Male 51~60	2023.06.16	3 years	2017.06.16	-	-	-	-	-	-	-	-	Doctoral Degree, Department of Information Engineering, Tsing Hua University Professor, Fu Jen Catholic University	None	None	None	None	
Independent Director	Taiwan, R.O.C.	Wen-Pao Lo	Male 51~60	2023.06.16	3 years	2020.06.12	-	-	-	-	-	-	-	-	Department of Transportation Management, Tamkang University	Chairman and President, Castec International Corp. Chairman, Seavi Investment Co., Ltd.	None	None	None	

(Table 1) Major Shareholders of the Institutional Shareholders

2024/04/20

Name of Institutional Shareholders	Major Shareholders	Shareholding Ratio
QNAP Systems, Inc.	IEI INTEGRATION CORP.	24.39 %
	Po-Ta Kuo	20.63 %
	Ming-Chih Chang	11.46 %
	QNAP Holdings Limited	10.01 %
	Chun-Chi Kuo	5.15 %
	Yujia Investment Co. Ltd.	1.71 %
	Wen-Chen Kuo	1.30 %
	Yun-Lung Kuo	1.28 %
	Yun-Chiang Kuo	1.20 %
	Datun Investment Co., Ltd.	1.17 %

(Table 2) Major Shareholders of the Company's Major Institutional Shareholders as Listed in Table 1

2024/4/20

Name of Institutional Shareholders	Major Shareholders	Shareholding Ratio
IEI INTEGRATION CORP.	Please refer to page 60 for the names of shareholders who hold a share percentage among the top ten.	

Director Information [2]

1. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Qualifications Name of Director	Professional Qualifications and Experience	Independence Analysis	Number of other public companies in which the individual is concurrently serving as an Independent Director
QNAP Systems, Inc. Representative: Ming-Chih Chang (Director)	<ul style="list-style-type: none"> ● Current Chairman of the Company, as well as Chairman 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. 	N/A	None
Jonq-Liang Jiang (Director)	<ul style="list-style-type: none"> ● Current President of the Company, as well as Legal Representative (Director) 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. 	N/A	None

Qualifications Name of Director	Professional Qualifications and Experience	Independence Analysis	Number of other public companies in which the individual is concurrently serving as an Independent Director
Wen-Yi Liou (Director)	<ul style="list-style-type: none"> ● Current COO, 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. 	N/A	None
Ying-Yin Li (Director)	<ul style="list-style-type: none"> ● 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. 	N/A	None
In-Chyuan Ho (Independent Director)	<ul style="list-style-type: none"> ● Doctoral Degree, Department of Electrical Engineering, National Cheng Kung University, and 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. 	<ul style="list-style-type: none"> ● Complying with independence assessment criteria at the time of appointment.. ● They or their spouse, or any relative within the second degree of consanguineous relationship 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
Jia-Lien Hsu (Independent Director)	<ul style="list-style-type: none"> ● Doctoral Degree from the Department of Computer Science, 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. 	<ul style="list-style-type: none"> ● Complying with independence assessment criteria at the time of appointment ● They or their spouse, or any relative within the second degree of consanguineous relationship 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

Qualifications Name of Director	Professional Qualifications and Experience	Independence Analysis	Number of other public companies in which the individual is concurrently serving as an Independent Director
Wen-Pao Lo (Independent Director)	<ul style="list-style-type: none"> ● Current Chairman and President of Castec International Corp. and Chairman of Seavi Investment Co., Ltd. ● Work experience in business, legal, financial, accounting or corporate affairs required. ● No circumstances as stipulated in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● Complying with independence assessment criteria at the time of appointment. ● They or their spouse, or any relative within the second degree of consanguineous relationship 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 the "Practice Principles for Corporate Governance" and formulated a diversified Board composition policy that takes into account various factors, including but not limited to, gender, age, nationality, culture, professional background, skills, and industry experience. All Directors, including Independent Directors, undergo a rigorous selection process and are nominated candidates. Subsequently, they are approved by the Board prior to being submitted to the Shareholders' Meeting for election.

The Board comprises seven members, incorporating one Executive Director, three Non-Executive Directors, and three Independent Directors, with one female representative. Diversity policy for Board of Directors' specific management objective and implementation status:

Management Objectives	Implementation Status
Directors whom also acts as Company manager shall not exceed one-third of the total.	Achieved
Members of the Company's Board require at minimum one female Director.	Achieved
Independent Director seats exceed one-third of the total Director seats.	Achieved
More than half of the Company's Independent Directors Serving for no more than Three Consecutive Terms on the Board	Achieved
Sufficiently diverse professional knowledge and skills.	Achieved

The current implementation of the Company's Board of Directors diversity policy is as follows:

Name of Director	Diversification Items	Gender	Seniority of Independent Director			Concurrently Serving as Employees of the Company	Capability to Make Operational Judgments	Accounting and Financial Analysis Capability	Capability to Conduct Management Administration	Crisis Management Capability	Industrial Knowledge	Perspective of International Markets	Leadership Skills	Decision-making Competency
			Under 3 years	3 to 9 years	9 years or above									
Chairman	Ming-Chih Chang	Male					√	√	√	√	√	√	√	√
Director	Jonq-Liang Jiang	Male				√	√	√	√	√	√	√	√	√
Director	Wen-Yi Liou	Male					√	√	√	√	√	√	√	√
Director	Ying-Yin Li	Female					√	√	√	√	√	√	√	√
Independent Director	In-Chyuan Ho	Male	√				√	√	√	√	√	√	√	√
Independent Director	Jia-Lien Hsu	Male		√			√	√	√	√	√	√	√	√
Independent Director	Wen-Pao Lo	Male	√				√	√	√	√	√	√	√	√

(2) Independence of the Board of Directors:

The Board of Directors of the Company is composed of 7 Directors, including 3 Independent Directors, with Independent Directors accounting for 43% of all Director seats. Additionally, there are no spousal or second-degree consanguineous relationships among the Directors, nor are there any circumstances as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The Board of Directors of the Company guides corporate strategy, oversees the management, and is accountable to both the Company and its shareholders. In the operations and arrangements of the corporate governance system, the Board exercises its powers in accordance with laws, the Company's Articles of Incorporation, or resolutions of the Shareholders' Meeting. The Board emphasizes independent operation and transparency, with all Directors and Independent Directors functioning as independent entities, exercising their powers independently. The three Independent Directors also adhere to relevant legal provisions, in conjunction with the powers of the Audit Committee, to scrutinize the control of existing or potential risks, thereby effectively supervising the implementation of internal controls, the appointment or dismissal of auditors, and the integrity and appropriate preparation of financial statements. Furthermore, in accordance with the Company's "Procedures for Election of Directors," the method for appointing Directors and Independent Directors involves a nominating committee system and cumulative voting with a single non-transferable vote, encouraging shareholder participation. Shareholders holding a certain number of shares or more can propose a list of candidates. The review of candidate qualifications, confirmation of compliance with the disqualifications listed under Article 30 of the Company Act, and related acceptance procedures are carried out and announced according to legal requirements, safeguarding shareholders' rights, preventing the monopolization or excessive proliferation of nomination rights, and maintaining independence.

3.2.2 Information regarding Directors, President, Vice Presidents, Associate Managers, and Managers of each department and branch

2024/04/20

Title	Nationality or Place of Registration	Name of Director	Gender	Date of Election	Number of Shares Held		Shares Held under Spouse and/or Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Concurrently Held in Other Companies at Present	Managerial Personnel Who are Spouses or Within Second Degree of Consanguineous Relationship			Remarks
					No. of Shares Held	Shareholding Ratio (%)	No. of Shares Held	Shareholding Ratio (%)	No. of Shares Held	Shareholding Ratio (%)			Title	Name of Director	Relationship	
President	Taiwan, R.O.C.	Jong-Liang Jiang	Male	2005.01.01	205,374	0.12	-	-	-	-	Arizona State Univ. IE President of IEI INTEGRATION CORP.	Director and Representative of BriteMED Technology Inc.	None	None	None	Where the Chairman, President, or individual with equivalent roles (top manager) are the same individual, spouses, or relatives within the first degree of consanguineous relationship : None.
Vice President	Taiwan, R.O.C.	Su-Pi Chang	Female	2003.02.01	156,948	0.09	-	-	-	-	Graduate Institute of Industrial Engineering, Yuan Ze University Vice President and Chief Information Security Officer of the Information Services Department IEI INTEGRATION CORP.	None	None	None	None	
Vice President and Supervisor of Research and Development	Taiwan, R.O.C.	Kai-Cheng Chan	Male	2016.08.05	22,512	0.01	-	-	-	-	Institute of Electrical Engineering, National Taiwan Ocean University Vice President of the Medical Business Center, IEI INTEGRATION CORP.	None	None	None	None	
Vice President	Taiwan, R.O.C.	Chun-Ying Tu	Male	2020.11.10	75,340	0.04	-	-	-	-	Department of Engineering Science, National Cheng Kung University Vice President of Research and Development Center and Quality Department IEI INTEGRATION CORP.	None	None	None	None	
Vice President	Taiwan, R.O.C.	Chen-Shan Kuo	Female	2020.11.10	-	-	-	-	-	-	Department of Business Management, National Taipei University Logistics Operation Center Vice President	None	None	None	None	
Vice President	Taiwan, R.O.C.	Yao-Tsung Li	Male	2021.07.16	-	-	-	-	-	-	Department of Computer Science and Information Engineering, National Chung Cheng University, Vice President of the Network and Edge Computing Business Center, IEI INTEGRATION CORP.	None	None	None	None	
Finance and Accounting Supervisor	Taiwan, R.O.C.	Ti-Szu Wei	Female	.2019 09.16	-	-	-	-	-	-	Department of Accounting, Fu-Jen Catholic University Supervisor of Financial Accounting and Corporate Governance, IEI INTEGRATION CORP.	None	None	None	None	

3.3.2 Remuneration of the President and Vice Presidents

Unit: In thousands of NTD

Title	Name of Director	Salary (A)		Severance Pay And Retirement Pension (B)		Bonuses and Allowances, etc.(C)		Employee's Compensation (D) (Proposed)				The total amount of items A, B, C, and D, and their proportion to the net profit after tax		Remuneration received from invested businesses other than subsidiaries or from the parent Company
		The Company	All Consolidated Entities Included in the Financial Statements	The Company	All Consolidated Entities Included in the Financial Statements	The Company	All Consolidated Entities Included in the Financial Statements	The Company		All Consolidated Entities Included in the Financial Statements		The Company	All Consolidated Entities Included in the Financial Statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Jong-Liang Jiang	9,889	12,464	576	576	1,806	2,558	11,684	-	16,194	-	23,955 1.73%	31,792 2.30%	None
Vice President	Su-Pi Chang													
Vice President	Kuo-Hsiung, Li (Note)													
Vice President	Kai-Cheng Chan													
Vice President	Chun-Ying Tu													
Vice President	Chen-Shan Kuo													
Vice President	Yao-Tsung Li													

Note: Vice President Kuo-Hsiung, Li was relieved of his duties due to a duty adjustment on May 5, 2023.

Remuneration Range Table

Range of Remuneration Paid to the President and Vice Presidents of the Company	Names of President or Vice President	
	The Company	All Consolidated Entities Included in the Financial Statements
Less than NT\$ 1,000,000	Su-Pi Chang	
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Chen-Shan Kuo, Kuo-Hsiung, Li	
NT\$3,500,000 ~ NT\$4,999,999	Kai-Cheng Chan, Chun-Ying Tu, Yao-Tsung Li	
NT\$5,000,000 ~ NT\$9,999,999	Jong-Liang Jiang	
NT\$10,000,000 ~ NT\$14,999,999	Jong-Liang Jiang	
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	Total of 7	

3.3.3 Managerial officers with the top five highest remuneration

Unit: In thousands of NTD

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee's Compensation (D) (Proposed)				The total amount of items A, B, C, and D, and their proportion to the net profit after tax		Remuneration received from invested businesses other than subsidiaries or from the parent Company
		The Company	All Consolidated Entities Included in the Financial Statements	The Company	All Consolidated Entities Included in the Financial Statements	The Company	All Consolidated Entities Included in the Financial Statements	The Company		All Consolidated Entities Included in the Financial Statements		The Company	All Consolidated Entities Included in the Financial Statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Jonq-Liang Jiang	1,194	2,830	108	108	191	667	3,870	-	7,000	-	5,363 0.39%	10,605 0.77%	None
Vice President	Su-Pi Chang	684	1,623	63	63	143	419	-	-	1,380	-	890 0.06%	3,485 0.25%	
Vice President	Kai-Cheng Chan	1,897	1,897	99	99	369	369	1,750	-	1,750	-	4,115 0.30%	4,115 0.30%	
Vice President	Chun-Ying Tu	1,731	1,731	95	95	341	341	1,440	-	1,440	-	3,607 0.26%	3,607 0.26%	
Vice President	Yao-Tsung Li	2,258	2,258	108	108	429	429	1,500	-	1,500	-	4,295 0.31%	4,295 0.31%	

3.3.4 Name and employee's compensation amount paid to managerial officers

Unit: In thousands of NTD

	Title	Name of Director	Stock Amount (proposed)	Cash Amount (proposed)	Total	Proportion of Total Amount to Net Profit after Tax (%)
Manager	President	Jonq-Liang Jiang	-	12,184	12,184	0.88
	Vice President	Su-Pi Chang				
	Vice President	Kai-Cheng Chan				
	Vice President	Chun-Ying Tu				
	Vice President	Chen-Shan Kuo				
	Vice President	Yao-Tsung Li				
	Finance and Accounting Supervisor	Ti-Szu Wei				

3.3.5 Separately compare total remuneration, as a percentage of net income stated in the financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, president, and vice presidents, and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

1. Analysis of total remuneration of Directors, President and Vice Presidents as a percentage of net profit after tax for the most recent two fiscal years:

Unit: In thousands of NTD

Title \ Year	Ratio of 2022 total remuneration to net profit after tax (%)		Ratio of 2023 total remuneration to net profit after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	0.58	0.93	0.63	1.01
President and Vice Presidents	1.73	2.25	1.73	2.30

Note: The total amount of remuneration paid to employees for the year 2023 is a proposed figure.

2. The remuneration policies, standards, and packages, the procedure, determining remuneration, and its linkage to operating performance and future risk exposure:

(1) The Policy, Standards, and Composition of Remuneration

A. Director Remuneration

According to Article 16-2 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the Company's of remuneration to Directors according to the degree of participation in the operation of the Company and the value of their contributions at such usual level as generally adopted by the enterprises of the same industry. Furthermore, in accordance with Article 19 of the Company's Articles of Incorporation, if there is a profit in a fiscal year, up to 3% may be allocated for the remuneration of Directors. The Company conducts annual self-assessments of the Board of Directors and individual director member according to the "Board Performance Evaluation Procedure." All performance evaluations and the reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed periodically in accordance with actual business conditions and relevant legal requirements to ensure it aligns with the sustainable results of the Company.

B. Remuneration of managerial officers

Managerial personnel compensation and remuneration, as outlined in the "Regulations Governing the management of Salaries", includes base salary, allowances, subsidies, bonuses, and other remunerations. To appreciate and reward employees for their efforts at work, if the Company is profitable in a given year, 5% to 20% of profits are allocated for employee remuneration as stipulated in Article 19 of the Articles of Incorporation; the specific rewards are determined based on the Company's annual operational performance, financial status, operational conditions, and individual work performance. The results of the annual performance evaluations conducted under the "Employee Performance Management Procedure" are a critical reference for determining compensation. The Company's performance indicators are primarily based on the outcomes of annual business objectives, including achievement rates, profitability, growth rates, or operational efficiency, with adjustments made for weighting. The implementation of the annual

performance evaluation includes both quantitative assessments of performance indicators and qualitative performance interviews to ensure necessary operational adaptations and adjustments are made to achieve business objectives. The compensation for managerial personnel, once linked to performance outcomes, is determined in terms of individual compensation content and amounts. These must be evaluated and approved by the Remuneration Committee and then submitted to the Board of Directors for implementation.

C. The Company's remuneration package, as defined by the Remuneration Committee, includes cash remuneration, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives; the scope of the package is consistent with that of the remuneration of Directors and managers as described in the Regulations Governing Information to be published in Annual Reports of Public Companies.

(2) Procedure for Determining Remuneration:

The Company's Directors and managerial personnel remuneration policy is established based on the annual self-evaluations conducted as per the "Board Performance Evaluation Procedure" and the "Employee Performance Management Procedure". The remuneration considers the Company's operational performance, future risks, development strategies, industry trends, and individual contributions to the Company's performance. The Company's Directors and managerial personnel's performance assessments and the reasonableness of their compensation are evaluated and approved annually by the Remuneration Committee and the Board of Directors. The remuneration distribution policy is periodically reviewed in light of the overall environment and corporate strategic operations to balance the interests of sustainable corporate management and stakeholders. The actual remuneration amounts paid to the Directors and managerial personnel for the fiscal year 2022 were deliberated by the Remuneration Committee and decided upon by the Board of Directors.

(3) The Correlation with Operational Performance and Future Risks:

The review of the remuneration policy and payment standards and systems is primarily based on the overall operational condition of the Company, with performance achievement rates and contributions determining the payment standards to enhance the overall organizational team effectiveness of the Board and management. The Company also benchmarks industry compensation standards to ensure that the remuneration for the management level is competitive within the industry, retaining excellent management talent.

Through annual risk assessment and management mechanisms, the Company ensures that potential risks within its scope of responsibility are managed and mitigated. Compensation is linked to actual performance ratings, aligning with various human resources and related compensation policies to achieve managerial performance targets integrated with "risk management." The Company conducts an annual risk and opportunity assessment led by each manager according to the overall operational strategies and development directions of the Company. This also considers interactions with stakeholders and significant issues (such as market and economic trends, environmental issues, and regulatory changes). Each Department fully engages in assessing the positive or negative impacts of these issues on Company operations. Existing allocations or plans, systems, and related management measures are reviewed to assess their impact and urgency and to determine risk levels.

Appropriate response measures or implementation plans are devised based on the risk level, which are then used to make critical operational decisions, set key performance indicators and targets for each department, and serve as a basis for performance evaluations.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 6 meetings were held in the most recent fiscal year (2023). The attendance of Directors was as follows:

Title	Name of Director	Attendance in person	Attendance by Proxy	In-person attendance rate (%)	Remarks
Chairman	QNAP Systems, Inc. Representative: Ming-Chih Chang	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required
Director	Jong-Liang Jiang	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required
Director	Wen-Yi Liou	4	0	100.00	2023/6/16 Full re-election, with new appointment of all Directors Attendance four times required
Director	Ying-Yin Li	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required
Independent Director	In-Chyuan Ho	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required
Independent Director	Jia-Lien Hsu	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required
Independent Director	Wen-Pao Lo	6	0	100.00	2023/6/16 Full re-election of Directors, with reappointment for consecutive terms Attendance six times required

Other mentionable items:

- Where the proceedings of the Board meetings include one of the following circumstances, specify the Board meeting date, meeting session number, content of the motion(s) and proposal(s), the opinions of all the Independent Directors, and the measures taken by the Company based on the opinions of the Independent Directors:
 - Any matter under Article 14-3 of the Securities and Exchange Act: No objections or reservations. (Please refer to pages 55-57 for details)
 - In addition to the aforementioned matters, other resolutions at the Board meetings regarding which Independent Directors expressed objection or reservations, which are recorded on the record or in a written statement: None
- Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals and/or motions, reasons for recusal, and participation in voting shall be stated):

Board of Directors	Name of Recusing Director(s)	Content of the Proposal/Motion	Reasons for Recusal	Participation in Voting
4th meeting of the 11th-term Board of Directors 2023/12/28	Ming-Chih Chang, Wen-Yi Liou	Proposal to participate in the split and capital reduction project of QNAP Systems, Inc.	Directors Mr. Ming-Chih Chang and Mr. Wen-Yi Liu are managers at QNAP Systems, Inc.	In addition to the abovementioned recusals due to conflicts of interest, after consulting with other attending Directors, the acting Chairman obtained unanimous approval, upon which the President was authorized to handle matters in accordance with relevant legal provisions.

3. Implementation of Evaluations of the Board of Directors for 2023:					
Evaluation Cycle	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Content of Evaluation	Results of Evaluation
Performed once per year	2023/01/01 to 2023/12/31	Board of Directors	Board of Directors Meeting Self-evaluation	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations. ● Improvement in the decision-making quality of the Board of Directors ● Composition and structure of the Board of Directors ● Election and continuing education of Directors ● Internal control 	4.87 points
		Individual Directors	Members of Directors Meeting Self-evaluation	<ul style="list-style-type: none"> ● Understanding of the Company's goals and tasks ● Understanding of Director responsibilities ● Degree of participation in the Company's operations. ● Management of internal relations and communication ● Expertise and continuing education of the Directors ● Internal control 	4.85 points
		Audit Committee	Audit Committee Self-evaluation	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations. ● Understanding the responsibilities of functional committees ● Improvement in the decision-making quality of functional committees ● Composition and selection of members of the functional committees ● Internal control 	5.0 points
		Remuneration Committee	Remuneration Committee Self-evaluation	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations. ● Understanding the responsibilities of functional committees ● Improvement in the decision-making quality of functional committees ● Composition and selection of members of the functional committees ● Internal control 	5.0 points
<p>The Board of Directors' performance evaluation for the year 2023 was rated between 4 points, "excellent," and 5 points, "outstanding." Directors in majority agreed with the operational aspects of various assessment indicators, and the evaluation reflected that both the Board and its functional committees are operating well, meeting corporate governance requirements, and effectively enhancing Board functions and protecting shareholders' interests.</p> <p>On March 8, 2024, the Board reported the 2023 Board performance evaluation results and submitted them to the Remuneration Committee to establish the individual compensation and remuneration content and amounts.</p> <p>4. Measures taken to strengthen the functions of the Board (for example, establishing an Audit Committee and enhancing information transparency) for the current year and the most recent year and implementation performance evaluation:</p> <p>The Company has seven Directors, including three Independent Directors, and has established both an Audit Committee and a Remuneration Committee to strengthen and ensure the proper functioning of the Board. The Board meets at least quarterly and has been operating smoothly since its establishment.</p> <p>The Company periodically discloses Directors' attendance and training updates on the public information observation station, ensuring that information disclosure is timely and transparent.</p> <p>To implement corporate governance, the Company has established "Procedure for Board of Directors Meetings," "Standard Operating Procedures for Requests Filed by Directors," and "Regulations Governing the Evaluation of the Performance of the Board of Directors," according to legal requirements. After the end of each fiscal year, the Board collects relevant information about Board activities and distributes performance self-assessment questionnaires to the Board and individual Directors. After collecting the data, scores are compiled and evaluation reports are summarized. These reports are then submitted to the Board for review and improvement to ensure and enhance the necessary functions of the Board.</p>					

3.4.2 Operations of the Audit Committee:

1. A total of 5 Audit Committee meetings were held in the most recent year (2023).
The attendance of the Independent Directors was as follows:

Title	Name of Director	Attendance in person	Attendance by Proxy	In-person Attendance Rate (%)	Remarks
Independent Director	In-Chyuan Ho	5	0	100	
Independent Director	Jia-Lien Hsu	5	0	100	
Independent Director	Wen-Pao Lo	5	0	100	

Other mentionable items:

1. Where the proceedings of the Audit Committee meetings include one of the following circumstances, specify the meeting date, meeting session number, content of the motion(s) and proposal(s), the reservations, dissenting opinions, qualified opinions of all the Independent Directors, Audit Committee's resolution results, and the measures taken by the Company based on the opinions of the Audit Committee:
 - (1) Any matter under Article 14-5 of the Securities and Exchange Act: No objections or reservations. (Please refer to pages 25-26 for details regarding the operations of the Audit Committee)
 - (2) In addition to the matters referred to above, any matter that was not approved by the Audit Committee but was approved by a two-thirds or greater majority resolution of the Board of Directors: None.
2. In regard to the recusal of independent Directors from voting due to conflict of interests, the name of the independent Directors, the resolutions, reasons for recusal due to conflict of interests, and voting outcomes shall be stated: None.
3. Communication between the Independent Directors and the Chief Internal Audit Supervisor and the CPAs that serve as external auditors (including any significant matters communicated with respect to the state of the Company's finances and business and the method(s) and outcomes of the communication):
 - (1) The Company has established an Audit Committee, composed entirely of Independent Directors. The Committee meets regularly with the internal audit supervisor prior to each quarterly Board meeting to discuss matters including internal control and audit plans and their implementation results. The outcomes of these discussions are recorded in the minutes of each quarterly Audit Committee meeting and significant resolutions are regularly specified and reported in the Board meetings, ensuring good communication.

Communication with Internal Audit Supervisors by Independent Directors in 2023 is as follows:

Date	Method	Nature and Subject of Communication	Opinions of Independent Directors
2023/11/03	Audit Committee	<ol style="list-style-type: none"> 1. Audit Affairs Implementation Report Q4 2023 2. Resolution: Passed the proposal for Company's 2024 Audit Plan. 3. Resolution: Passed the amendments to the Company's internal control "Procedures for Rewards, Punishments, and Assessments." 	Resolution: The motions were unanimously approved with the consent of all the members present in the meeting and filed for resolution by the Board of Directors.
2023/08/04	Audit Committee	Audit Affairs Implementation Report Q3 2023.	Resolution: The motions were unanimously approved with the consent of all the members present in the meeting and filed for resolution by the Board of Directors.
2023/05/05	Audit Committee	<ol style="list-style-type: none"> 1. Audit Affairs Implementation Report Q2 2023. 2. Amendments to the Company's internal control "Procedures Regarding Accounts Payables" 	Resolution: The motions were unanimously approved with the consent of all the members present in the meeting and filed for resolution by the Board of Directors.
2023/03/10	Audit Committee	<ol style="list-style-type: none"> 1. "Assessment of the Effectiveness of Internal Control System" and "Declaration of Internal Control System" for 2022. 2. Internal Audit Implementation Report of Q1 2023. 	Resolution: The motions were unanimously approved with the consent of all the members present in the meeting and filed for resolution by the Board of Directors.

(2) Each year, the Company's CPAs discuss and exchange views with the Independent Directors on key matters related to the annual financial report audit, including profit and loss and financial status. Additionally, meetings with the CPAs and relevant departments are convened as needed based on operational conditions or at the discretion of the Independent Directors.

Communication with CPAs by Independent Directors in 2023 is as follows:

Date	Key Points of Communication	Opinions of Independent Directors
2024/03/08	1. Description of the financial and profit and loss conditions for 2023 2. Description of 2023 key audit matters.	Unqualified opinion
2023/11/10	Description of audit point for planning the 2023 financial statements.	Unqualified opinion
2023/03/10	1. Description of the financial and profit and loss conditions for 2022 2. Description of 2022 key audit matters.	Unqualified opinion

2. Annual operating highlights and operational conditions:

- (1) Assessment of the effectiveness of internal control systems
- (2) Internal control systems and related procedures
- (3) Significant asset transactions
- (4) Annual and quarterly financial statements
- (5) Evaluation of independence and competence of Certified Public Accountants and remuneration
- (6) Audit Committee Performance Self-Evaluation Questionnaire

● **Review of financial statements**

The Board of Directors has prepared the Company's annual business report, financial statements, and proposal for distribution of earnings for the year 2023. The financial statements have been audited by KPMG CPAs, which upon completion, has issued an audit report relating to the Financial Statements. The aforementioned business report, financial statements, and proposal for distribution of earnings have been reviewed by the Audit Committee, which found no discrepancies.

● **Evaluation of the effectiveness of internal control systems**

The Audit Committee assesses the effectiveness of the Company's internal control systems, including policies and procedures covering financial, operational, risk management, information security, outsourcing, and regulatory compliance controls. The committee also reviews the work of the internal audit department and the certified public accountants, as well as regular reports from management. The Audit Committee considers the Company's risk management and internal control systems to be effective, where the Company has implemented the necessary control mechanisms to monitor and correct any non-compliant behaviors.

3. Operations of the Audit Committee in 2023

Date and Title of Meeting	Content of the Proposal/Motion	Any matter under Article 14-5 of the Securities and Exchange Act	Content of dissenting opinions, qualified opinions, or material suggestions of Independent Directors:	Audit Committee Resolutions	Measures Taken by the Company in Response to the Audit Committee's Opinions
11th meeting of the 2nd-term Audit Committee 2023/03/10	1. The 2022 Business Report and Financial Statements.	√	None	Unanimously approved with the consent of all the members present.	N/A
	2. Proposal for the earning distribution in 2022.	-			
	3. Internal Audit Implementation Report.	√			
	4. Proposal for the 2022 "Assessment of the Effectiveness of Internal Control System" and "Declaration of Internal Control System".	√			
	5. Proposal for the 2023 Business Plan and budget.	-			
	6. Proposal for the regular evaluation of independence and competence of Certified Public Accountants and remuneration.	√			
	7. Proposal for amendments to the "Articles of Incorporation" of the Company.	√			
	8. Proposal for amendments to Rules of Procedure for Shareholders Meetings.	√			
12th meeting of the 2nd-term Audit Committee 2023/05/05	1. Internal Audit Implementation Report.	√	None	Unanimously approved with the consent of all the members present.	N/A
	2. Proposal for the 2023 Q1 Consolidated Financial Statements.	√			
	3. Proposal for nomination of Directors and Independent Directors for the 2023 Annual Shareholders' Meeting	-			
	4. Proposal for amendments to Rules of Procedure for Shareholders Meetings.	√			
	5. Proposal for amendments to the Company's "Rules of Procedure for Board of Directors Meetings".	√			
	6. Proposal for amendments to the Company's "Corporate Governance Best Practice Principles", Procedures for Transactions between Related Parties, Specified Companies, and Group Enterprises.	√			
	7. Proposal for amendments to the Company's Standard Operating Procedures for Requests Filed by Directors.	√			
	8. Proposal for amendments to the Company's internal control "Procedures Regarding Accounts Payables"	√			
	9. Proposal to adjust and dismiss managerial positions of the Company.	√			
	10. Armorlink SH Corp., a subsidiary in China, is planning to implement an employee incentive program and will conduct a cash capital increase for employee subscription.	-			

Date and Title of Meeting	Content of the Proposal/Motion	Any matter under Article 14-5 of the Securities and Exchange Act	Content of dissenting opinions, qualified opinions, or material suggestions of Independent Directors:	Audit Committee Resolutions	Measures Taken by the Company in Response to the Audit Committee's Opinions
1st meeting of the 3rd-term Audit Committee 2023/8/4	1. Internal Audit Implementation Report	V	None	Unanimously approved with the consent of all the members present.	N/A
	2. Proposal for the 2023 Q2 Consolidated Financial Statements.	V			
	3. Proposal for amendments to the Company's "Corporate Governance Best Practice Principles".	V			
2nd meeting of the 3rd-term Audit Committee 2023/11/03	1. Internal Audit Implementation Report	V	None	Unanimously approved with the consent of all the members present.	N/A
	2. Proposal for the 2023 Q3 Consolidated Financial Statements.	V			
	3. Proposal for the audit plan for the year 2024.	V			
	4. Proposal for amendments to the Company's internal control "Procedures for Rewards, Punishments, and Assessments.	V			
	5. Proposal for amendments to the "Procedures for Handling Material Inside Information" of the Company.	V			
3rd meeting of the 3rd-term Audit Committee 2023/12/28	Proposal to participate in the split and capital reduction project of QNAP Systems, Inc.	V	None	Unanimously approved with the consent of all the members present.	N/A
4th meeting of the 3rd-term Audit Committee 2024/03/08	1. Internal Audit Implementation Report	V	None	Unanimously approved with the consent of all the members present.	N/A
	2. Proposal for the 2023 Business Report and Financial Statements.	V			
	3. Proposal for the distribution of earnings for 2023.	-			
	4. Proposal for the 2023 "Assessment of the Effectiveness of Internal Control System" and "Declaration of Internal Control System".	V			
	5. Proposal for the 2024 Business Plan and budget.	-			
	6. Proposal for the regular evaluation of independence and competence of Certified Public Accountants and remuneration.	V			

3.4.3 The state of the Company's implementation of corporate governance, any discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has adopted and passed the "Code of Practice on Corporate Governance" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," which has been placed on the Company's website and the public information observatory to ensure its compliance.	No discrepancies.
2. Shareholding Structure and Shareholders' Rights				
(1) Has the Company established internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	V		(1) The Company has established the Procedures for Handling Material Internal Information. The Company has set up a spokesman and an acting spokesman to address issues such as Shareholders' suggestions and concerns. For legal matters, disputes, or litigations, Company legal personnel shall be consulted.	No discrepancies.
(2) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		(2) The Company's share affairs are managed by a professional share affairs agency, and a share affairs specialist is appointed to regularly obtain and maintain the list of major shareholders and ultimate controllers of the Company, ensuring immediate access to and understanding of the shareholding structure.	No discrepancies.
(3) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		(3) The Company has established Procedures for Transactions between Related Parties, Specified Companies, and Group Enterprises along with related internal controls, internal audit management methods, and operational systems for effective risk management and implementation.	No discrepancies.
(4) Has the Company formulated internal regulations that prohibit insiders of the Company from trading securities utilizing undisclosed information in the market?	V		(4) The Company has established the "Procedures for Handling Material Inside Information". The Company has regularly educated and advocated the existing Directors, Managerial Officers, and employees on the Procedures for Handling Material Inside Information and relevant laws and regulations. The Company has educated and advocated new Directors, Managerial Officers, and employees within 1 month from taking office. The Company Code of Practice on Corporate Governance stipulates that Directors are	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
			<p>prohibited from trading the Company's shares during the closed period of 30 days prior to the announcement of the annual Financial Statements and 15 days prior to the announcement of the quarterly Financial Statements. The relevant regulations mandate notifying Directors and internal personnel 30/15 days prior to the disclosure of Financial Statements.</p> <p>In 2023, the Company conducted a total of 1,252 hours of educational and awareness programs for current Directors, managers, and employees. The curriculum included topics such as: the scope of significant information, operation of confidentiality firewalls, confidentiality procedures for external organizations or individuals, principles of disclosure, implementation of the spokesperson system, record-keeping of information disclosures, responses to inaccurate media reports, reporting of irregular situations, and internal control mechanisms for violations.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Board developed, and does it implement, a diversity policy and specific management goals?</p>	V		<p>(1) The Company has established the Code of Practice on Corporate Governance and formulated a diversified Board composition policy that takes into account various factors, including but not limited to, gender, age, nationality, culture, professional background, skills, and industry experience. All Directors, including Independent Directors, undergo a rigorous selection process and are nominated candidates. Subsequently, they are approved by the Board prior to being submitted to the Shareholders' Meeting for election.</p> <p>The Board comprises seven members, incorporating one Executive Director, three Non-Executive Directors, and three Independent Directors, with one female representative. The members possess extensive experience and expertise in finance, the technology industry, and management, all of which are beneficial to the Company's development and operations. Details of the implementation can be found on page 14 of this Annual Report.</p>	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
(2) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	V		(2) The Company has established a Remuneration Committee and an Audit Committee in accordance with the relevant regulations. On November 3, 2023, the Board of Directors resolved to reorganize the Sustainable Development Implementation Team into a Board-level functional "Sustainable Development Committee" and established organizational regulations to implement and sustain the Company's development in environmental, social, and governance aspects.	No discrepancies.
(3) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual Directors' remuneration and nomination and re-appointment?	V		(3) On May 2, 2019, the Board of Directors approved the "Regulations Governing the Evaluation of the Performance of the Board of Directors," and since 2020, the Company has conducted annual self-evaluations of the Board. The results are reported and submitted to the Board in the first quarter of the following year for reference in individual Director's remuneration and re-nomination decisions, submitted to the Remuneration Committee and decided by the Board. The results of the Board Meetings performance evaluation for 2023 were reported to the Board of Directors March 08, 2024.	No discrepancies.
(4) Did the Company regularly implement assessments on the independence of CPAs?	V		(4) The Company conducts annual regular assessments of the independence and competency of CPAs, and reports the evaluation results to the Board of Directors following Audit Committee resolution. The Audit Committee of the Company evaluates the independence and appropriateness of the CPAs by requesting their audit team to provide an "independence statement" and "audit quality indicators (AQIs)" and by evaluating the 13 indicators of AQIs provided in Table 1. The most recent year's evaluation confirmed compliance with the standards of independence and suitability, and the reliability of the financial statements issued. The evaluation results were approved by the Audit Committee and the Board of Directors on March 8, 2024.	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
4. Has the TWSE/TPEX listed Company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing Directors and supervisors with the necessary information for operation, assisting Directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	V		The Company has appointed a dedicated officer responsible for corporate governance affairs, who was appointed as the Corporate Governance Officer by the Board on November 8, 2022. This officer is responsible for overseeing and planning corporate governance-related affairs, handling Board and Shareholders' Meeting procedures, recording minutes, assisting Directors with appointments and ongoing education, providing information needed for Directors to execute their duties, assisting Directors in complying with laws, and reporting to the Board the compliance of Independent Directors with relevant legal regulations during nomination, election, and tenure.	No discrepancies.
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established on the Company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company has established appropriate communication channels with stakeholders including employees, shareholders and investors, clients, suppliers, and government agencies. The Company's website features a dedicated section for stakeholders, providing contact information for spokespersons, deputy spokespersons, and various business contacts, ensuring proper response and handling of concerns related to sustainable development, social responsibility, and other related issues. Additionally, other channels such as surveys, emails, and meetings are used to accurately capture and respond to significant corporate social responsibility issues raised by stakeholders.	No discrepancies.
6. Has the Company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?	V		The Company has acquired the services of the Capital Securities Corporation for the handling of matters related to Shareholders' Meetings.	No discrepancies.
7. Information Disclosure (1) Has the Company established a website to disclose information on financial operations and corporate governance?	V		(1) The Company has established an official website: http://www.ieiworld.com For the regular disclosure of related information. The website also links to the Market Observation Post System (MOPS) to facilitate the review of public information.	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
<p>(2)Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?</p> <p>(3)Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month prior to the respective specified deadlines?</p>	V		<p>(2)The Company has dedicated personnel responsible for collecting various information and maintaining the Company's website, regularly disclosing financial and business information on the website. The Company has registered and filed information about its spokesperson and acting spokesperson according to regulations. Information about investor conferences is also disclosed on the MOPS and updated in real time on the Company's website.</p> <p>(3)The Company's Q1, Q2, and Q3 quarterly financial statements are announced and reported prior to the 45-day deadline mandated by law, and monthly operational results are announced before the 10th of each month.</p>	<p>No discrepancies.</p> <p>Although the annual consolidated financial statements cannot be announced within two months after the end of the year, they are incorporated into the planning of corporate governance objectives.</p>
<p>8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee well-being, investor relations, supplier relations, stakeholder rights, Directors' and supervisors' training records, implementation of risk management</p>	V		<p>(1)Employee Rights: The Company treats employees with integrity, ensuring their legal rights under the Labor Standards Act.</p> <p>(2)Employee Care: The Company establishes a trusting relationship with employees through a comprehensive welfare system and quality educational training, including support for gastrointestinal and cardiac health screenings, and travel subsidies for employees and their families.</p> <p>(3)Investor Relations: The Company has designated spokespersons and acting spokespersons responsible for addressing shareholder</p>	<p>No discrepancies.</p>

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
<p>policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?</p>			<p>suggestions and concerns.</p> <p>(4)Supplier Relations: The Company maintains a good and close cooperative relationship with suppliers, establishing a mutually beneficial and trusting relationship.</p> <p>(5)Stakeholder Rights: Stakeholders have multiple channels to contact and communicate with the Company, provide suggestions, and maintain their legitimate rights.</p> <p>(6)Director Training: The Company arranges training courses for Directors in accordance with the guidelines issued by the Taiwan Stock Exchange Corporation titled "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and discloses information about Directors' training on the MOPS.</p> <p>(7)According to the Company's "Risk Assessment Management Procedures," the highest management level and representatives from each unit are involved. Each department conducts risk identification and risk level assessment and formulates related risk management policies or action plans based on the assessment results. Additionally, in November 2023, the Sustainable Development Committee was established, which also assesses operational risks related to environmental, social, and corporate governance issues through survey methods used in report compilation, following the principle of materiality.</p> <p>(8)Implementation of Customer Policies: The Company allocates an appropriate number of sales management personnel and has a customer service unit to provide services and answer queries about the Company's products. Regular customer</p>	

Evaluation Item	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
			<p>satisfaction surveys are conducted, with feedback reviewed and improvements discussed with sales and related units to maintain stable and positive relationships with customers, aiming for mutual benefits.</p> <p>(9)Directors' Liability Insurance: The Company purchases liability insurance for Directors annually and reports this to the Board of Directors.</p>	

9. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.

- The Company's 10th term Corporate Governance Evaluation Results Ranking: 66% to 80%.
- The Company reviewed the corporate governance evaluation results to identify and enhance areas for improvement. Enhanced disclosure of related information on the Company's website, Annual Report, and the MOPS is being pursued.
- Other areas for improvement are being addressed gradually in accordance with the Company's plans.

Indicator Category	Indicator Content	Improvement Measures
Strengthening Board Structure and Operations	Does the Company annually conduct internal performance evaluations of its functional committees (which should at least include the Audit Committee and the Remuneration Committee) and disclose the implementation and results on the Company's website or in the Annual Report?	<p>While in 2023, the Company conducted internal performance evaluations of its functional committees, including the Audit Committee and the Remuneration Committee, it did not disclose the individual committee evaluation results separately.</p> <p>In 2024, the Company conducted internal performance evaluations of the functional committees separately for the Audit Committee and the Remuneration Committee, and disclosed the results on the Company's website and in the annual report.</p>

Indicator Category	Indicator Content	Improvement Measures
Sustainable Development	<p>Does the Company establish dedicated (or part-time) sustainable development units, conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies, where the Board of Directors oversees the progress of sustainable development initiatives and discloses this information on the Company's website and in the annual report?</p> <p>Does the Company regularly disclose specific plans for corporate sustainable development (ESG) and their implementation outcomes on the Company's website, in the Annual Report, or in the Sustainability Report?</p> <p>Does the Company's website, Annual Report, or Sustainability Report disclose the supplier management policies established, requiring suppliers to adhere to relevant norms on environmental protection, occupational safety and health, or labor rights, and explain the implementation situation?</p>	<p>In 2023, the Board of Directors approved the restructuring of the original Social Responsibility/ESG implementation organization into the Sustainable Development Committee to promote sustainable development. This restructuring involves risk assessments based on the principle of materiality across environmental, social, and corporate governance dimensions, and the formulation of related strategies. The progress of the Company's sustainable development initiatives is reported regularly to the Board of Directors and disclosed on the Company's website and in the Annual Report. The Company's Annual Sustainability Report is currently being prepared and will disclose relevant issue information according to internationally recognized standards.</p>
	<p>Does the Company have a dedicated (or part-time) unit responsible for promoting business integrity, tasked with formulating and overseeing the implementation of integrity policies and prevention plans, and does it explain the operation and implementation of this unit on the Company's website and annual report, reporting to the Board of Directors at least once a year?</p>	<p>The Company has established a business integrity promotion unit. The performance of this unit will be detailed on the Company's website and in the Annual Report, with at least an annual report to the Board of Directors.</p>
	<p>Does the Company disclose greenhouse gas emissions, water consumption and total waste weight over the past two years and formulate policies for greenhouse gas reduction, water use reduction or other waste management?</p> <p>Does the Company have policies for reducing greenhouse gases, water usage, or managing other wastes, including reduction targets, promotion measures, and achievement situations?</p>	<p>In 2022, the Company initiated an ISO 14064-1 project for greenhouse gas inventory, planning to continue the initiative and disclose the annual greenhouse gas emissions for the most recent two years. The Company will set specific reduction targets and regularly review the progress and effectiveness of related measures.</p>

Table 1. CPA Independence and Competence Evaluation Form

Evaluation Item	Results of Evaluation	Complying with Independence/ Competence Requirements
	Yes/No	
1. Is the auditor not a related party to the Company?	Yes	Yes
2. Does the auditor have no spouse or relative within the second degree of consanguineous relationship with any of the Company's responsible persons or managers?	Yes	Yes
3. Do the auditor, their spouse, or their minor children have no investment relationships or share interests with the Company?	Yes	Yes
4. Do the auditor, their spouse, or their minor children have no lending or borrowing relationships with the Company?	Yes	Yes
5. Does the auditor have no direct or significant indirect financial interests with the Company?	Yes	Yes
6. Has the auditor not engaged in financing or guarantee actions with the Company or its Directors?	Yes	Yes
7. Is the auditor's judgment on the Company's audit work not influenced by the potential loss of the client?	Yes	Yes
8. Does the auditor not have close commercial or potential employment relationships with the Company?	Yes	Yes
9. Does the auditor not receive any fees related to the audit case?	Yes	Yes
10. Have the auditor and audit team members not held positions as Directors, supervisors, managers, or other significant roles influencing the audit within the Company in the current or the most recent two years?	Yes	Yes
11. Do the non-audit services provided by the auditor not directly affect the important items of the audit case?	Yes	Yes
12. Does the auditor not promote or broker the Company's issued stocks or other securities?	Yes	Yes
13. Does the auditor not act as the Company's advocate or represent the Company in coordinating conflicts with third parties?	Yes	Yes
14. Does the auditor not have any consanguineous relationship with any of the Company's Directors, supervisors, managers, or personnel who have significant influence over the audit case?	Yes	Yes
15. Has no auditor who has resigned within the past year from a joint practice taken a position as a Director, supervisor, manager, or in a role significantly influencing the audit within the Company?	Yes	Yes
16. Does the auditor not hold a regular position within the Company that is remunerated with a fixed compensation?	Yes	Yes
17. Is the auditor not involved in the management functions that formulate the Company's decisions?	Yes	Yes
18. As of the most recent certification operation, has there been no situation where the same auditor has not been changed for seven years?	Yes	Yes
19. According to the Auditor Quality Indicators (AQI), is there no situation where the auditor is unsuitable for appointment by the Company?	No	Yes

3.4.4 Composition, Duties, and Operation of the Remuneration Development Committee:

1. Information regarding Members of the Remuneration Committee

Identity Category	Name of Director	Qualifications	Professional Qualifications and Experience	Independence Analysis	Number of Other Taiwan's Public Companies in Which the Individual Concurrently Serves as an Independent Director
Independent Director (Convener)	In-Chyuan Ho		Please refer to pages 11-14 for relevant information on the professional qualifications of Directors and disclosure of independence.		None
Independent Director	Jia-Lien Hsu				None
Independent Director	Wen-Pao Lo				None

2. Attendance of Members at Remuneration Committee Meetings

- (1) There are three members in the Remuneration Committee.
- (2) Term of the committee members: From June 16, 2023 to June 15, 2026;
2 meetings were held by the Remuneration Committee in the most recent year (2023), qualification and attendance of the committee members are as follow:

Title	Name of Director	Attendance in person	Attendance by Proxy	In-person Attendance Rate (%)	Remarks
Convener	In-Chyuan Ho	2	0	100	
Committee Member	Jia-Lien Hsu	2	0	100	
Committee Member	Wen-Pao Lo	2	0	100	

Other mentionable items:

1. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, state the date and session of the Board Meeting, the content of the proposal, the Board's resolution, and the way the Remuneration Committee's opinions were handled (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): Not applicable.
2. If a member opposes a resolution the Remuneration Committee has adopted or has reservations with a written record or a statement, specify the date and session of the meeting, the content of the proposal, opinions of all the members, and how the opinions were handled: Not applicable.

3. Operations of the Remuneration Committee

Date and Title of Meeting	Content of the Proposal/Motion	Resolution Result	Measures Taken by the Company in Response to the Remuneration Committee's Opinions
6th meeting of the 4th-term Remuneration Committee 2023/03/10	<ol style="list-style-type: none"> 1. Review of the Company's 2022 Director and employee remuneration distribution. 2. Review the principles for distributing the Company's annual bonus and the amounts awarded to managers. 	Unanimously approved with the consent of all the members present in the meeting	Submitted for resolution by the Board of Directors, where unanimously approved with the consent of all the Directors present in the meeting
1st meeting of the 5th-term Remuneration Committee 2023/11/03	<ol style="list-style-type: none"> 1. Review of managerial distribution of employee compensation for 2022. 2. Review the principles for distributing the Company's annual bonus and the amounts awarded to managers. 3. Review the performance evaluation processes for Directors and managers and the annual compensation and remuneration adjustment plan for managers in 2024. 4. Review the proposed work plan for the Remuneration Committee for 2024. 	Unanimously approved with the consent of all the members present in the meeting	Submitted for resolution by the Board of Directors, where unanimously approved with the consent of all the Directors present in the meeting
2nd meeting of the 5th-term Remuneration Committee 2024/03/08	<ol style="list-style-type: none"> 1. Review of the Company's 2023 Director and employee remuneration distribution. 2. Review the principles for distributing the Company's annual bonus and the amounts awarded to managers. 	Unanimously approved with the consent of all the members present in the meeting	Submitted for resolution by the Board of Directors, where unanimously approved with the consent of all the Directors present in the meeting

3.4.5 Implementation status of sustainable development practices, discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance
	Yes	No	Summary Description	
1. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or part-time) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior managers to handle relevant issues and does the Board of Directors supervise the state of affairs with respect to the preceding?	V		<p>On November 3, 2023, the Board of Directors resolved to restructure the existing Social Responsibility/ESG implementation group into the "Sustainable Development Committee" and established organizational regulations to continue the tasks of the original committee and promote the Company's sustainable development in environmental, social, and governance aspects.</p> <p>The committee is chaired by the President as convener and includes senior executives from various departments as ex officio members. Based on the Company's sustainability themes and directions, working groups have been established, including Product Innovation and Services, Supply Chain Sustainability, Environmental Sustainability, Employee and Social Care, and Corporate Governance and Performance, to promote and implement related sustainability activities.</p> <p>The committee meets at least twice a year and can convene additional meetings as needed, regularly reporting the implementation of sustainable development and future work plans to the Board of Directors. The most recent reports to the Board of Directors were on November 3, 2023, and March 8, 2024.</p> <p>The Board of Directors regularly receives reports on the implementation of sustainable development, including the formulation of the Company's sustainability directions and strategic goals, management policies related to Company sustainability, objectives and specific promotion plans, and the tracking and review of the implementation and effectiveness of Company sustainability. The Board evaluates the likelihood of success of these strategies, regularly reviews their progress, and urges the Sustainable Development Committee to make adjustments when necessary.</p>	No discrepancies.
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk	V		<p>According to the Company's "Risk Assessment Management Procedures," risk identification and assessment are conducted by each department, composed of the highest management level and representatives from each unit. Based on the principle of materiality, relevant risk management policies or action plans are formulated. Additionally, the Sustainable Development Committee, established in</p>	No discrepancies.

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance													
	Yes	No	Summary Description														
management policies or strategies?			<p>November 2023, also assesses operational risks related to environmental, social, and governance issues through surveys used in report compilation, assessing risks based on the principle of materiality. The survey and related risk assessments are focused primarily on the Company itself.</p> <p>Based on the risks after the annual appraisal, the relevant risk management policies or strategies are as follows:</p> <table border="1"> <thead> <tr> <th>Significant Topics</th> <th>Evaluation Item</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Carbon Emission</td> <td> <ol style="list-style-type: none"> 1. Comprehensive carbon reduction efforts are ongoing, where actions are based on inventory results. 2. Such actions include the implementation of electricity monitoring and energy-saving programs, integration of environmentally friendly concepts into product design and development, as well as material research to reduce carbon footprint or increase recyclability. 3. Annual internal audit plans are implemented to ensure compliance with relevant environmental regulations and procedures. 4. Implementation of environmental ISO systems. </td> </tr> <tr> <td>Climate Change Risks</td> <td>Use of the TCFD framework to identify and manage Company risks and opportunities with cross-department response plans, regularly reviewed and adjusted.</td> </tr> <tr> <td rowspan="2">Society</td> <td>Supply Chain and Quality Risks</td> <td> <ol style="list-style-type: none"> 1. Setting up production bases in third locations outside the Group's Taiwan and China locations. 2. Assessing sustainability-related indicators for suppliers. 3. Implementing and regularly evaluating supplier product quality requirements. 4. Ensuring product quality and compliance with international regulations. </td> </tr> <tr> <td>Human Resources Risks</td> <td>Perfecting the Company's personnel and welfare systems and implementation of human resource training plans.</td> </tr> </tbody> </table>	Significant Topics	Evaluation Item	Description	Environment	Carbon Emission	<ol style="list-style-type: none"> 1. Comprehensive carbon reduction efforts are ongoing, where actions are based on inventory results. 2. Such actions include the implementation of electricity monitoring and energy-saving programs, integration of environmentally friendly concepts into product design and development, as well as material research to reduce carbon footprint or increase recyclability. 3. Annual internal audit plans are implemented to ensure compliance with relevant environmental regulations and procedures. 4. Implementation of environmental ISO systems. 	Climate Change Risks	Use of the TCFD framework to identify and manage Company risks and opportunities with cross-department response plans, regularly reviewed and adjusted.	Society	Supply Chain and Quality Risks	<ol style="list-style-type: none"> 1. Setting up production bases in third locations outside the Group's Taiwan and China locations. 2. Assessing sustainability-related indicators for suppliers. 3. Implementing and regularly evaluating supplier product quality requirements. 4. Ensuring product quality and compliance with international regulations. 	Human Resources Risks	Perfecting the Company's personnel and welfare systems and implementation of human resource training plans.	
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Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance								
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			<table border="1"> <tr> <td></td> <td>Information Security</td> <td>1. Ensuring customer information security. 2. Maintaining robust network security and threat prevention.</td> </tr> <tr> <td rowspan="2">Corporate Governance</td> <td>Regulatory Compliance</td> <td>Promote and implement sustainable governance principles, enhance Director capabilities, and achieve corporate governance evaluation goals.</td> </tr> <tr> <td>Stakeholder Requirements</td> <td>Establish comprehensive communication channels for stakeholders, strengthen internal response mechanisms, and ensure timely and appropriate handling.</td> </tr> </table>		Information Security	1. Ensuring customer information security. 2. Maintaining robust network security and threat prevention.	Corporate Governance	Regulatory Compliance	Promote and implement sustainable governance principles, enhance Director capabilities, and achieve corporate governance evaluation goals.	Stakeholder Requirements	Establish comprehensive communication channels for stakeholders, strengthen internal response mechanisms, and ensure timely and appropriate handling.	
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	Stakeholder Requirements	Establish comprehensive communication channels for stakeholders, strengthen internal response mechanisms, and ensure timely and appropriate handling.										
3. Environmental Issues												
(1) Has the Company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	V		The Company has implemented the ISO14001 Environmental Management System and established an Environmental Management Committee to define the Company's environmental policies and objectives, and supervise the implementation of various environmental management activities. The ISO45001 management system has also been implemented to ensure a safe and healthy work environment.	No discrepancies.								
(2) Is the Company committed to improving utilization efficiency of energy and using recycled materials with low environmental impact?	V		The Company adheres to green design principles, using environmentally friendly materials in production, ensuring all products comply with the European Union's RoHS standards, and continuously striving to restrict hazardous substances. Efforts include promoting environmentally friendly product design, such as reducing plastic in packaging, minimizing packaging components, and preferring powder coating for metal surfaces to reduce VOC emissions. Establish "Energy Resource Management Procedures," advocate among Company colleagues the practice of resource reuse, such as recycling used paper and envelopes, promoting paperless processes, and properly implementing waste sorting and recycling to reduce environmental impact.	No discrepancies.								
(3) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	V		The Company includes climate change, natural disasters, and environmental issues in its risk and opportunity assessment, identifying potential positive and negative impacts and consequences on Company operations, evaluating their severity and materiality, and formulating corresponding management mechanisms or actions. Current risks faced by the Company include increased operational costs due to global environmental trends and regulations, such as internal quality system costs required by international regulations, increased raw material costs due to product design changes or emergency material replacements, and increased operating costs	No discrepancies.								

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance																		
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			due to carbon control and energy costs. Therefore, responsible units must closely monitor domestic and international regulatory changes and plan responses early to reduce potential emergency response expenditures. Internally, the Company must initiate energy management mechanisms, analyze major energy consumption, and further plan energy-saving and carbon reduction actions, as well as evaluate investments in energy storage equipment or the adoption of alternative or green energy sources. Responding to climate change-related regulatory requirements also raises the entry threshold for the supply chain, thus providing potential opportunities and advantages for the Company to utilize the existing material management system to deploy compliance check mechanisms early to enhance supply chain control efficiency and create product competitiveness.																			
(4) Does the Company make statistics on greenhouse gas emissions, water consumption and total waste weight over the past two years and formulate policies for greenhouse gas reduction, water use reduction or other waste management?	V		<p>The Company is not positioned in a high-energy-consuming industry and does not set up nor use facilities that generate large amounts of greenhouse gases. The Company initiated the ISO 14064-1 project in 2022 to conduct the first-year greenhouse gas inventory; the first annual greenhouse gas inventory passed external verification in September 2023.</p> <p><u>Greenhouse gas emissions for the most recent two years: (Data for 2023 unaudited)</u> Unit: Tons of CO₂e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total Emission Volume</th> <th>Greenhouse Gas (GHG) Emissions</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>141</td> <td>1,667</td> <td>2,000</td> <td>3,808</td> <td>0.3452</td> </tr> <tr> <td>2023</td> <td>172</td> <td>1,718</td> <td>1,837</td> <td>3,727</td> <td>0.3806</td> </tr> </tbody> </table> <p>Note: Emission intensity data only includes Scope 1 and Scope 2; Unit: CO₂e/million NTD revenue.</p> <p>The Company continues to promote energy-saving and carbon reduction measures, including electricity analysis. It has also included major energy-consuming equipment and sources under monitoring and management, and plans to implement the ISO50001 Energy Management System to control energy usage, aiming towards carbon neutrality and the net-zero target by 2050.</p> <p><u>Water consumption in the most recent two years:</u></p>	Year	Scope 1	Scope 2	Scope 3	Total Emission Volume	Greenhouse Gas (GHG) Emissions	2022	141	1,667	2,000	3,808	0.3452	2023	172	1,718	1,837	3,727	0.3806	No discrepancies.
Year	Scope 1	Scope 2	Scope 3	Total Emission Volume	Greenhouse Gas (GHG) Emissions																	
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			<table border="1"> <thead> <tr> <th>Year</th> <th>Total Water Consumption (Tons)</th> <th colspan="2">Water Intensity (Tons/million NTD revenue):</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>9,401</td> <td colspan="2">1.7945</td> </tr> <tr> <td>2023</td> <td>10,280</td> <td colspan="2">2.0699</td> </tr> </tbody> </table> <p>In terms of water-saving initiatives, starting with implementing everyday water-saving measures to maximize the use of available water resources and regularly monitoring and analyzing the water usage for any abnormalities.</p> <p><u>Waste weight for the most recent two years:</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous waste (Tons):</th> <th>Non-hazardous waste (Tons):</th> <th>Water Intensity (Tons/million NTD revenue):</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1.10</td> <td>0</td> <td>0.0002</td> </tr> <tr> <td>2023</td> <td>0.98</td> <td>0</td> <td>0.0002</td> </tr> </tbody> </table> <p>The Company has established a "Waste Management Procedure." Business waste is stored and managed in designated areas and handled by environmental protection agencies recognized for waste treatment, with all procedures declared according to law. For household waste, the Company encourages waste separation and recycling to reduce environmental impact.</p>	Year	Total Water Consumption (Tons)	Water Intensity (Tons/million NTD revenue):		2022	9,401	1.7945		2023	10,280	2.0699		Year	Hazardous waste (Tons):	Non-hazardous waste (Tons):	Water Intensity (Tons/million NTD revenue):	2022	1.10	0	0.0002	2023	0.98	0	0.0002	
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4. Social Issues (1) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties?	V		<p>To ensure the protection of the rights of employees and all stakeholders, the Company adheres to internationally recognized human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the conventions of the International Labor Organization. The Company firmly opposes any action that disregards or violates human rights. Guided by these principles, it has developed relevant management policies and procedures, including codes of conduct for employees, work regulations, measures against harassment and abuse in the workplace, complaint and disciplinary procedures, employee performance management, personal data protection, anti-discrimination policies, protection for young workers, grievance handling procedures, and whistleblower policies to ensure the safeguarding of human rights.</p>	No discrepancies.																								

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			<p>To ensure all employees understand and comply with these policies, the Company conducts annual training on human rights, aiming to enhance awareness and reduce the likelihood of related risks. In 2023, the total training hours, including human rights training, amounted to 5,540 hours, averaging 13.41 hours per person. The Company will continue to focus on human rights issues and promote related education and training to enhance awareness and reduce the potential for related risks.</p> <p>The Company's human rights policy and specified plans and proposals are summarized as below:</p> <table border="1"> <thead> <tr> <th>Human Rights Policy</th> <th>Specific Management Plan or Proposal:</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy working environment</td> <td> <ul style="list-style-type: none"> For descriptions regarding the protection measures for work environment and employees' personal safety, please refer to pages 84-85 of the labor relations section. </td> </tr> <tr> <td>Prohibition of child labor and forced labor</td> <td> <ul style="list-style-type: none"> Prohibition of child labor. Upon hiring, identity and age are verified to ensure legality of employment. The Company does not engage in forced labor and has established legal norms for regular and extended working hours. </td> </tr> <tr> <td>Discrimination is eliminated, diversity is respected, and equality is protected.</td> <td> <ul style="list-style-type: none"> Performance evaluations are conducted annually, with results linked to salary adjustments, promotions, rewards, and reassignments. Recruitment, employment, and compensation policies are diverse and equal, not influenced by race, skin color, gender, religion, politics, nationality, or social background. All labor rights are safeguarded, including minimum wage, working hours (including overtime), insurance, vacation, pension schemes, notice periods for contract termination, freedom of association, and collective bargaining rights. </td> </tr> </tbody> </table>	Human Rights Policy	Specific Management Plan or Proposal:	Provide a safe and healthy working environment	<ul style="list-style-type: none"> For descriptions regarding the protection measures for work environment and employees' personal safety, please refer to pages 84-85 of the labor relations section. 	Prohibition of child labor and forced labor	<ul style="list-style-type: none"> Prohibition of child labor. Upon hiring, identity and age are verified to ensure legality of employment. The Company does not engage in forced labor and has established legal norms for regular and extended working hours. 	Discrimination is eliminated, diversity is respected, and equality is protected.	<ul style="list-style-type: none"> Performance evaluations are conducted annually, with results linked to salary adjustments, promotions, rewards, and reassignments. Recruitment, employment, and compensation policies are diverse and equal, not influenced by race, skin color, gender, religion, politics, nationality, or social background. All labor rights are safeguarded, including minimum wage, working hours (including overtime), insurance, vacation, pension schemes, notice periods for contract termination, freedom of association, and collective bargaining rights. 	
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Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance
	Yes	No	Summary Description	
			<ul style="list-style-type: none"> ● Performance evaluations are conducted annually, with results linked to salary adjustments, promotions, rewards, and reassignments. ● The Act of Gender Equality in Employment is enforced, protecting employees' rights to parental leave. ● Channels for employee suggestions are provided. ● Labor-management meetings are held quarterly to promote cooperation, coordinate labor relations, improve working conditions, and plan employee benefits. 	
			<p>Illegal infringements are prohibited, and a zero-harassment environment is promoted.</p> <ul style="list-style-type: none"> ● Employee grievance procedures are established with dedicated hotlines and email addresses for handling complaints, and relevant information is publicly displayed in the workplace. ● Workplace harassment and abuse prevention measures, complaint and disciplinary procedures are in place. Plans to prevent unlawful infringements and handle reports of illegal, unethical, or dishonest behavior are implemented. ● Employees can use a dedicated mailbox or labor-management meetings to voice concerns, or they can directly appeal to senior management, ensuring the implementation of labor rights. 	
			<p>Protection of personal data</p> <ul style="list-style-type: none"> ● Regular information security checks and the enhancement of both software and hardware systems ● A dedicated data information security unit, managed by specific information security officers, is responsible for the promotion of information security policies, planning, monitoring, and executing data security management operations. ● Regular updates of antivirus software and reinforcement of hardware firewalls are implemented. ● Data backup and restoration tests are conducted regularly, along with simulated drills for disaster recovery. ● Proper access management of user accounts and 	

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance
	Yes	No	Summary Description	
			<p>permissions is maintained, with regular checks on system access settings to prevent data breaches.</p> <ul style="list-style-type: none"> • The information department routinely checks servers storing personal data for attacks and breaches to ensure the security of employee and customer data. • Access management in server rooms is strengthened to prevent the leakage of sensitive personal information. • The Company commits to employee training on data security and personal data protection to enhance awareness and reduce risk. 	
(2) Does the Company formulate and implement reasonable employee welfare measures (including compensation and remuneration, days-off, and other benefits), and appropriately mirror the operating performance or results in employee compensation and remuneration?	V		<p>The Company's employee compensation is governed by the "Personnel Compensation and Remuneration" and includes base salary, allowances, stipends, bonuses, and rewards. The Company's bylaws explicitly specify employee compensation policies to appreciate and reward employees for their work efforts and reflect operational results in their compensation. According to the "Employee Performance Management Procedure," performance evaluations are conducted annually to serve as a basis for awarding and adjusting compensation. The Company also implements an employee stock ownership plan to align the interests of employees as shareholders with collaborative teamwork and share the benefits of operational performance.</p> <p>The Company has established vacation and basic welfare systems in accordance with the Labor Standards Act; the Employee Welfare Committee, apart from providing subsidies for marriage, bereavement, and illness, organizes periodic activities such as trips, evening parties, and club competitions. Additionally, beyond implementing mandatory health and labor insurance as per government regulations, the Company also provides group insurance for employees and focuses significantly on employee health. This includes annual health checks, subsidies for gastroscopy/cardiac examinations, and full subsidies for flu vaccinations. Monthly physician consultations and weekly stress-relief massage services are provided to alleviate work stress. Lactation rooms are established for female colleagues in need, and childcare measures are coordinated with educational institutions.</p>	No discrepancies.

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance									
	Yes	No	Summary Description										
(3) Does the Company provide a safe and healthy workplace for employees and regularly provide safety and health education for employees?	V		<p>The Company provides a safe and healthy work environment and has obtained ISO 45001 Occupational Health and Safety Management System certification, valid until August 28, 2025. Annual monitoring of the work environment is conducted; emergency personnel are designated based on the number of employees, annual fire evacuation drills are held, and regular inspections and maintenance of fire safety equipment are performed to ensure workplace safety and proper response to emergencies. Annual health checks for employees are conducted, along with monthly on-site medical services to maintain employee health. The Company adheres to the Occupational Safety and Health Act to prevent workplace accidents and has developed various "Safety and Health Work Guidelines" that include specifications related to the work environment and personal safety for employees to follow.</p> <p>Over the most recent two years, the Company's occupational safety-related training was implemented as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Education and training participant count</th> <th>Education and training hours</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>137</td> <td>352</td> </tr> <tr> <td>2023</td> <td>91</td> <td>215</td> </tr> </tbody> </table>	Year	Education and training participant count	Education and training hours	2022	137	352	2023	91	215	No discrepancies.
Year	Education and training participant count	Education and training hours											
2022	137	352											
2023	91	215											
(4) Has the Company established effective career development and training plans for its employees?	V		<p>The Company has established an Education and Training Center with a comprehensive training system that plans annual training objectives, including orientation for new hires, professional and technical training, management development, and enhancement. Knowledge sharing sessions and reading groups are held periodically, encouraging employees to actively offer opinions and new proposals. Through continuous internal and external training sessions, the Company aims to absorb new knowledge, enhance employee qualifications, and strengthen leadership skills. In 2023, the total hours dedicated to career and professional knowledge training amounted to 2,466 hours.</p>	No discrepancies.									
(5) Does the Company comply with relevant laws and regulations and international standards, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers or customers with respect to issues such as customer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>The Company complies with relevant laws, regulations and international guidelines for client health and safety, client privacy, and marketing and labeling of its products and services and established relevant consumer or client protection policies and grievance procedures. The Company values its relationships with customers, often maintaining long-term cooperation, and has designated personnel and email to handle customer complaints and return or replacement issues.</p>	No discrepancies.									

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance						
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(6) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V		<p>Regarding supplier management policies, the Company mandates that suppliers adhere to environmental, occupational health and safety, and labor rights standards in accordance with the "Supplier Management Procedures" and relevant standards. Suppliers are required to sign a commitment to adhere to corporate social responsibility standards. The Company periodically evaluates suppliers and if a supplier violates its corporate social responsibility policy significantly impacting the environment or society, the Company is prepared to terminate or dissolve contracts as necessary.</p> <p>The Company's specific practices for supplier management are as follows:</p> <table border="1"> <tr> <td rowspan="3">Supplier Evaluation</td> <td>Priority is given to suppliers that have obtained international certifications such as ISO standards, QC080000 HSF, and RBA, and those that are financially sound with a good reputation.</td> </tr> <tr> <td>All suppliers must pass the supplier evaluation process and comply with the Supplier Code of Conduct. They must self-declare compliance with restrictions on hazardous substances, conflict minerals, corporate social responsibility commitments, and business partner security declarations.</td> </tr> <tr> <td>Depending on the type of business, suppliers must possess valid government-issued Company registration certificates, factory registration certificates, and certifications such as ISO 9001 for quality management systems, ISO 14001 for environmental management, or ISO 45001 for occupational health and safety management systems.</td> </tr> <tr> <td>Regular Audits</td> <td>According to the "Qualified Supplier Annual Evaluation Procedure," suppliers are audited annually based on their risk level and assessment items to ensure their operations meet the Company's standards in quality, environmental protection, occupational health and safety, hazardous substance management, RBA management, and supply chain security management.</td> </tr> </table>	Supplier Evaluation	Priority is given to suppliers that have obtained international certifications such as ISO standards, QC080000 HSF, and RBA, and those that are financially sound with a good reputation.	All suppliers must pass the supplier evaluation process and comply with the Supplier Code of Conduct. They must self-declare compliance with restrictions on hazardous substances, conflict minerals, corporate social responsibility commitments, and business partner security declarations.	Depending on the type of business, suppliers must possess valid government-issued Company registration certificates, factory registration certificates, and certifications such as ISO 9001 for quality management systems, ISO 14001 for environmental management, or ISO 45001 for occupational health and safety management systems.	Regular Audits	According to the "Qualified Supplier Annual Evaluation Procedure," suppliers are audited annually based on their risk level and assessment items to ensure their operations meet the Company's standards in quality, environmental protection, occupational health and safety, hazardous substance management, RBA management, and supply chain security management.	No discrepancies.
Supplier Evaluation	Priority is given to suppliers that have obtained international certifications such as ISO standards, QC080000 HSF, and RBA, and those that are financially sound with a good reputation.									
	All suppliers must pass the supplier evaluation process and comply with the Supplier Code of Conduct. They must self-declare compliance with restrictions on hazardous substances, conflict minerals, corporate social responsibility commitments, and business partner security declarations.									
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Regular Audits	According to the "Qualified Supplier Annual Evaluation Procedure," suppliers are audited annually based on their risk level and assessment items to ensure their operations meet the Company's standards in quality, environmental protection, occupational health and safety, hazardous substance management, RBA management, and supply chain security management.									
5. Does the Company refer to the internationally accepted guidelines for the preparation of sustainability reports that disclose the Company's non-financial information? Has the Company received assurance or certification of the aforementioned reports		V	The Company is not currently mandated by regulations to prepare a Sustainability Report. However, in February 2023, the Company commissioned an external consulting firm to prepare the 2023 sustainability Report according to the GRI Sustainability Reporting Standards, incorporating the Company's sustainability policies and stakeholder concerns.	Although not legally required, the preparation of the 2023 Sustainability Report is						

Promotion Item	Status of Implementation			Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the reason for any such variance
	Yes	No	Summary Description	
from a third-party certification institution?				underway, demonstrating the Company's proactive approach to transparency and accountability in sustainability.
<p>6. If the Company has established its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation :</p> <p>The Company has established the "Corporate Social Responsibility Best Practice Principles," and continues to promote its implementation based on principles of "Implementing Corporate Governance," "Developing a Sustainable Environment," "Maintaining Social Welfare," and "Enhancing Disclosure of Corporate Social Responsibility Information." The current operations align closely with the established guidelines with no significant discrepancies. To further embody corporate sustainability and foster progress in economic, environmental, and social dimensions, the Company plans to formalize its "Sustainable Development Best Practice Principles" by June 2024, in accordance with the "Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies."</p>				
<p>7. Other significant information that facilitates understanding of the status of sustainable development:</p> <p>(1) Environmental Initiatives: In response to international environmental trends and customer requirements, the IEI Integration Group internally tests raw materials using XRF devices. All materials are already procured in compliance with environmental standards, and production meets the EU's ROHS requirements. The Company is actively working to adopt halogen-free standards. As a professional EMS, the IEI Integration Group is committed to continually promoting product greening. Policies include "Continuous Improvement and Commitment to Pollution Prevention," "Compliance with Environmental Regulation and International Environmental Requirements," and "Employee Training to Enhance Environmental Awareness," all of which contribute to creating win-win situations for customers, suppliers, and employees.</p> <p>(2) Community Engagement, Social Contribution, and Service: The Company prioritizes hiring local employees to provide job opportunities. In addition to focusing on business operations and respecting shareholder rights, the Company plans to periodically engage in charitable and social welfare activities to support sustainable community development. If employees require emergency assistance, the Company also initiates fundraising activities for support.</p> <p>(3) Human Rights: The Company places a high priority on human rights, ensuring equal employment rights regardless of race, gender, religion, or political affiliation, and provides opportunities for personal expression and development, respecting individual dignity.</p> <p>(4) Safety and Health: The Company complies with government regulations on occupational safety and health to prevent workplace accidents.</p>				

3.4.5-1 Climate-Related Information of TWSE/TPEX Listed Company

• Implementation of Climate-Related Information

Item	Status of implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<ul style="list-style-type: none"> • Given the high level of concern surrounding climate issues in recent years and their critical importance to the Company's operational risk management, the management has incorporated climate change issues as a key item in departmental risk assessments. The Company continuously monitors and tracks developments related to climate change, carefully evaluates, and formulates relevant operational goals and plans. • The IEI's ESG Committee is responsible for promoting sustainability-related affairs and is the highest organization for climate change risk management within the Company. ESG committee is required to report on climate change-related issues to the Board of Directors on an annual basis.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>The Company identifies the following risks and opportunities related to climate issues, including regulatory compliance risks, operational disruptions, increased operational costs, product sales risks, and competitive opportunities:</p> <ul style="list-style-type: none"> • Compliance with government regulations related to climate change, such as greenhouse gas inventory actions and carbon emission reduction measures, is essential. Ongoing warming trends lead to increased energy consumption and operational costs, prompting the Company to plan and evaluate the use of future energy storage systems or alternative energy sources. • Extreme weather and natural disasters could cause damage to buildings or equipment, impede personnel movement or transportation, and result in property loss or increased operational costs. The Company needs to continuously strengthen its emergency response mechanisms to ensure effective operation. Additionally, it should closely monitor and analyze the likelihood and potential impact of natural disasters in major operational regions, review existing load-bearing capacities, and assess the establishment of alternative backup mechanisms to meet the Company's medium- and long-term operational development needs. • In response to international climate and environmental regulatory trends, overseas sales must comply with local regulations. Future increases in domestic and international carbon fees or carbon taxes could raise operational costs, necessitating early planning. The Company should steer products and services towards greener, innovative, and energy-efficient designs while enhancing product advantages to improve market competitiveness and corporate value.
3. Describe the financial impact of extreme weather events and transformative actions.	<p>Extreme weather events or transitions can lead to increased operational costs. The Company continuously monitors and assesses the significant financial and business impacts of such events and promptly initiates necessary response plans or management measures to reduce or mitigate the financial impact.</p>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The Company has incorporated climate change issues into the annual departmental risk and opportunity assessments. Through ongoing monitoring of climate change-related developments by various operational departments, the Company carefully evaluates the potential risks and opportunities climate issues pose to departmental operations. For risks and opportunities with medium to high impact, the Company, in collaboration with relevant departments, develops corresponding operational plans and goals, and regularly reviews the implementation status of these plans and makes improvements as necessary.</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>There is no corresponding assessment.</p>

Item	Status of implementation
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to climate risks, the Company will evaluate and plan the adoption of relevant energy management systems. Product design and services are directed towards green design, low energy consumption, high efficiency, and increased recyclability. Specific indicators and goals are being formulated.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	There is no corresponding plan.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company's specific climate goals include completing greenhouse gas inventories for the parent company and subsidiaries by 2027, with a greenhouse gas reduction target of a 4% decrease over 5 years, using 2022 as the base year.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	As a listed Company with a capital of less than 5 billion NTD, the Company is not currently required to disclose greenhouse gas inventories and verification conditions, reduction targets, strategies, and specific action plans in its annual report according to the schedule set by the Financial Supervisory Commission. However, the Company has proactively initiated the group's greenhouse gas inventory actions in 2022. Recent greenhouse gas inventories for Taiwan and Mainland China have been completed, with results and verification details as shown in the following table.

• Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

Year	Company	Emission Volume (metric tons CO ₂ e)		Intensity (Note) (metric tons CO ₂ e/NT\$ million)	Assurance Institution	Assurance Information
		Scope 1	Scope 2			
2022	Parent Company IEI INTEGRATION CORP.	141.0597	1,667.3728	0.3452	TUV-NO RD	Verification based on ISO 14064-3:2019. Reasonable Assurance
	Subsidiary BriteMED Technology Inc.	16.4428	115.5987	-		
	Subsidiary Armorlink SH Corp.	494.07	3128.20	-	SGS	Verification based on ISO 14064-3:2019. Reasonable Assurance
2023	Parent Company IEI INTEGRATION CORP.	172.1261	1,718.0787	0.3806	Not verified	
	Subsidiary BriteMED Technology Inc.	20.7276	96.1581	-		
	Subsidiary Armorlink SH Corp.	556.61	2,892.61		Not verified	

(Note) Emission intensity pertains only to the parent company and is calculated based on individual revenue.

3.4.6 Implementation of ethical corporate management, discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for discrepancies:

Evaluation Item	Implementation Status			Discrepancies from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance
	Yes	No	Summary Description	
<p>1. Formulating Ethical Corporate Management Policies and Programs</p> <p>(1) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement its commitment to those management policies?</p> <p>(2) Does the Company establish an assessment mechanism for the risk of unethical conducts, and regularly analyze and assess business activities with high risks of unethical conducts, and formulates a plan accordingly to curb such occurrence, and such a plan contains countermeasures for all the circumstances described in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?</p>	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," which have been approved by the Board and disclosed on the Company website and public information observation stations. The "Sustainable Development Committee" of the Board level, with its "Corporate Governance and Performance" working group, is responsible for promoting and implementing policies and measures to prevent dishonest practices.	No discrepancies.
	V		(2) The Company not only promotes a philosophy of ethical management but also employs internal auditing and complaint mechanisms to prevent dishonest business practices. Specific programs are in place, including operational procedures, guidelines, and training aimed at preventing unethical behavior.	No discrepancies.
	V		(3) To ensure the implementation of ethical practices, the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Whistle-blower Procedures," and "Work Rules" are regularly reviewed and updated. These guidelines explicitly prohibit employees from accepting kickbacks, thereby preventing conflicts of interest and ensuring that employees do not compromise the Company's interests for personal gain.	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance
	Yes	No	Summary Description	
2. Implementing Ethical Corporate Management				
(1) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	V		(1) Before establishing business relationships, the Company assesses the legality and integrity history of potential partners to ensure that their business practices are fair, transparent, and free from bribery.	No discrepancies.
(2) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?	V		(2) The Company has established a "Sustainable Development Committee" at the Board level, with a "Corporate Governance and Performance" working group responsible for promoting the Company's policies on ethical management, anti-corruption, anti-bribery, and compliance with laws. This committee reports at least annually to the Board on the implementation status, with the most recent reports submitted on November 3, 2022, and March 8, 2024.	No discrepancies.
(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(3) The "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Work Rules" are designed to prevent conflicts of interest and to ensure that employees do not engage in activities that could harm the Company's interests. These policies ensure that the accounting and internal control systems are effective and regularly audited for compliance. If violations of the regulations are discovered, they can be reported to the Independent Directors, the Audit Committee, managers, Human Resources and Auditing departments, direct supervisors, or other appropriate personnel.	No discrepancies.
(4) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(4) The Company have effective accounting and internal control systems in place to enforce ethical corporate management, where internal auditors regularly audit compliance.	No discrepancies.

Evaluation Item	Implementation Status			Discrepancies from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance
	Yes	No	Summary Description	
(5) Does the Company regularly hold internal and external training related to ethical corporate management?	V		(5) The Company holds at least one internal training session on ethical management annually and arranges external training sessions as needed. Management also promotes awareness of preventing unethical behaviors and insider trading at least twice a year on the Company's internal website, aiming to establish a unified belief among all employees and ensure compliance with relevant laws and regulations to implement ethical management. In 2023, the Company organized internal and external educational training sessions on topics related to ethical management, covering compliance with ethical management regulations, anti-corruption, anti-bribery ethics, corporate governance regulations, information security, labor management regulations, occupational safety and health, and professional knowledge. The total training hours amounted to 5,540, with each employee receiving an average of 13.41 hours of training.	No discrepancies.
3. Implementation of Whistle-Blowing Procedures (1) Has the Company established a concrete whistle-blowing and rewarding system, and set up accessible methods for whistle-blowers, and designate appropriate and dedicated personnel to investigate the accused?	V		(1) The Company has established "Whistle-blower Procedures" managed by the Human Resources and Auditing departments, responsible for handling reporting matters. Reporting mechanisms and channels, such as a dedicated email and hotline, are disclosed on the Company's website and internal site, enabling internal and external stakeholders (such as employees, suppliers, and customers) to submit named complaints with evidence against actions that violate integrity and ethics.	No discrepancies.
(2) Has the Company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidentiality mechanism?	V		(2) According to the "Whistle-blower Procedures" the procedures and confidentiality mechanisms are as follows: 1) Acceptance: The whistleblower must provide at least the following information: (a) The whistleblower's name, ID number, and contact details (address, phone number, or email). (b) The name or other identifying characteristics of the person being reported. (c) Concrete evidence available for investigation. 2) Investigation: Once a whistleblowing case is accepted by the Human Resources and Audit departments, the Chairman will assign a project investigator to	No discrepancies.

Evaluation Item	Implementation Status		Summary Description	Discrepancies from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance
	Yes	No		
			<p>conduct the investigation. The project investigator will promptly and actively verify the facts according to the accepted content and seek cooperation from the Legal Department or other departments as needed, without concealment. The investigation of the whistleblowing case may involve phone calls, written correspondence, or interviews, depending on the case's requirements, and the process and content must be thoroughly documented and retained.</p> <p>3) Investigation report and result handling:</p> <p>(a) After the case is filed, the investigation progress should be regularly reported to the Chairman, with follow-up on processing deadlines.</p> <p>(b) The project investigator should directly report the investigation results of the whistleblowing case to the Chairman. If the investigation involves directors or senior executives, the results should be reported to the independent directors.</p> <p>(c) If the investigation confirms behavior that violates integrity and ethics or relevant laws, the reported individual should be immediately instructed to cease the related activities. The Company should then take disciplinary action based on relevant regulations and, if necessary, seek legal redress to protect the Company's reputation and interests. For verified whistleblowing cases, the relevant department of the Company should review and improve related internal control systems and procedures to prevent recurrence of similar incidents.</p> <p>(d) The project investigator should report the whistleblowing situation, the handling method, and subsequent review and improvement measures to the Board of Directors.</p> <p>4) Confidentiality Mechanism:</p> <p>The whistleblower's identity, the content of the report, and investigation records must be encrypted and protected. Access should be limited to authorized project investigators only, and information that can identify the whistleblower must not be disclosed, revealed, or made public to unauthorized third parties. If file transmission is necessary, it should be encrypted.</p>	

Evaluation Item	Implementation Status			Discrepancies from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance
	Yes	No	Summary Description	
(3) Has the Company established any measures to protect whistle-blowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V		(3) According to the "Whistle-blower Procedures" the Company will ensure confidentiality and protection of the whistleblower's identity and report content. Individuals involved in the investigation of whistleblowing cases are also prohibited from disclosing, revealing, or making public any information that could identify the whistleblower to unauthorized third parties. Effective and appropriate protective measures will be taken to prevent the whistleblower from facing unfair treatment, retaliation, or threats. The company did not have any whistleblowing cases in 2023.	No discrepancies.
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 its ethical corporate management policies and the results of its implementation on the Company's website and MOPS.	No discrepancies.
5. Where the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any discrepancies between the principles and their implementation: None.				
6. Other material information that is beneficial for understanding the operation of ethical corporate management of the Company (such as the amendment of its Ethical Corporate Management Best Practice Principles): (1) The Company adheres to the Company Act, Securities and Exchange Act, Business Accounting Act, regulations pertaining to TWSE and TPEX listed companies, and other relevant regulations. The Company continuously updates its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" according to the amendments by the regulatory authorities. (2) The Company's "Rules of Procedure for Board of Directors Meetings" include a system for Directors to avoid conflicts of interest. For items in which they or their represented legal entities have an interest that may be in conflict with the Company's interests, such Directors may state their opinions and respond to inquiries but must not participate in discussions or votes on these matters. They must also abstain from voting and cannot represent other Directors in exercising their voting rights. (3) The Company has established "Procedures for Internal Significant Information Processing and Prevention of Insider Trading Operations," which specify that Directors, managers, and employees must not disclose any significant internal information they learn to others. They must not inquire or collect non-public significant information unrelated to their duties from those who are privy to such Company information, nor may they disclose any non-public significant information they learn outside their official duties. The procedures strengthen the prevention of insider trading. (4) As of the date of printing the Annual Report, the Company has not received any reports of violations of the related codes and conduct guidelines.				

3.4.7 Where the Company stipulates corporate governance guidelines and related regulations, the inquiry methods shall be disclosed:

The Company has established the Corporate Governance Best-Practice Principles which has already been disclosed on the MOPS (<http://mops.twse.com.tw>) and the Corporate Governance section of the Company's official website for shareholders' reference.

3.4.8 Any other material information that would afford a better understanding of the status of the Company's implementation of corporate governance: None

3.4.9 Implementation of the Internal Control System

1. Statement of Internal Control System

IEI INTEGRATION CORP.

Statement of the Internal Control System

Date: March 8, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system for the year 2023:

1. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, thereby providing reasonable assurance.
2. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
3. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the "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 and response, 3.Procedural control, 4.Information and communication, 5.Supervision. Each constituent element includes a number of items. For more information, please refer to the "Regulations" for the details of the abovementioned items.
4. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Should the abovementioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. The Company hereby declares that this statement had been approved by the Board of Directors on March 8, 2024. Among the seven Directors present, none raised any objection to the contents of this statement.

IEI INTEGRATION CORP.

Chairman: Ming-Chih Chang
President: Jonq-Liang Jiang

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

3.4.10 Any legitimate penalties imposed upon the Company or internal personnel, or punishment imposed by the Company on internal personnel for violation of Company's internal control system regulations, details on the punishment if it might have a significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this Annual Report: None.

3.4.11 Material resolutions of a Shareholders' Meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of this Annual Report:

1. 2023 Significant Resolutions of the Shareholders' Meeting and Implementation:

Date	Significant Resolutions of the Shareholders' Meeting and Implementation																								
2023/06/16 Annual General Shareholder' Meeting	<p>1. Approval of ratification for the proposal for the Company's 2022 Business Report and Financial Statements. State of Implementation: Approved as proposed.</p> <p>2. Approval of ratification for the Company's 2022 proposal for distribution of earnings. Status of Implementation: The proposed distribution of cash dividends to shareholders is NT\$ 3.5 per share, totaling NT\$ 618,092,265. The ex-dividend date was set for July 25, 2023, where dividends were distributed by August 18, 2023.</p> <p>3. Approval for discussion of amendments to the Company's "Articles of Incorporation". Status of Implementation: Approved by the Ministry of Economic Affairs on June 30, 2023, for changes in registration, and operations have been conducted in accordance with the revised "Articles of Incorporation."</p> <p>4. Approval for discussion of amendments to Rules of Procedure for Shareholders' Meetings. Status of Implementation: Operations have been conducted in accordance with the revised "Rules of Procedure for Shareholders' Meetings."</p> <p>5. Proposal for full re-election of Directors. Status of Implementation: The elected persons are listed as follows:</p> <table border="1" data-bbox="352 1491 1431 1816"> <thead> <tr> <th>Title</th> <th>Name of Director</th> <th>Electoral Vote Count</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>QNAP Systems, Inc. Representative: Ming-Chih Chang</td> <td>144,285,489 electoral votes</td> </tr> <tr> <td>Director</td> <td>Jonq-Liang Jiang</td> <td>124,524,757 electoral votes</td> </tr> <tr> <td>Director</td> <td>Wen-Yi Liou</td> <td>113,015,230 electoral votes</td> </tr> <tr> <td>Director</td> <td>Ying-Yin Li</td> <td>112,033,641 electoral votes</td> </tr> <tr> <td>Independent Director</td> <td>In-Chyuan Ho</td> <td>89,934,254 electoral votes</td> </tr> <tr> <td>Independent Director</td> <td>Jia-Lien Hsu</td> <td>89,463,142 electoral votes</td> </tr> <tr> <td>Independent Director</td> <td>Wen-Pao Lo</td> <td>89,462,860 electoral votes</td> </tr> </tbody> </table>	Title	Name of Director	Electoral Vote Count	Director	QNAP Systems, Inc. Representative: Ming-Chih Chang	144,285,489 electoral votes	Director	Jonq-Liang Jiang	124,524,757 electoral votes	Director	Wen-Yi Liou	113,015,230 electoral votes	Director	Ying-Yin Li	112,033,641 electoral votes	Independent Director	In-Chyuan Ho	89,934,254 electoral votes	Independent Director	Jia-Lien Hsu	89,463,142 electoral votes	Independent Director	Wen-Pao Lo	89,462,860 electoral votes
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<p>6. Approval for the proposal of lifting Non-compete clause for newly appointed Directors. Status of Implementation: Newly appointed Directors have relinquished roles in other companies, with information listed as the following:</p>																									

Date	Significant Resolutions of the Shareholders' Meeting and Implementation		
	Title	Name of Director	Positions Concurrently Held in Other Companies at Present
	Director	QNAP Systems, Inc. Representative: Ming-Chih Chang	1. Director and President, QNAP Systems, Inc. 2. Chairman, BriteMED Technology Inc.
	Director	Jonq-Liang Jiang	Legal Representative (Director) of BriteMED Technology Inc.
	Director	Wen-Yi Liou	COO, QNAP Systems, Inc.
	Independent Director	In-Chyuan Ho	1. Chairman, Accuvest Management Inc. 2. Chairman, Pin Mao Investment Co., Ltd. 3. Legal Representative (Director), Fiber Logic Communications Inc. 4. Director, Zhun Mao Venture Capital Co., Ltd. 5. Director, Zhun Sheng Venture Capital Co., Ltd.
	Independent Director	Wen-Pao Lo	Chairman and President, Castec International Corp.

2. Significant resolutions of the Board in 2023, and up to the publication date of this Annual Report:

Title/Date of Meeting	Significant Resolution	Any matter under Article 14-3 of the Securities and Exchange Act	All Opinions of Independent Directors	Measures Taken by the Company in Response to Independent Director Opinions
13th meeting of the 10th-term 2023/03/10	1. Appointment of members for the Company's 6th meeting of the 4th Remuneration Committee.	V	No objections or unqualified opinion.	N/A
	2. Proposal for the Company's 2022 distribution of employee compensation and Director remuneration	V		
	3. Proposal for the Company's 2022 Business Report and Financial Statements.	V		
	4. Proposal for 2022 distribution of earnings.	V		
	5. "Assessment of the Effectiveness of Internal Control System" and "Declaring of Internal Control System" for 2022.	V		
	6. Proposal for the 2023 Business Plan and budget.	-		
	7. Proposal for the regular evaluation of independence and competence of Certified Public Accountants and remuneration.	V		
	8. Proposal for amendments to the "Articles of Incorporation" of the Company.	V		
	9. Proposal for amendments to Rules of Procedure for Shareholders Meetings.	V		
	10. Proposal for full re-election of Directors.	V		
	11. Proposal for lifting non-compete clause for newly appointed Directors.	V		
	12. Date, time, place, convening method and main proposals of the Company's 2023 Annual General Shareholders' Meeting.	V		
	13. Facilitated the nomination process for Director candidates, including Independent Directors, proposed by shareholders holding more than one percent of shares.	V		
14th meeting of the 10th-term 2023/05/05	1. Proposal for the 2023 Q1 Consolidated Financial Statements.	V	No objections or unqualified opinion.	N/A
	2. Proposal for nomination of Directors and Independent Directors for the 2023 Annual Shareholders' Meeting	V		

Title/Date of Meeting	Significant Resolution	Any matter under Article 14-3 of the Securities and Exchange Act	All Opinions of Independent Directors	Measures Taken by the Company in Response to Independent Director Opinions
	3. Proposal for amendments to Rules of Procedure for Shareholders Meetings.	V		
	4. Proposal for amendments to the Company's "Rules of Procedure for Board of Directors Meetings".	V		
	5. Proposal for amendments to the Company's "Corporate Governance Best Practice Principles", Procedures for Transactions between Related Parties, Specified Companies, and Group Enterprises.	V		
	6. Proposal for amendments to the Company's Standard Operating Procedures for Requests Filed by Directors.	V		
	7. Proposal for amendments to the Company's internal control "Procedures Regarding Accounts Payables"	V		
	8. Proposal to adjust and dismiss managerial positions of the Company.	V		
	9. Armorlink SH Corp., a subsidiary in China, is planning to implement an employee incentive program and will conduct a cash capital increase for employee subscription.	V		
1st meeting of the 11th-term 2023/06/16	1. Election of Ming-Chih Chang as Chairman.	V	No objections or unqualified opinions.	N/A
	2. Proposal for the appointment of members for the Company's 5th Remuneration Committee.	V		
2nd meeting of the 11th-term 2023/08/04	1. Presentation of the Company's 2023 Q2 Consolidated Financial Statements.	V	No objections or unqualified opinions.	N/A
	2. Proposal for amendments to the Company's "Corporate Governance Best Practice Principles".	V		
	3. Proposal for the Company's application for a comprehensive credit limit with Mega International Commercial Bank, Songnan Branch.	V		
	4. Proposal for the Company's application for a comprehensive credit limit with Land Bank, Xizhi Branch.	V		
	5. Proposal for Armorlink SH Corp., a China subsidiary of the Company, to apply for a comprehensive credit limit with the China Construction Bank, Minhang Branch of Shanghai.	-		
3rd meeting of the 11th-term 2023/11/03	1. Presentation of the Company's 2023 Q3 Consolidated Financial Statements.	V	No objections or unqualified opinions.	N/A
	2. The Company's 2024 Audit Plan.	V		
	3. Proposal for amendments to the Company's internal control "Procedures for Rewards, Punishments, and Assessments."	V		
	4. Proposal for amendments to the "Procedures for Handling Material Inside Information" of the Company.	V		
	5. The Company's Corporate Social Responsibility Committee was renamed as Sustainable Development Committee and established Organizational Regulations for the Sustainable Development Committee	V		
	6. Matters deliberated during the 1st meeting of the 5th-term Remuneration Committee.	V		

Title/Date of Meeting	Significant Resolution	Any matter under Article 14-3 of the Securities and Exchange Act	All Opinions of Independent Directors	Measures Taken by the Company in Response to Independent Director Opinions
4th meeting of the 11th-term 2023/12/28	Proposal to participate in the split and capital reduction project of QNAP Systems, Inc.	V	No objections or unqualified opinions.	N/A
5th meeting of the 11th-term 2024/03/08	1. Matters deliberated during the 2nd meeting of the 5th-term Remuneration Committee.	V	No objections or unqualified opinions.	N/A
	2. Proposal for the Company's 2023 distribution of employee compensation and Director remuneration	V		
	3. Proposal for the Company's 2023 Business Report and Financial Statements.	V		
	4. Proposal for 2023 distribution of earnings.	V		
	5. "Assessment of the Effectiveness of Internal Control System" and "Declaration of Internal Control System" for 2023.	V		
	6. Proposal for the 2024 Business Plan and budget.	V		
	7. Proposal for the regular evaluation of independence and competence of Certified Public Accountants and remuneration.	V		
	8. Date, time, place, convening method and main proposals of the Company's 2024 Annual General Shareholders' Meeting.	V		

3.4.12 Dissenting or qualified opinion of Directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and as of the date of report: None.

3.4.13 Summary of resignation or dismissal of personnel (including the Chairman, President, financial supervisor, accounting supervisor, internal audit supervisor and R&D supervisor) who are involved with the Company's financial statements during the most recent year and up to the date of publication of this annual report: None.

3.5 Information on the Professional Fees of the Attesting CPAs

Unit: In thousands of NTD

Name of CPA firm	Name of CPA	CPA Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
KPMG Taiwan	Chung-Che Chen, Li-Chen Lai	2023/01/01~ 2023/12/31	4,030	20	4,050	Non-audit fees include business dividend income reported under the direct offset method.
	Chih Chang	2023/01/01~ 2023/12/31	-	415	415	Non-audit fees include the transfer pricing report and master file for 2023.

3.5.1 Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees payment before/after replacement and reasons for paying this amount shall be disclosed: Not applicable.

3.5.2 Where accounting fee paid for the year was 10% (or more) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: Not applicable.

3.6 Information on replacement of CPAs: None.

3.7 The Company's Chairman, President, Officer in charge of finance or accounting matters holding a position at its independent CPA firm or its affiliated enterprise in the most recent year: None.

3.8 Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of this annual report:

3.8.1 Share changes by Directors, managers, and major shareholders:

Title	Name of Director	2023		As of April 20, 2024	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Pledged Shares Held	Increase (Decrease) of Shares Held	Increase (Decrease) of Pledged Shares Held
Chairman	QNAP Systems, Inc.	-	-	-	-
Representative of the Chairman	Ming-Chih Chang	-	-	-	-
Director and President	Jonq-Liang Jiang	-	-	-	-
Director	Wen-Yi Liu(Note 1)	-	-	-	-
Director	Ying-Yin Li	(135,000)	-	-	-
Independent Director	In-Chyuan Ho	-	-	-	-
Independent Director	Jia-Lien Hsu	-	-	-	-
Independent Director	Wen-Pao Lo	-	-	-	-
Vice President	Su-Pi Chang	-	-	-	-
Vice President	Kuo-Hsiung, Li (Note 1)	-	-	-	-
Vice President	Kai-Cheng Chan	31,000	-	(9,000)	-
Vice President	Chun-Ying Tu	(95,000)	-	-	-
Vice President	Chen-Shan Kuo	-	-	-	-
Vice President	Yao-Tsung Li	-	-	-	-
Finance and Accounting Supervisor	Ti-Szu Wei	-	-	-	-
Major Shareholder	Po-Ta Kuo	168,927	-	-	-

Note 1: Director Wen-Yi Liou was newly elected in a full re-election of Directors on June 16, 2023, thus the statistics on shareholding changes start from this date. Vice President Kuo-Hsiung Li was relieved from his role due to job rotation on May 5, 2023, thus the statistics on shareholding changes are accounted for up until this date.

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

3.9 Relationship Among the Top 10 Shareholders

2024/04/20

Name Of Director	Number Of Shares Held		Shares Held Under Spouse And/Or Minor Children		Total Number Of Shares Held In The Name Of Other Persons		Name And Relationship Between The Company's 10 Largest Shareholders, Or Spouses Or Relatives Within Second Degrees Of Consanguineous Relationship.		Remarks
	No. of Shares Held	Shareholding Ratio	No. of Shares Held	Shareholding Ratio	No. of Shares Held	Shareholding Ratio	Title (or name)	Relationship	
QNAP Systems, Inc. Representative: Ming-Chih Chang	23,963,007	13.57 %	-	-	-	-	None	None	
Po-Ta Kuo	21,932,396	12.42 %	3,707,164	2.10 %			Wen-Hsin Kuo · Yun-Lung Kuo · Yun-Chaing Kuo	Within second degree consanguineous relationship	
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust	10,290,000	5.83 %	-	-	-	-	None	None	
Chian Jin Lai Investment Co., Ltd. Representative: Chun-Chi Kuo	7,061,465	4.00 %	-	-	-	-	Fu Wang Lai Investment Co. Ltd.	Same person as legal representative	
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: Chun-Chi Kuo	5,053,421	2.86 %	-	-	-	-	Chian Jin Lai Investment Co., Ltd.	Same person as legal representative	
Wen-Hsin Kuo	2,518,000	1.43 %	-	-	-	-	Po-Ta Kuo	Within second degree consanguineous relationship	
Ying-Yin Li	2,031,759	1.15 %	-	-			None	None	
Yun-Lung Kuo	1,874,164	1.06 %	-	-	-	-	Po-Ta Kuo	Within second degree consanguineous relationship	
Yun-Chaing Kuo	1,833,000	1.04 %	-	-	-	-	Po-Ta Kuo	Within second degree consanguineous relationship	

3.10 Shares held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any enterprise controlled either directly or indirectly by the Company

Unit: Shares; %; Date: 2024/03/31

Reinvestment Enterprises (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	No. of Shares Held	Shareholding Percentage%	No. of Shares Held	Shareholding Percentage%	No. of Shares Held	Shareholding Percentage%
BriteMED Technology Inc.	8,000,000	100.00	-	-	8,000,000	100.00
QNAP Systems, Inc.	33,930,000	24.49	18,357,630	13.20	52,287,630	37.69
Oring Industrial Networking Corp.	2,797,371	16.36	1,483,074	8.67	4,280,445	25.03
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.	-	-	-	90.70	-	90.70
Ailean Technologies Corp.	-	-	-	90.70	-	90.70
Ash Energy Group Limited	-	-	-	90.70	-	90.70
IEI Technology (Shanghai) Co., Ltd.	-	-	-	90.70	-	90.70
Weibotong Technology (Shanghai) Co., Ltd.	-	-	-	90.70	-	90.70
Syncda International Limited	-	-	-	90.70	-	90.70
Xingwei Computer (KunShan) Co., Ltd.	-	-	-	49.71	-	49.71

Note: Long-term investments accounted for using equity method of the Company.

IV. Capital Overview

4.1 Capital and shares

4.1.1 Sources of Share Capital

Year, Month	Issuance Price (NT\$)	Authorized Share Capital		Call up Capital		Remarks		
		No. of Shares	Amount (NT\$)	No. of Shares	Amount (NT\$)	Sources of share capital (NT\$)	Using assets other than cash to offset share capital	Date and document reference of capital increase approval
1997.04	10	6,000,000	60,000,000	6,000,000	60,000,000	Authorized share capital	None	1997.05.12 No. 86292850
1997.10	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase by cash	None	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	None	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	None	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	None	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	None	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	None	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 from earnings NT\$213,332,540 Capital increase by employee bonus: NT\$23,775,000	None	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	None	2003.11.27 MOEA. SSZ No. 09201322460 ; TZJ (1) No.0920138979

Year, Month	Issuance Price (NT\$)	Authorized Share Capital		Call up Capital		Remarks		
		No. of Shares	Amount (NT\$)	No. of Shares	Amount (NT\$)	Sources of share capital (NT\$)	Using assets other than cash to offset share capital	Date and document reference of capital increase approval
2004.12	10	190,000,000	1,900,000,000	148,493,667	1,484,936,670	Capital increase from earnings NT\$213,332,540 Capital increase by employee bonus: NT\$27,172,000	None	2004.12.08 MOEA. SSZ No. 09301228700
2005.11	10	200,000,000	2,000,000,000	158,718,367	1,587,183,670	Capital increase from earnings NT\$74,247,000 Capital increase by employee bonus: NT\$28,000,000	None	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 from earnings NT\$47,616,000 Capital increase by employee bonus: NT\$37,200,000	None	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 from earnings NT\$83,600,000 Capital increase by employee bonus: NT\$37,820,000	None	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	None	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 from earnings NT\$89,671,000 Capital increase by employee bonus: NT\$37,131,000	None	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 Shares NT\$600,000	None	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 from earnings NT\$95,136,080 Capital increase by employee bonus: NT\$21,823,070	None	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	None	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	None	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	None	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	None	2010.08.18 MOEA. SSZ No. 09901187160

Year, Month	Issuance Price (NT\$)	Authorized Share Capital		Call up Capital		Remarks		
		No. of Shares	Amount (NT\$)	No. of Shares	Amount (NT\$)	Sources of share capital (NT\$)	Using assets other than cash to offset share capital	Date and document reference of capital increase approval
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	None	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	None	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	None	2012.11.12 MOEA. SSZ No. 10101232980
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	None	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	None	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 capital reduction NT\$328,314,420	None	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 capital reduction NT\$1,181,931,930	None	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 Shares NT\$6,920,000	None	2020.08.24 MOEA. SSZ No. 10901155970

In unit of shares

Share Type	Authorized Share Capital			Remarks
	Issued Outstanding Shares	Un-issued Shares	Total	
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 Shareholder structure:

2024/04/20

Shareholder structure Volume	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	5	58	105	19,602	19,770
Shareholding (shares)	0	1,574,300	38,464,232	27,847,087	108,712,171	176,597,790
Shareholding Ratio	0.00%	0.89%	21.78%	15.77%	61.56%	100.00%

4.1.3 Shareholding Distribution Status

(Par value of NT\$10 per share) Date:2024/04/20

Shareholding range	Number of Shareholders	Shareholding (shares)	Shareholding Ratio
1 to 999	7,179	1,949,686	1.10%
1,000 to 5,000	10,084	20,102,407	11.38%
5,001 to 10,000	1,306	9,999,967	5.66%
10,001 to 15,000	383	4,816,162	2.73%
15,001 to 20,000	241	4,412,004	2.50%
20,001 to 30,000	185	4,700,325	2.66%
30,001 to 40,000	102	3,654,106	2.07%
40,001 to 50,000	56	2,627,346	1.49%
50,001 to 100,000	122	8,331,526	4.72%
100,001 to 200,000	54	7,539,654	4.27%
200,001 to 400,000	25	6,602,597	3.74%
400,001 to 600,000	9	4,427,894	2.51%
600,001 to 800,000	6	4,289,838	2.43%
800,001 to 1,000,000	1	925,000	0.52%
1,000,001 or over	17	92,219,278	52.22%
Total	19,770	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.

2024/04/20

Shareholder	Shares	Shareholding (shares)	Shareholding Ratio
QNAP Systems, Inc. Representative: Ming-Chih Chang		23,963,007	13.57%
Po-Ta Kuo		21,932,396	12.42%
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust		10,290,000	5.83%
Chian Jin Lai Investment Co., Ltd. Representative: Chun-Chi Kuo		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: Chun-Chi Kuo		5,053,421	2.86%
Wen-Hsin Kuo		2,518,000	1.43%
Ying-Yin Li		2,031,759	1.15%
Yun-Lung Kuo		1,874,164	1.06%
Yun-Chiang Kuo		1,833,000	1.04%

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

Item		Year	2022	2023	As of March 31, 2024
Market price per share	Highest		NT\$ 82.40	NT\$103.50	NT\$ 86.20
	Lowest		NT\$ 42.60	NT\$ 68.00	NT\$ 76.50
	Average		NT\$ 65.15	NT\$ 85.49	NT\$ 81.63
Net value per share	Before distribution		NT\$ 52.28	NT\$ 57.14	(Note 4)
	After distribution		NT\$ 48.78	(Note 5)	
Earnings Per Share	Weighted average number of shares		176,598,000	176,598,000	
	Earnings Per Share		NT\$ 8.45	NT\$ 7.83	
Dividends per share	Cash Dividends	from Earnings	NT\$ 3.50/share	NT\$ 3.50/share (Note 5)	
		from Capital Surplus	-	-	
	Stock Dividends	from Earnings	-	-	
		from Capital Surplus	-	-	
Accumulated Undistributed Dividends		-	-		
Analysis of return on investment (ROI)	Price / Earnings Ratio (note 1)		7.71	10.92	
	Price / Dividend Ratio (Note 2)		18.61	24.42	
	Cash Dividend Yield Rate (Note 3)		5.37%	4.09%	

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 data for Q1 of 2024 is not applicable since it has not been reviewed by the CPAs as of the date of publication of the annual report.

Note 5: The proposal to distribute profits for the year 2023 is awaiting approval from the shareholders' meeting.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy of the Company

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. Shareholder dividends shall not exceed 90% of the accumulated distributable profits, and the cash dividend portion shall not be less than 5% of the shareholder dividend.

2. Proposed Distribution of Dividend

The proposal for the distribution of 2023 profits was passed at the meeting of the Board of Directors. It is proposed to allocate NT\$618,092,265 from the earnings to distribute cash dividends to shareholders at NT\$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 remuneration distribution plan for employees and directors shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, it should reserve the amount necessary for offsetting the losses before allocating remuneration to employees and directors according to the preceding percentage.

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 2023 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 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.

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 08, 2024 to distribute employee compensation of NT\$86,381,140 and director remuneration of NT\$3,300,000. Both will be paid in cash. These amounts will be disbursed in cash.

(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 2022 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\$91,975,745 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 Corporate Bonds: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Overseas Depository Receipts: None.

4.5 Status 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 Execution: None.

V. Overview of Business Operations

5.1 Business Activities

5.1.1 Business Scope

1. Main areas of business operations

- CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
- CC01080 Electronic Parts and Components Manufacturing
- CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- CC01110 Computers and Computing Peripheral Equipment Manufacturing
- CC01120 Data Storage Media Manufacturing and Duplicating
- I301010 Software Design Services
- F401010 International Trade
- F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
- CF01011 Medical Devices Manufacturing
- F108031 Wholesale of Medical Devices
- F208031 Retail sale of Medical Equipment
- F118010 Wholesale of Computer Software
- F218010 Retail Sale of Computer Software
- I301020 Data Processing Services
- I301030 Digital Information Supply Services
- F601010 Intellectual Property
- ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue distribution:

Unit: In thousands of NTD

Item	2023	
	Net Operating Revenue	Percentage
Industrial computer	4,734,615	62.48%
Industrial computer components and peripherals	2,428,583	32.05%
Others	414,595	5.47%
Total	7,577,793	100%

3. Main products of the Company:

- (1) Network communication and edge computing products and services
 - a. Network communication application basic platform products: iEi focuses on 5G/SD-WAN and next-generation firewall platform products with higher technical thresholds and innovative applications, and in response to the manufacturing industry's migration-related requirements for production line cyber security equipment, introduces a robust cyber security platform new product line.
 - b. Edge computing and embedded system solutions: Continuously collaborating closely with software vendors and system integrators, focusing on five vertical applications including cloud AIoT connection, smart manufacturing, vehicle computing, green energy applications, and intelligent monitoring.
 - c. High-speed DDR5/PCIe Gen5 testing equipment.
 - d. High-end AI biotechnology gene sequencing server.
 - e. iEi IRM remote management system.
 - f. iEi IVEC virtualization payload integration platform.
 - g. iEi EPD electronic paper and management platform.

- (2) Medical products and services
 - a. Medical Tablet: POCm Nursing Cart Computer Series, POCi Operating Room Workstation Series, IASO Medical Information Acquisition Terminal Series.
 - b. Medical Embedded Systems: HTB Multifunctional Intelligent AI Computer Series.
 - c. Medical Displays: HTB Multifunctional Intelligent AI Computer Series, Medical Information Integration Equipment.
 - d. Medical Power Supplies: AXON Multifunctional Medical Power System, UPS Equipment.
4. New products development:
- (1) Multi-processor media transmission server.
 - (2) Solid-state and hybrid network storage platforms.
 - (3) Equipment and solutions related to Industry 4.0, factory automation, and equipment networking.
 - (4) Deeply cultivating two vertical markets, Oil & Gas and Food & Beverage, through IP69K and explosion-proof certified stainless steel Silver Shield series tablet computers, displays, and controllers.
 - (5) Equipment information management and solutions related to energy, water, and environmental monitoring.
 - (6) AiEi AI industrial environmental safety system.
 - (7) Digital medical imaging workstations: 27.5" & 31.5" touchscreen medical tablets.
 - (8) AI-powered small-scale edge computing systems: ensuring patient safety through artificial intelligence technology.
 - (9) Endoscopic image capture system: medical surgical imaging recording equipment with high-definition 4K input/8K output.

5.1.2 Industry Overview

1. Industry Current Status and Development

In 2023, the edge computing industry experienced rapid development, with the global market value reaching \$16.545 billion, and is expected to achieve a compound annual growth rate (CAGR) of 37.9% from 2023 to 2030. This growth is partly attributed to the promotion of Industry 4.0, which facilitates more flexible operations and automated smart manufacturing processes utilizing edge computing technology. With the proliferation of Internet of Things (IoT) and Industrial IoT (IIoT) devices, a significant amount of data is generated, driving the demand for edge computing hardware to alleviate the burden on cloud and data centers. In terms of hardware, including edge nodes/gateways (servers), sensors/routers, etc., they accounted for a significant portion of the market revenue in 2023. North America was the largest region in the edge computing industry market portion in 2023, primarily due to the integration of IIoT and edge computing, which propelled advancements in the field of edge computing. By focusing on optimizing and simplifying secure edge deployments, real-time data analysis can be achieved, along with utilizing operational data to optimize manufacturing and industrial processes through AI.

Smart cities and the IT and telecommunications industries have been primary applications of edge computing, leveraging technologies such as IoT and 5G systems. Smart cities leverage edge computing technology to enhance on-site analytics capabilities. Despite the transition of operations by IT and telecommunications industries to the cloud over the past few years, there remains a significant need for real-time data processing. The increasing volume of data generation has created a demand for edge computing solutions to enable processing near the point of data generation, thereby reducing latency.

Global spending on edge computing is expected to continue growing beyond 2026, as edge computing is widely recognized as an essential player in digital transformation, pushing applications and data processing to the closest possible location. Major investments are distributed across various industries, with the largest portion being allocated to the adoption of automation in advanced manufacturing, retail, and professional system services sectors. Regionally, while North America remains the primary market for edge computing applications, significant growth is expected in the Asia-Pacific and Latin American regions, driven by the adoption of new technologies and increased infrastructure development.

In 2023, the development of the cyber security and wireless communication industry also grow rapidly. In the cyber security field, a CAGR of 13.8% is expected from 2023 to 2030, driven by factors such as the rise of IoT and related technologies, widespread use of mobile devices in digital payments, and increased demand for accessing enterprise servers on public networks. Many businesses continue to invest in appropriate cyber security solutions to adapt to organizational structural changes. Basic infrastructure protection accounts for the largest portion of various cyber security needs, including safeguarding physical and virtual assets such as internal networks, communication systems, and internal operational assets' security. Furthermore, with the increasing popularity of cloud technology, demand for cloud security solutions is expected to show a growth rate of over 15%.

In terms of wireless communication, 5G technology is considered a revolutionary technology that will have profound impacts across various societal aspects. The performance requirements of 5G, including coverage, interoperability, reduced latency, higher bandwidth, integration, and reliability, may conflict with security and privacy acts such as the California Consumer Privacy Act (CCPA), the European Union's General Data Protection Regulation (GDPR), and the Health Insurance Portability and Accountability Act (HIPAA) in the United States. Moreover, 5G will enhance the efficiency of mobile services, support high-resolution video, virtual reality, augmented reality, and provide high reliability and low-latency communication capabilities for smart cities, autonomous vehicles, smart grids, industrial automation, and automated traffic control. By 2025, it is projected that there will be over 20 billion IoT connections generating approximately 45EB of data per month. This will continue to challenge 5G wireless communication operators to provide high-speed mobile networks with latency below 1 millisecond and data transmission rates of up to 10Gbps.

Overall, the edge computing and network communication industries are actively addressing new challenges, from enhancing the performance of existing technologies to complying with new regulatory requirements, while also balancing user security and privacy concerns while improving convenience and service quality. This will drive a wave of new equipment and application integration demands, bringing about new business opportunities.

In the field of healthcare, the medical IT industry is continuously innovating alongside technological advancements. Its primary development trends include: (1) Cloud Technology: To ensure the security and availability of medical data, many healthcare institutions opt to back up and store data on cloud platforms, reducing hardware costs and risks. (2) Tele-medicine: Utilizing information and communication technology, it enables healthcare professionals and patients to engage in medical interactions and services across geographical distances, overcoming issues of uneven distribution of medical resources, reducing patients' transportation burden and infection risks, and providing more diverse and personalized medical services. (3) AI and Machine Learning: These advanced

technologies are widely applied in the medical field, such as AI-assisted diagnosis, machine learning-optimized treatment plans, smart medical devices, etc., enhancing the quality and efficiency of healthcare. (4) Electronic Medical Records: To simplify medical processes and enhance information exchange, healthcare institutions are adopting electronic medical record systems, digitizing medical records for easy access and updates by medical staff.

2. Relationships among Industry Upstream, Midstream, and Downstream:

In the cyber security and wireless communication industries, upstream-downstream relationships cover the entire spectrum from technical development to user applications.

The upstream of the cyber security industry mainly consists of technology companies engaged in research and innovation, software and hardware suppliers, and enterprises providing infrastructure. These companies have developed technologies covering encryption, identity authentication, network monitoring, and so forth. Their products and services constitute the cornerstone of cyber security solutions. Midstream involves companies specializing in cyber security integration and providing security services. They integrate the technologies developed upstream into products and services that users can directly utilize, such as firewalls, intrusion detection systems, Security Operations Center (SOC) services, etc. Downstream consists of end-users, including enterprise clients and individual consumers. Enterprise clients may require complex customized solutions to protect their data centers and business operations, while individual consumers may primarily use antivirus software and personal data protection services.

Wireless communication industry upstream mainly consists of communication equipment suppliers, semiconductor companies, and enterprises providing basic components and raw materials. The equipment and materials produced by these companies are crucial for constructing wireless communication network infrastructure. The midstream involves network operators and service providers. These companies utilize equipment from upstream to build network infrastructure and provide communication services to downstream users. The downstream consists of consumers and corporate users who use these wireless communication services. With the rise of the Internet of Things, these users now include not only mobile phones and computers but also extend to various fields such as smart homes, smart cities, and industrial automation.

Upstream technological innovation and product supply form the foundation for midstream services and downstream applications. Meanwhile, the demands and feedback from downstream users will further drive upstream R&D and innovation. This interdependence between upstream and downstream forms a cycle that promotes the continuous development and advancement of the entire industry.

The medical IT industry covers the integration of the medical industry and the information and communication technology industry. Its industry chain can be divided into upstream manufacturers of medical IT products, such as companies developing medical software and manufacturing medical equipment. They utilize innovative technologies to develop products that meet medical needs and standards, supplying them to middlemen and wholesalers. The midstream is responsible for selling medical IT products, such as agents and channel partners. They sell medical IT products manufactured by the upstream through various channels to downstream medical institutions and provide related services and support. The downstream consists of consumers using medical IT products, such as hospitals, clinics, and individual doctors. They use medical IT products to provide medical services and

management, improve medical quality and efficiency, and enhance patient health and satisfaction. The relationship between these three parties is very close, with technological innovation in the upstream driving sales momentum in the midstream, which in turn affects the medical demands and satisfaction in the downstream. Therefore, cooperation and coordination among these three parties are crucial for the growth of the medical IT industry.

3. Product Development Trends and Competitive Situation

Reports on the technological development trends by research institutions often mention that the global industrial Internet of Things (IIoT) industry is still experiencing accelerated growth. The combination of the Internet of Things with big data and machine learning is applied in various intelligent applications such as automated production, field monitoring, smart analysis, and management, presenting robust market demands. iEi continues to invest in and develop edge computing and embedded systems equipped with the latest chip platforms to create solutions for the digitization and intelligence of manufacturing facilities. Leveraging existing IIoT hardware advantages, iEi actively expands into high-profit and high-growth market areas.

Additionally, the global medical market continues to expand, with healthcare spending increasing continuously. The market size for contract manufacturing by medical electronic equipment factories is expected to grow at a compound annual growth rate (CAGR) of 9.5% between 2023 and 2028, mainly driven by the following factors:

- Global population aging, leading to increased medical demand, especially for innovative devices such as wearable devices, remote monitoring, and smart healthcare.
- Technological advancements in medical electronic equipment, making devices more precise, convenient, and secure, and providing more functions and data analysis.
- Increasingly stringent regulatory requirements for medical electronic equipment, making the development and manufacturing of devices more complex and expensive, prompting many customers to seek outsourced solutions.

iEi focuses on deepening its involvement in the medical industry, serving as a leading manufacturer and design subcontractor specializing in medical electronics in Taiwan. From personnel training, professional development, research and design, medical safety testing and verification to material lifecycle management, iEi complies with international ISO regulations and possesses ISO13485 certification for its production facilities. iEi specializes in providing one-stop services for the design, development, manufacturing, testing, and certification of medical electronic equipment for medical institutions and other clients.

5.1.3 Research and Development:

1. Research and Development Expenses in the Past Two Years

In 2023, research and development expenses amounted to NT\$548,010 thousand with 7% of total annual revenue.

2. Successfully developed technologies or products

- (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) Research and development of medical imaging processing and diagnostic assistance platform has been undertaken, applied in various analyses for intelligent medical equipment computation devices.
- (6) Research and development of open modular high-resolution ultrasound systems.
- (7) Research and development of compact and efficient medical ophthalmic measurement and analysis equipment.
- (8) Research and development of portable AI medical image processing and display devices.
- (9) Research and development of high-performance portable medical equipment communication gateways.
- (10) Mass-producing medical-grade, high-performance modular edge computing hosts and power management systems.
- (11) Mass-producing modular physiological signal monitoring systems.

5.1.4 Long-term and short-term business development plans

1. Network communication and edge computing products and services

Long-term business development plans:

- (1) Continue collaborating with major chip manufacturers to target various applications in the networking market. By integrating our capabilities in cyber security, wireless communication, and large-scale software development, we aim to define new product portfolios to seize 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 vertical markets and key professional areas, we will expand new sales channels and actively adjust sales targets. By establishing niches for the iEi Electronics brand, we aim to convey its professionalism and reliability.

Short-term business development plans:

- (1) Utilizing our existing networking and AI customer cases, we will replicate and introduce them to new customers.
- (2) Leverage social media, exhibitions, and marketing platforms for precise marketing and business development.
- (3) Drawing upon years of R&D experience in IPC products and product design experience with major networking ODM customers, we will aggressively pursue project opportunities based on speed, design, and quality. We aim to expand our customer base and projects rapidly.
- (4) Expand overseas markets by combining subsidiaries and strategic partners.
- (5) Establishing new bases in North America and Europe, we will operate in vertical markets such as smart manufacturing, cyber security, electric vehicles, new energy, and 5G. We will conduct in-depth research on the necessary conditions in each regional market and collaborate closely with local integrators.

2. Medical products and services

Long-term business development plans:

- (1) Seizing opportunities in the medical equipment original equipment manufacturer (OEM) market, expanding product variety and scale.
- (2) Establishing strategic alliances with domestic and foreign medical software, equipment manufacturers, and operators of medical channel systems to enhance

- the Company's brand awareness and competitiveness in medical computing.
- (3) Utilizing the Company's AI technology and professional advantages in medical imaging, computer-aided diagnosis systems, and medical equipment to establish long-term partnerships with partners in the medical industry.

Short-term business development plans:

- (1) Gain a deeper understanding of the business needs and pain points of Taiwan's medical institutions to provide more intimate and effective services.
- (2) Actively developing the European and American markets, seeking new customer channels and partners.
- (3) Proactively seeking original equipment manufacturer (OEM) medical equipment project opportunities to increase product lines and market share.

5.2 Overview of Market and Sales

5.2.1 Market analysis

1. Sales (Service) Region:

Unit: In thousands of NTD

Area	2023	
	Amount	Percentage
Asia (include Taiwan)	4,125,652	54.44 %
America	2,688,978	35.49 %
Europe	734,192	9.69 %
Others	28,971	0.38 %
Total	7,577,793	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:

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 medical computer market refers to the market that provides medical-related computer equipment, software, platforms, and services, including medical imaging, medical information systems, telemedicine, artificial intelligence, and the Internet of Things. The growth of supply and demand of the medical computer market are affected by the following factors:

Demand Side:

- Global population aging leads to increased demand for medical services, especially for the treatment and prevention of chronic diseases, cancer, cardiovascular diseases, etc.
- Insufficient medical resources result in the imbalance and inconvenience of medical services, necessitating the provision of more effective and convenient medical services and resources through medical informatics.

- The impact of the COVID-19 pandemic has stimulated demand and innovation in fields such as telemedicine, vaccine development, and medical protection, accelerating the transformation and popularization of medical digitization.
- The demand for personalized precision medicine has driven the development of fields such as genetic sequencing, biomarkers, and cell therapy, requiring more medical informatics to support data analysis and applications.

Supply Side:

- The advancement of medical technology continuously improves the functionality and performance of medical informatics, enabling the provision of more diverse, precise, effective, and convenient medical equipment, drugs, vaccines, diagnostics, and treatment methods.
- The development of information technology allows medical informatics to utilize technologies such as artificial intelligence, Internet of Things, cloud computing, and big data, enhancing the intelligence, connectivity, cloudification, and dataization of medical informatics.
- Improvements in regulations and policies enable medical informatics to obtain more regulatory support and incentive measures, reducing regulatory barriers and risks.
- Increased investment and cooperation enable medical informatics to obtain more financial support and partners, enhancing its research and development capabilities and market expansion capabilities.

In summary, the future supply and demand situation of the medical informatics market is very optimistic. According to MarketsandMarkets' predictions, the global medical informatics market will grow at a compound annual growth rate (CAGR) of 8.7% from 2023 to 2028, increasing from \$120 billion in 2023 to \$180 billion in 2028. Among them, the Asia-Pacific region will be the largest and fastest-growing market, mainly driven by demand from countries such as China, India, and Japan.

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 terms of R&D design quality, budget has been allocated to invest in equipment for various high-frequency signal measurements, and to cultivate RF technical talents.

Focus is placed on addressing component interference and circuit layout to enhance product quality stability. iEi is dedicated to developing CPEs equipped with 5G technology. Leveraging its own hardware and software R&D capabilities, iEi has secured orders from major ODM networking clients. Moreover, there is increasing interest from additional customers in iEi's CPEs, with field tests underway. As 5G infrastructure development thrives globally, it is expected to drive sales orders, positioning iEi favorably in the market.

iEi's main competitors in the medical product sector include industrial computer manufacturers from Taiwan, as well as medical computer and equipment manufacturers from Germany and other countries. Since 2009, the Company has been involved in R&D, manufacturing, and sales of medical computers. Compared to

competitors, iEi possesses superior professional expertise and intrinsic knowledge depth and breadth in the industry. Particularly, it exhibits strong competitiveness in the development of imaging FPGA, ownership of optical laboratories, and image calibration capabilities. Additionally, iEi serves as a primary supplier to many foreign medical IT giants and medical equipment manufacturers. The Company also holds competitive advantages in supplier aspects such as personnel education and training, design R&D, medical safety compliance testing, material control, and ISO 13485 certification.

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 health care 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 changing global political and economic landscape in recent years, in addition to the flexible adjustment of production capacity and transportation capabilities in both China and Taiwan, iEi successfully commenced mass production in Southeast Asia by the end of 2023. This

move not only enhances production capacity and flexibility in sales but also improves the Company's own disaster response plans and those of project clients. Together with clients, it drives growth momentum. 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

Response strategy:

- a. The manufacturing sites are set up as backup for each other to mitigate risks.
- b. Adequate safety stock is maintained to allow for response time.
- c. 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:

- a. 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.

- b. 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.
- c. Carefully evaluate the estimated order volume and adopt an order-based production model to reduce finished goods inventory.
- d. 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 strategy:

- a. Provide comprehensive employee benefits to attract excellent workers to join the production team, and enhance employee cohesion through an employee bonus system.
- b. Enhance the standardization level of production processes and continuously improve them to enhance labor efficiency.
- c. Upgrading the Manufacturing Execution System (MES) effectively manages production efficiency and quality.
- d. Encouraging employees to autonomously improve production processes and work flows, continuously refining them. This not only increases space utilization but also effectively reduces wasted time, improving productivity.
- e. 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.
- f. Actively seeking alternative materials to reduce the risk of shortages.
- g. Negotiate long-term delivery contract prices with suppliers.
- h. Anticipate price increases and material shortages by planning ahead for early procurement of materials to ensure adequate supply and maintain costs.
- i. 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.
- j. Review inventory plans and adjust safety stock levels for materials with longer production cycles to prevent stock shortages.
- k. Expand production facilities by establishing manufacturing bases in Taiwan, Mainland China, and Southeast Asia.

E. Overseas product sales mainly rely on local agents

iEi'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.

Response strategy: iEi 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.

F. 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.

Response strategy: iEi 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 Main use and manufacturing processes of major products

1. Major products and their main uses

(1) Network communication and edge computing products and services

A. Network Communication Application Basic Platform Product

iEi focuses on high-tech and innovative applications in 5G/SD-WAN and next-generation firewall platform products, and has launched a ruggedized cyber security platform product line to meet the needs of manufacturing industry migration for production line cyber security equipment.

The 5G platform products provide high-speed, low-latency wireless connectivity to fixed networks, allowing various smart devices and systems to connect to the cloud and collaborate via 5G and SD-WAN, thereby achieving AI intelligence and convenience. Next-generation firewall platform products are mainly used to protect enterprise network security, shielding businesses from various network attacks and threats of virus infections. IEI provides specialized hardware equipment for such applications, enabling customers to run their software applications on these platforms, thereby realizing different application scenarios and functionalities.

B. Edge Computing and Embedded System Solutions

Through collaboration with software vendors and system integrators, we apply our expertise in AI applications, smart manufacturing, intelligent monitoring, maritime applications, smart grids, and other vertical markets.

C. High-speed DDR5 Memory Testing Equipment

iEi collaboratively developed rack-mounted open architecture testing machines with customers, equipped with the latest Intel server platforms and processors. These machines are capable of conducting high-speed signal and performance tests required in PCIe Gen. 5 SSD manufacturing, providing customers with reliable and efficient solutions for large-scale testing and manufacturing.

D. Advanced AI Biotechnology Gene Sequencing Servers

Integrating the latest high-speed information processing cards within server products, providing a platform for high-speed and large-scale data processing. This platform also utilizes the most efficient dual central processors, along with large-capacity memory and hard disk storage devices, fully leveraging the latest information technology products and techniques for cutting-edge research and development in the field of biotechnology.

- Equipped with High-Performance FPGA Accelerator Cards

Equipped with four high-performance FPGA accelerator cards to significantly enhance server parallel computing performance. Customers can achieve substantial performance improvements with low latency when

executing real-time applications such as genetic research and data analysis in important data center applications.

- Paired with the Most Efficient Dual Central Processors, and Large-capacity Memory and Hard Disk Storage Devices
 - 48 cores High-Performance Dual CPU
 - 1.5TB Ultra-High-Capacity Memory
 - 64TB Ultra-High-Capacity Storage- 64TB Ultra-High-Capacity Memory
- High-Performance System Cooling Design
 - Utilizing high-performance system cooling design to effectively dissipate heat for machines with a high-power consumption of nearly 2000W.

E. iEi IRM Remote Management System

Providing software and hardware solutions for remote monitoring of intelligent devices in the Industrial Internet of Things under Industry 4.0. IRM offers continuous remote system performance monitoring. By installing lightweight agent software, IRMAgent, on Windows® and Linux® devices in industrial environments, users can easily access information on remote Windows and Linux devices through the IRM management platform. This includes CPU usage, memory usage, disk usage, network usage, and power status. It also allows for quick establishment of hardware asset inventories for remote devices, ensuring accurate device status and preventing asset loss. IRM can also automatically detect online status of computers, enabling IT administrators to promptly assess user usage status and remotely manage IT devices securely, quickly, and conveniently.

F. iEi IVEC Virtualization Payload Integration Platform

IEI's Industrial Internet of Things Virtualization Edge Computer (IVEC) provides an edge computing platform for complex and variable Internet of Things applications under Industry 4.0. It integrates high-performance edge computing, remote operation, AI computing acceleration, software-defined networking (SDN), and edge data storage expansion.

Leveraging virtualization technology to provide flexible workload and management capabilities, it facilitates easy expansion of industrial infrastructure while optimizing application performance. It enables dense and diverse operating system environments on a single physical machine, allowing OT personnel to remotely maintain and install systems via a web-based remote operation interface. It supports remote system restoration regardless of Windows or Linux versions, integrates built-in AI acceleration engines or external GPU cards for edge AI computing, simplifies network deployment costs and increases architectural flexibility through software-defined networking (SDN), and provides different levels of storage expansion for various types of machine-interconnected data analysis and storage. This seamlessly integrates traditional edge industrial hardware with software-defined edge computing platforms, allowing various traditional application systems to upgrade to the new platform seamlessly, thoroughly enhancing OT (Operational Technology) management capabilities and efficiency, simplifying device management, optimizing hardware utilization, and enabling agile development and rapid adaptation under Industry 4.0. It provides a platform for developing innovative applications and technologies.

G. iEi EPD E-paper and Management Platform

Provides overall solutions for ultra-low carbon emission displays. Applicable

in smart healthcare, smart factories, smart logistics, smart offices, exhibition halls, public spaces, etc., serving as real-time information display panels. Simultaneously assists customers in meeting the digital transformation information display needs of organizations, facilitating easy adoption, waste reduction, and carbon emission reduction goals.

(2) Medical Products and Services

A. Medical tablet computers and screens

Such as the POCm nursing cart computer series, POCi operating room workstation series, IASO human-machine interaction computer series, MPOCm mobile medical screen series, etc. Branded medical computers and screens are mainly used for medical record management, medical information integration, medical equipment human-machine interaction interfaces, etc., helping medical personnel better manage and apply medical information, significantly improving medical care efficiency.

B. Medical Embedded Systems:

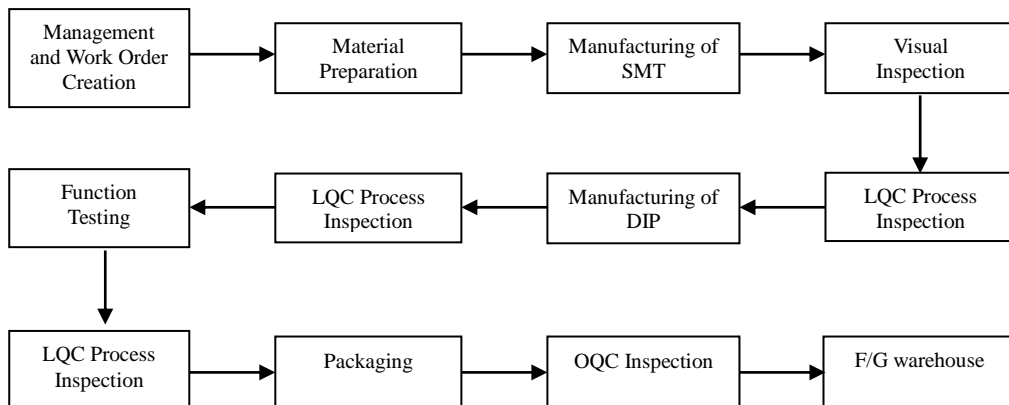
Featuring plug-in card design with imaging card and CPU computing capabilities to enhance real-time information processing capabilities, available for hospitals, clinics, or laboratory medical data collection and computation.

C. Customized Medical Products:

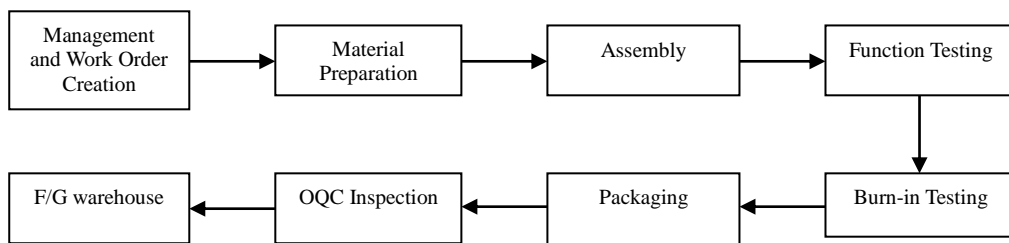
Specializing in medical-grade system integration and design, providing one-stop customized services including design planning, testing and verification, mass production, quality management, and after-sales service.

2. 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. 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:

Item	2022				2023			
	Name	Amount (thousand)	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount (thousand)	Percentage of the annual net purchase (%)	Relationship with the issuer
1	Vendor A	523,130	11 %	None	Vendor A	430,552	11 %	None
	Others	4,302,096	89 %		Others	3,481,118	89 %	
	Total	4,825,226	100 %		Total	3,911,670	100 %	

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

Item	2022				2023			
	Name	Amount (thousand)	Percentage of the annual net sales (%)	Relationship with the issuer	Name	Amount (thousand)	Percentage of the annual net sales (%)	Relationship with the issuer
1	Customer D	809,490	10 %	None	Customer E	938,629	12 %	None
	Others	7,132,925	90 %		Others	6,639,164	88 %	
	Total	7,942,415	100 %		Total	7,577,793	100 %	

5.2.5 Production in the Last Two Years

Unit: Piece/ Unit/ NT\$1,000

Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Industrial computer		607,000	343,420	3,063,095	405,000	251,361	2,955,081
Industrial computer components and peripherals		2,862,000	1,619,410	2,556,127	2,989,000	1,681,514	1,353,067
Total		3,469,000	1,962,830	5,619,222	3,394,000	1,932,875	4,308,148

5.2.6 Sales in the Last Two Years

Unit: Piece/ Unit/ NT\$1,000

Products	2022		2023		2022		2023	
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Industrial computer	8,517	107,526	323,700	4,467,175	6,270	104,331	270,764	4,630,284
Industrial computer components and peripherals	214,445	192,324	2,173,081	2,428,600	753,812	262,921	2,697,858	2,165,662
Others	-	3,553	-	743,237	-	10,226	-	404,369
Total	222,962	303,403	2,496,781	7,639,012	760,082	377,478	2,968,622	7,200,315

5.3 Information of employees for the last two years, and during the current year up to the date of publication of the annual report

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct Labor	394	248	219
	Indirect Labor	976	1,003	1,004
	Total	1,370	1,251	1,223
Average Age		35	37	37
Average Years of Service		5 years 7 months	7 years 4 months	7 years 5 months
Education	Ph.D.	0.2%	0.2%	0.3%
	Masters	7.7%	10.2%	10.1%
	Bachelor's Degree	48.9%	56.6%	57.8%
	Senior High School	26.5%	21.0%	20.5%
	Below Senior High School	16.6%	12.0%	11.3%

5.4 Environmental protection expenditures

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 provide monthly on-site consultations with physicians and weekly stress-relieving massages to relieve the work pressure of our colleagues. Lactation rooms are established for female colleagues in need, and childcare measures are coordinated with educational institutions. 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 its own retirement policy for 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.

5.5.6 Equality and Diversity in the Workplace

The Company is committed to a diverse and inclusive workplace, ensuring that every employee is treated fairly in recruitment, appointment, salary, benefits, training opportunities, job placement, promotion, rewards and punishment, and dismissal. Recruitment and selection of employees is based on their ability and suitability for the job, and there is no difference or discrimination in employment conditions based on race, class, language, ideology, religion, party affiliation, national origin, place of birth, gender, sexual orientation, age, marriage, appearance, features, physical or mental handicap, astrological sign, blood type, or previous union membership. At the end of 2023, the Company will employ 6.5% foreign workers, 34.3% female workers, and a full complement of physically and mentally challenged workers.

In order to create a workplace free of discrimination, bullying, harassment, defamation, abuse, violence and other misconduct, the Company has formulated relevant regulations and regularly conducts education and training programs to promote the concept of gender equality and tolerance for each employee, as well as set up a complaint channel and a handling committee to ensure that any unfair treatment is taken seriously and addressed in the first instance.

As of the publishing of this statement, the Company has not had any cases of gender or racial discrimination or human rights violations.

5.5.7 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 cybersecurity risks, cyber security policies, specific management plans and resources invested in cyber security management:

1. Framework and Policies for Cyber 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 cyber security 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. Specific Management Programs

(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. The main server room is transferred to an IDC server room, providing high reliability and stability through professional services to ensure continuous operation and enhance security.

(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 pro-actively 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. By introducing vulnerability detection and assessment tools, we can grasp the scope of vulnerabilities and identify potential security threats through automated scanning and analysis, and then pro-actively remediate the vulnerabilities to reduce the risk of the application system.

(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 cyber security awareness.

3. Resources allocated for information and communication security management

Information Security Measures Execution Results in 2023:

- (1) Policy: The Chief Information Security Officer was announced in November 2022 and the Information Security Policy was updated in 2023.
- (2) Certification: Passed the annual review of ISO/IEC: 27001:2013 information security certification by an external verification unit. The certificate is valid until October 2025.
- (3) Training/Advocacy: Completed annual information security education and training courses for new employees and all staff. Conducted ten electronic mail social engineering phishing email drills, issued seventeen cyber security 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 Significant Agreements and Contracts: None.

VI. Financial Overview

6.1 Condensed Balance Sheets, Statements of Comprehensive Income, CPA and Auditor's Opinions for the past 5 Years

6.1.1 Condensed Consolidated Balance Sheet and Comprehensive Income Statement

Condensed Balance Sheet (Consolidated)

Unit: In thousands of NTD

Item		Year	Financial Summary for The Last Five Years (Note 1)				
			2019	2020	2021	2022	2023
Current assets			6,097,744	6,238,063	6,837,699	9,178,836	10,026,684
Property, Plant and Equipment			1,077,631	1,181,115	1,209,310	1,312,659	1,260,982
Intangible Assets			7,367	7,372	16,666	20,341	19,051
Other assets			2,292,092	3,423,329	3,532,423	2,861,745	3,015,594
Total assets			9,474,834	10,849,879	11,596,098	13,373,581	14,322,311
Current liabilities	Before distribution		1,870,054	2,356,612	2,605,162	3,152,699	3,167,907
	After distribution		2,047,344	2,709,808	3,134,955	3,770,791	Undistributed (Note 2)
Non-current liabilities			822,489	898,581	953,487	988,584	1,055,690
Total liabilities	Before distribution		2,692,543	3,255,193	3,558,649	4,141,283	4,223,597
	After distribution		2,869,833	3,608,389	4,088,442	4,759,375	Undistributed (Note 2)
Equity Attributable to Shareholders of the Parent Company			6,780,502	7,593,249	8,036,377	9,232,083	10,089,932
Share capital			1,772,898	1,765,978	1,765,978	1,765,978	1,765,978
Capital surplus			846,963	819,341	820,325	820,437	845,521
Retained earnings	Before distribution		4,796,321	5,612,418	6,137,966	7,099,247	7,863,723
	After distribution		4,619,031	5,259,222	5,608,173	6,481,155	Undistributed (Note 2)
Other equity			(635,680)	(604,488)	(687,892)	(453,579)	(385,290)
Treasury stock			-	-	-	-	-
Non-controlling interest			1,789	1,437	1,072	215	8,782
Total equity	Before distribution		6,782,291	7,594,686	8,037,449	9,232,298	10,098,714
	After distribution		6,605,001	7,241,490	7,507,656	8,614,206	Undistributed (Note 2)

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

Note 2: The profit distribution has not been approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income (Consolidated)

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

Item \ Year	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	5,606,591	5,947,577	6,243,509	7,942,415	7,577,793
Gross Profit	1,976,132	2,141,809	2,092,342	2,878,511	2,804,406
Income from operations	654,897	893,300	720,923	1,317,699	1,155,829
Non-operating Income and Expenses	263,112	367,993	317,785	584,712	588,886
Net income before income tax	918,009	1,261,293	1,038,708	1,902,411	1,744,715
Net income of continuing operations for the period	674,503	996,362	865,580	1,491,332	1,382,156
Loss from discontinued operations	-	-	-	-	-
Net income (Loss)	674,503	996,362	865,580	1,491,332	1,382,156
Other comprehensive income (income after tax)	(174,620)	27,874	(70,605)	233,198	68,701
Total Comprehensive Income	499,883	1,024,236	794,975	1,724,530	1,450,857
Net income attributable to shareholders of the parent	674,064	996,714	865,945	1,492,189	1,382,156
Net income attributable to non-controlling interest	439	(352)	(365)	(857)	-
Comprehensive income attributable to Shareholders of the parent	499,444	1,024,588	795,340	1,725,387	1,450,857
Comprehensive income attributable to non-controlling interest	439	(352)	(365)	(857)	-
Earnings Per Share	2.82	5.64	4.90	8.45	7.83

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

6.1.2 Parent-company-only Condensed Balance Sheet and Comprehensive Income Statement

Condensed Balance Sheet (Parent-company-only)

Unit: In thousands of NTD

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		940,524	1,344,632	1,549,537	2,921,886	3,207,995
Property, Plant and Equipment		573,086	620,210	540,941	532,060	506,780
Intangible Assets		7,137	7,057	11,648	15,123	13,948
Other assets		6,957,642	7,574,145	8,107,676	8,380,651	8,914,665
Total assets		8,478,389	9,546,044	10,209,802	11,849,720	12,643,388
Current liabilities	Before distribution	855,221	1,011,067	1,210,661	1,580,365	1,458,867
	After distribution	1,032,511	1,364,263	1,740,454	2,198,457	Undistributed (Note 2)
Non-current liabilities		842,666	941,728	962,764	1,037,272	1,094,589
Total liabilities	Before distribution	1,697,887	1,952,795	2,173,425	2,617,637	2,553,456
	After distribution	1,875,177	2,305,991	2,703,218	3,235,729	Undistributed (Note 2)
Share capital		1,772,898	1,765,978	1,765,978	1,765,978	1,765,978
Capital surplus		846,963	819,341	820,325	820,437	845,521
Retained earnings	Before distribution	4,796,321	5,612,418	6,137,966	7,099,247	7,863,723
	After distribution	4,619,031	5,259,222	5,608,173	6,481,155	Undistributed (Note 2)
Other equity		(635,680)	(604,488)	(687,892)	(453,579)	(385,290)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	6,780,502	7,593,249	8,036,377	9,232,083	10,089,932
	After distribution	6,603,212	7,240,053	7,506,584	8,613,991	Undistributed (Note 2)

Note 1: The parent-company-only financial statements for each year have been audited by the CPA.

Note 2: The profit distribution has not been approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income (Parent-company-only)

Unit: NT\$1,000, Except Earnings per Share in NT\$

Item \ Year	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	3,695,803	3,683,516	3,451,908	5,238,806	4,966,520
Gross Profit	958,008	929,267	890,509	1,521,233	1,438,406
Income from operations	273,554	267,417	209,679	788,822	656,813
Non-operating Income and Expenses	559,583	871,818	768,137	955,631	981,129
Net income before income tax	833,137	1,139,235	977,816	1,744,453	1,637,942
Net income of continuing operations for the period	674,064	996,714	865,945	1,492,189	1,382,156
Loss from discontinued operations	-	-	-	-	-
Net income (Loss)	674,064	996,714	865,945	1,492,189	1,382,156
Other comprehensive income (income after tax)	(174,620)	27,874	(70,605)	233,198	68,701
Total Comprehensive Income	499,444	1,024,588	795,340	1,725,387	1,450,857
Earnings Per Share	2.82	5.64	4.90	8.45	7.83

Note 1: The parent-company-only 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	Opinion
2019	KPMG	Chung-Che Chen/ Shi-Qin Chi	Unqualified opinion
2020	KPMG	Chung-Che Chen/ Yi-Lian Han	Unqualified opinion
2021	KPMG	Chung-Che Chen/ Yi-Lian Han	Unqualified opinion
2022	KPMG	Chung-Che Chen/ Li-Chen Lai	Unqualified opinion
2023	KPMG	Chung-Che Chen/ Li-Chen Lai	Unqualified opinion

6.2 Financial Analyses for the Past Five Years

6.2.1 Consolidated Financial Analysis

Item analyzed		Year	Financial Summary for The Last Five Years(Note)				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	28.42	30.00	30.69	30.97	29.49	
	Ratio of Long-term funds to property, plant and equipment	705.69	719.09	743.48	778.64	884.58	
Solvency (%)	Current ratio	326.07	264.70	262.47	291.14	316.51	
	Quick ratio	275.48	217.25	202.13	233.11	269.63	
	Times interest earned	4,351.75	3,954.90	2,356.35	360.42	121.84	
Operating ability	Receivables turnover (times)	6.35	6.29	5.85	7.97	7.62	
	Average collection days	57.48	58.02	62.39	45.79	47.90	
	Inventory turnover (times)	3.99	3.80	3.15	3.04	3.08	
	Payables turnover (times)	3.43	3.72	3.76	4.04	3.71	
	Average days in sales	91.48	96.05	115.87	120.07	118.51	
	Property, plant and equipment turnover (times)	5.20	5.27	5.22	6.30	5.89	
	Total assets turnover (times)	0.59	0.59	0.56	0.64	0.55	
Profitability	Return on total assets (%)	6.65	9.81	7.72	11.98	10.06	
	Return on equity (%)	9.19	13.86	11.07	17.27	14.30	
	Ratio of income before tax to paid-in capital (%)	51.78	71.42	58.82	107.73	98.80	
	Net profit margin (%)	12.03	16.75	13.86	18.78	18.24	
	Earnings per share (NT\$)	2.82	5.64	4.90	8.45	7.83	
Cash flow	Cash flow ratio (%)	83.26	26.87	27.47	50.90	47.48	
	Cash flow adequacy ratio (%)	193.68	121.21	123.44	108.64	126.91	
	Cash reinvestment ratio (%)	13.39	4.93	3.73	9.99	7.51	
Leverage	Operating leverage	1.16	1.12	1.18	1.11	1.15	
	Financial leverage	1.00	1.00	1.00	1.00	1.01	
Explanation of the reasons for the changes in financial ratios exceeding 20% over the past two fiscal years: <ul style="list-style-type: none"> ● Decrease in Times interest earned: mainly due to the increase in interest expenses in 2023. ● Decrease in cash reinvestment ratio: mainly due to the decrease in cash inflows from operating activities in 2023. 							

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

6.2.2 Parent-company-only Financial Analysis

Item analyzed		Financial Summary for The Last Five Years(Note)				
		2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio	20.03	20.46	21.29	22.09	20.20
	Ratio of Long-term funds to property, plant and equipment	1,330.20	1,376.14	1,663.61	1,930.11	2,206.98
Solvency (%)	Current ratio	109.97	132.99	127.99	184.89	219.90
	Quick ratio	92.93	111.92	107.39	151.64	183.61
	Times interest earned	3,987.30	4,316.28	7,761.44	8,003.08	6,325.10
Operating ability	Receivables turnover (times)	5.59	7.32	6.05	8.66	7.05
	Average collection days	65.30	49.86	60.33	42.15	51.77
	Inventory turnover (times)	25.02	16.02	11.42	9.63	6.79
	Payables turnover (times)	6.08	7.35	5.04	5.21	4.60
	Average-days in sales	14.59	22.78	31.96	37.90	53.76
	Property, plant and equipment turnover (times)	6.45	6.17	5.95	9.76	9.56
	Total assets turnover (times)	0.44	0.41	0.35	0.47	0.41
Profitability	Return on total assets (%)	7.34	11.06	8.77	13.53	11.29
	Return on equity (%)	9.19	13.87	11.08	17.28	14.31
	Ratio of income before tax to paid-in capital (%)	46.99	64.51	55.37	98.78	92.75
	Net profit margin (%)	18.24	27.06	25.09	28.48	27.83
	Earnings per share (NT\$)	2.82	5.64	4.90	8.45	7.83
Cash flow	Cash flow ratio (%)	135.62	26.87	58.18	60.78	48.24
	Cash flow adequacy ratio (%)	76.65	63.70	76.76	89.69	93.16
	Cash reinvestment ratio (%)	9.42	1.11	3.96	4.24	0.77
Leverage	Operating leverage	1.22	1.31	1.17	1.14	1.10
	Financial leverage	1.00	1.00	1.00	1.00	1.00
<p>Explanation of the reasons for the changes in financial ratios exceeding 20% over the past two fiscal years:</p> <ul style="list-style-type: none"> ● Solvency: <ul style="list-style-type: none"> - Increase in quick ratio: mainly due to the increase in readily available funds and other liquid assets. - Decrease in Times interest earned: mainly attributed to the decrease in revenue and profit in 2023 compared to 2022. ● Operating ability <ul style="list-style-type: none"> - Increase in Average collection days: mainly due to the effectiveness of collections in 2023. - Decrease in inventory turnover ratio, increase in Average days in sales: mainly caused by reduced sales in 2023 and an increase in domestic production scale in Taiwan, leading to an increase in inventory levels. ● Cash Flow Ratio: <ul style="list-style-type: none"> - Decrease in Cash Flow Ratio: mainly due to the decrease in dividend income in 2023 and the increase in income tax payments, resulting in a decrease in cash inflows from operating activities. - Decrease in Cash Reinvestment Ratio: mainly due to the decrease in cash flows from operating activities in 2023 and the increase in cash dividends distributed. 						

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

1. Financial structure Analysis

- (1) Liabilities to assets ratio = Total liabilities / Total assets.
- (2) Ratio of Long-term funds 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) Times interest earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable from operations) turnover = Net sales / Balance of average receivables in each period (including accounts receivable and notes receivable from operations).
- (2) Average collection days = 365 / Receivables turnover.
- (3) Inventory turnover = Cost of Sales / Average Inventory
- (4) Payables (including accounts payable and notes payable from operations) turnover = Sales cost / Balance of average payables in each period (including accounts payable and notes payable from operations).
- (5) Average days in 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

- (1) Return on total 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) Net profit margin = Net Income / Net Sales
- (4) 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 Review Report for the most recent year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Consolidated Financial Statements, Parent-company-only Financial Statements and Proposal 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 Proposal 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.
2024 Annual Shareholders' Meeting

Convener of Audit Committee: In-Chyuan Ho

March 8, 2024

6.4 Financial statements for the most recent year:

Please refer to Appendix I.

6.5 The CPA certified parent company only financial statements for the most recent year:

Please refer to Appendix II.

6.6 The impact on the financial position of the Company if any financial difficulties experienced by the Company or its affiliated enterprises in the most recent year or during the current year up to the date of publication of this Annual Report: None.

VII. Review and Analysis of Financial Status, Financial Performance and Risk Management

7.1 Financial Status

Analysis of Financial Status

Unit: In thousands of NTD

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	9,178,836	10,026,684	847,848	9
Non-current assets	4,194,745	4,295,627	100,882	2
Total assets	13,373,581	14,322,311	948,730	7
Current liabilities	3,152,699	3,167,907	15,208	0
Non-current liabilities	988,584	1,055,690	67,106	7
Total liabilities	4,141,283	4,223,597	82,314	2
Share capital	1,765,978	1,765,978	-	-
Capital surplus	820,437	845,521	25,084	3
Retained earnings	7,099,247	7,863,723	764,476	11
Other Equity	(453,579)	-385,290	68,289	(15)
Treasury stock	-	-	-	-
Non-controlling interest	215	8,782	8,567	3985
Total Stockholders' Equity	9,232,298	10,098,714	866,416	9

During the past two years, changes exceeding twenty percent, with a monetary value of over NT\$10 million: None.

7.2 Financial Performance

Analysis of financial performance

Unit: In thousands of NTD

Item \ Year	2022	2023	Difference	
			Amount	%
Net Operating Revenue	7,942,415	7,577,793	(364,622)	(5)
Gross Profit	2,878,511	2,804,406	(74,105)	(3)
Operating expense	1,560,812	1,648,577	87,765	6
Operating income	1,317,699	1,155,829	(161,870)	(12)
Non-operating Income and Expenses	584,712	588,886	4,174	1
Net income before income tax	1,902,411	1,744,715	(157,696)	(8)
Income tax expenses	411,079	362,559	(48,520)	(12)
After-tax net profit	1,491,332	1,382,156	(109,176)	(7)

During the past two years, changes exceeding twenty percent, with a monetary value of over NT\$10 million: None.

7.3 Cash flow

7.3.1 Analysis Description of Cash Flow Changes in the Recent Year

Item \ Year	2022	2023	Percentage of increase (decrease) (%)
Cash flow ratio (%)	50.90	47.48	(7)
Cash flow adequacy ratio (%)	108.64	126.91	17
Cash reinvestment ratio (%)	9.99	7.51	(25)
Analysis of financial ratio change: The decrease in cash reinvestment ratio is mainly due to the decrease in operating cash inflow in 2023.			

7.3.2 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 The effect upon financial operations of major capital expenditures during the most recent year: None.

7.5 Investment policy in the most recent year, main reasons for its profit 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 2023, the equity-method investment profit of our Company amounted to NT\$292,718 thousand, representing an increase of NT\$168,243 thousand compared to the previous year. In the future, the Company will continue to adhere to a long-term strategic investment principle and consistently evaluate equity-method investment plans with caution.

7.6 Analysis of risk matters in the most recent year and up to the date of publication of this Annual Report

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

1. Interest Rate Fluctuations: The Company has ample self-owned funds. In 2023, interest expenses amounted to NT\$14,438 thousand, accounting for 0.19% of net operating income. Therefore, interest rate fluctuations did not have a significant impact on the Company's cost of funds.
2. Exchange Rate Fluctuations: In 2023, the exchange loss amounted to NT\$10,122 thousand, representing -0.13% of net operating income. The Company monitors exchange rate fluctuations closely and will make appropriate adjustments to its foreign currency positions based on its funding needs and existing foreign currency positions to mitigate the impact of exchange rate fluctuations on the Company's profitability.
3. Inflation: The Company has not been significantly affected by inflation. The Company continuously monitor market price fluctuations and maintain good relationships with suppliers and customers. In the future, the Company will continue to pay close attention to inflation in cost control and pricing, making necessary adjustments to mitigate its adverse effects on the Company's operations.

7.6.2 Policies, Main Reasons for Profit or Loss, and Future Measures Related to Engaging in High-risk, High-leverage Investments, Lending Funds to Others, Endorsing

Guarantees, and Derivative 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 Budget Allocation:

1. Future R&D plans:
 - (1) Multiple processor media transmission servers.
 - (2) Solid-state and hybrid network storage platforms.
 - (3) Related equipment and solutions for Industry 4.0, factory automation, and equipment networking.
 - (4) Products such as stainless-steel Silver Shield series tablet computers, displays, and controllers certified with IP69K and explosion-proof, deeply cultivating the Oil & Gas and Food & Beverage vertical markets.
 - (5) Equipment information management and solutions related to energy, water, and environmental monitoring.
 - (6) AiEi AI industrial environmental safety system.
 - (7) Digital medical imaging workstations: 27.5" & 31.5" touchscreen medical tablets.
 - (8) AI-powered small-scale edge computing systems: ensuring patient safety through artificial intelligence technology.
 - (9) Endoscopic image capture system: medical surgical imaging recording equipment with high-definition 4K input/8K output.
2. Projected research and development expenses: Including R&D personnel, R&D project expenses, equipment, mold fees, etc. The projected R&D expenses for the 2024 are expected to be 7-10% of annual 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. The Company 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:

The Company places great importance on the dynamics of the technology industry. In order to respond to market demands and product changes, it continues to invest in and develop new technologies. To effectively control the increased operating costs resulting from this, the Company formulates detailed budget plans annually, conducts regular risk assessments, and adjusts cost structures to ensure effective control of operating costs in line with the Company's overall strategy. Industry changes may alter partnerships and ecosystems, affecting company collaboration and synergy. The Company actively participates in the industry ecosystem, expanding partner relationships to ensure competitiveness amid change. In such an environment, the Company will implement agile management and strategic planning, regularly conduct risk assessments, strengthen innovation and security culture to ensure it can respond to change, maintain financial stability, and sustain business development. In the most recent fiscal year, technological and industry changes did not have any significant adverse impact on the Company's financial operations.

In recent years, there has been a surge in network attacks and ransomware cyber security incidents, facing more complex information security threats and attacks. To prevent and mitigate the damage caused by such attacks, the Company has implemented relevant improvement measures and continues to allocate resources, such as strengthening network firewalls and network controls to prevent computer virus spread across platforms and sites, establishing endpoint protection anti-virus measures, introducing advanced solutions for detecting and handling malicious software, implementing proactive isolation for detecting phishing emails and malicious web pages, regularly conducting employee phishing email and awareness testing, and engaging third-party professional companies to conduct cyber 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:

The Company adheres to the principles of sustainable business operations and establishing long-term partnerships with customers and societal groups. Regular shareholder meetings and corporate briefings are convened to enhance financial transparency regarding the Company's operational status. 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 Significant Matters: None.

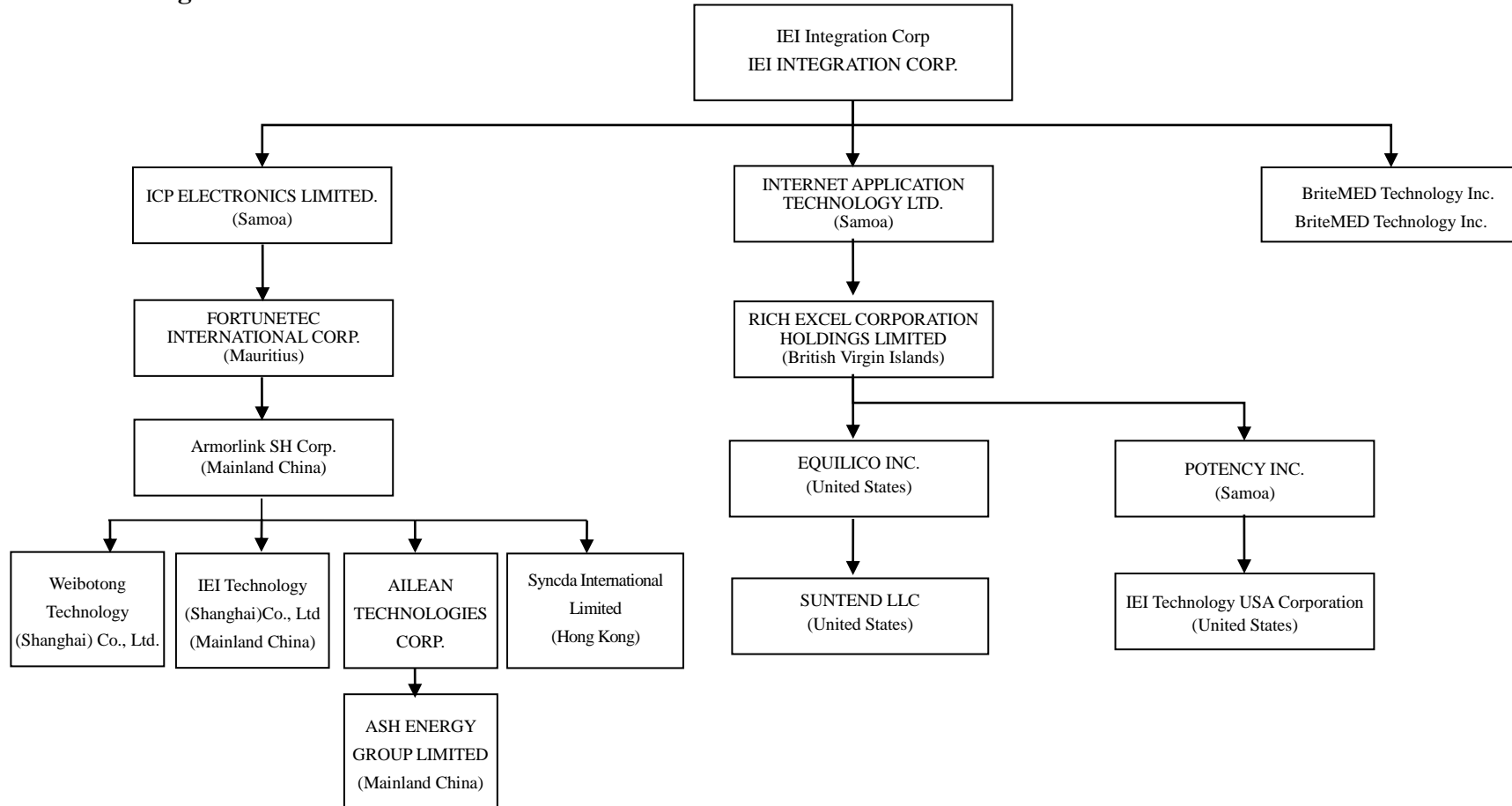
VIII. Special Disclosures

8.1 Related Information of Affiliated Companies

8.1.1 Summary of Affiliated Companies

1. Organizational Chart

2023/12/31



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

2. Basic information of Affiliated Companies

2023/12/31

Company name	Date of Incorporation	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.) NT\$ 80,000,000 Manufacturing and sales of electronic components	NTD 80,000,000	Manufacture and sale of electronic components, etc.
ICP Electronics Limited	1999.10.08	Vistra Corporate Services Centre, Ground Floor NPF Building ,Beach Road, Apia, SAMOA	USD 5,000,000	Holding company and sale of computers and other related products
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 and sale of computers and other related products
FORTUNETEC INTERNATIONAL CORP.	2002.02.08	Level 3, Alexander House, 35 Cybercity , Ebene , Mauritius.	USD 5,000,000	Holding company and sale of computers and other related products
Rich Excel Corporation Holdings Limited	2005.07.06	Portcullis Chambers,4 th Floor, Ellen Skelton Building ,3076 Sir Francis Drake Highway , Road Town , Tortola , British Virgin Islands VG1110	USD 11,627,500	Holding company and sale of computers and other related products
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 and sale of computers and other related products
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	Sale of computers and other related products
Armorlink SH Corp.	2002.04.05	No.515, Shenfu Road, Xinzhuang Industrial Park, Minhang District, Shanghai, China	USD 8,000,000	Manufacture and sale of computers and other related products
AILEAN TECHNOLOGIES CORP.	2015.06.23	No.515 floor 2, Shenfu Road, Xinzhuang Industrial Park, Minhang District, Shanghai, China	RMB 58,639,263	Manufacture and sale of computers and other related products
IEI Technology (Shanghai) Co., Ltd	2001.09.12	No.515, 4/F, Block 2, Shenfu Road, Xinzhuang Industrial Park, Minhang District, Shanghai, China	RMB 26,161,112	Logistics center, sales of computers and other related products
Weibotong Technology (Shanghai) Co., Ltd.	2021.06.21	No.515 Block 4, 3rd Floor, Area A, Shenfu Road, Xinzhuang Industrial Park, Minhang District, Shanghai, China	RMB 2,000,000	Logistics center, sales of computers and other related products
ASH ENERGY GROUP LIMITED	2014.04.30	Room 301-E1, 3F, No.99 Fute West Road, China (Shanghai)	RMB 10,000,000	Supply Chain Management
Syncda International Limited	2023.10.31	RM C 21/F YHC TOWER NO1 SHEUNG YUET RD KOWLOON BAY KLN HONG KONG	USD 300,000	Sale of computers and other related products

- 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. Information of directors, supervisors and presidents of affiliates

Unit: Share; % ; Date: 2023/12/31

Company name	Title	Name or Representative:	Number of Shares Held	
			Number of Shares (in thousand)	Shareholding Ratio
BriteMED Technology Inc.	Chairman Director Director Supervisor	Legal representative of IEI INTEGRATION CORP.: Ming-Chih Chang Legal representative of IEI INTEGRATION CORP.: Jonq-Liang Jiang Legal representative of IEI INTEGRATION CORP.: Jian-Zhi Li Legal representative of IEI INTEGRATION CORP.: Chun-Chi Kuo	8,000	100 %
ICP Electronics Limited	Director	Representative of IEI INTEGRATION CORP.: Ming-Chih Chang	5,000	100 %
Internet Application Technology Ltd.	Director	Po-Ta Kuo	11,853	100 %
FORTUNETEC INTERNATIONAL CORP.	Director	Po-Ta Kuo	500	100 %
Rich Excel Corporation Holdings Limited	Director	Po-Ta Kuo	11,628	100 %
EQUILICO INC	Director	Chiung-Man Huang	6,489	100 %
Potency Inc.	Director	Rich Excel Corporation Holdings Limited Representative: Po-Ta Kuo	5,840	100 %
Suntend LLC	Representative:	Chun-Chi Kuo	-	100 %
IEI Technology USA Corporation	Legal representative:	Po-Ta Kuo	14,000	100 %
Armorlink SH Corp.	Legal representative:	Po-Ta Kuo	-	100 %
AILEAN TECHNOLOGIES CORP.	Legal representative:	Po-Ta Kuo	-	100 %
IEI Technology (Shanghai) Co., Ltd	Legal representative:	Chun-Chi Kuo	-	100 %
Weibotong Technology (Shanghai) Co., Ltd.	Legal representative:	Yan Wang	-	100 %
ASH ENERGY GROUP LIMITED	Legal representative:	Yu-Fen Huang	-	100 %
Syncda International Limited	Directors	Chiung-Man Huang	300	100 %

4. Operation Results of each affiliated company:

Unit: NT\$1,000
Date: 2023/12/31

Company name	Capital	Total Assets	Total liabilities	Equity	Operating revenue	Operating Profit (Loss)	Net Income (After Tax)	EPS(NT\$) (After tax)
BriteMED Technology Inc.	80,000	759,068	459,575	299,493	686,879	157,121	136,910	17.11
ICP ELECTRONICS LIMITED	153,525	4,591,320	4,160	4,587,160	0	(1,576)	202,684	40.54
INTERNET APPLICATION TECHNOLOGY LTD.	363,931	1,273,606	0	1,273,606	0	(37)	151,348	12.77
FORTUNETEC INTERNATIONAL CORP.	153,525	4,296,953	0	4,296,953	0	(5,366)	217,536	435.07
Rich Excel Corporation Holdings Limited	357,022	1,126,615	0	1,126,615	0	(80)	147,068	12.65
EQUILICO INC	199,088	209,261	154	209,107	0	(171)	11,078	1.71
Potency Inc.	179,319	883,824	0	883,824	0	(42)	134,497	23.03
Suntend LLC	124,463	204,832	3,089	201,743	16,113	10,097	11,225	-
IEI Technology USA Corporation	107,468	1,199,058	500,230	698,828	1,724,347	138,144	130,713	9.34
Armorlink SH Corp.	245,640	3,709,480	2,384,313	1,325,167	3,179,015	136,094	310,868	-
AILEAN TECHNOLOGIES CORP.	254,212	514,166	18,634	495,532	737	(61,052)	(26,012)	-
IEI Technology (Shanghai) Co., Ltd	113,414	642,605	532,579	110,026	1,352,293	25,189	20,593	-
Weibotong Technology (Shanghai) Co., Ltd.	8,670	132,299	166,384	(34,085)	434,472	(17,394)	(16,749)	-
ASH ENERGY GROUP LIMITED	43,352	58,229	339	57,890	0	(28)	1,503	-
Synxda International Limited	9,212	9,176	0	9,176	0	(40)	(36)	(0.12)

Note: For foreign companies with related entities, the figures related to capital, total assets, total liabilities, and net worth are converted based on the exchange rates as of December 31, 2023 (USD to TWD at 1:30.705, CNY to TWD at 1:4.3352); while operating revenue, operating profit (loss), and profit (loss) for the year are converted into New Taiwan Dollars based on the average exchange rates for the year 2023 (USD to TWD at 1:31.155, CNY to TWD at 1:4.4240).

8.1.2 Consolidated Financial Statements of Affiliates:

The companies that should be included in the preparation of the consolidated financial statements of affiliated companies are the same as those that should be included in the preparation of the consolidated financial statements of parents and subsidiaries in accordance with International Financial Reporting Standards No. 10 (IFRS 10) recognized by the Financial Supervisory Commission, and the related information that should be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the previous consolidated financial statements of parents and subsidiaries, so I am pleased to refrain from preparing the consolidated financial statements of affiliated companies separately.

8.1.3 Relationship report:

The Company is not a subsidiary of any other company and therefore is not required to prepare a relationship report.

8.2 Status of private placement of securities in the most recent year or during the current year up to the date of publication of this annual report: None.

8.3 The holding or disposal of the company's shares by its subsidiaries during the most recent year and up to the publication date of this annual report:
None.

8.4 Other Supplementary Information: None.

IX. Situations listed in article 36, paragraph 3, subparagraph 2 of the Securities Exchange Act which might materially affect shareholders' equity or the price of the Company's securities occurring in the most recent year or during the current year up to the date of publication of the Annual Report: None.

Appendix I Financial Statements for the Most Recent Fiscal Year

STATEMENT OF NONREPETATIVE REPORTING

The companies included in the preparation of consolidated financial statements for affiliated companies and the companies included in the preparation of consolidated financial statements for parent and subsidiary companies, as required by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," for the fiscal years 2023 and 2022 (from January 1 to December 31) are the same. Furthermore, the relevant information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, separate preparation of consolidated financial statements for affiliated companies is not required.

Respectfully yours,

Ming-Chih Chang
Chairman
IEI INTEGRATION CORP.
March 8, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IEI INTEGRATION CORP.:

Opinion

We have audited the consolidated financial statements of IEI INTEGRATION CORP. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations developed by the International Financial Reporting Interpretations Committee as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue Recognition

Please refer to note 4(16) for details of the accounting policies of the recognition of revenue and note 6(19) of the consolidated financial statement.

Description of key audit matter

The Group transacts sales by directly shipping the final products to the customers from the

overseas manufacturing plant in mainland China. The Group recognizes revenue after the control of the goods transfer to the buyers. If the delivery conditions are different due to contractual agreements (meaning the control of that goods will be transferred at different points), it will have a risk where the revenue close to the ending period is unrecorded at the appropriate period. Therefore, the timing of revenue recognition for the sale of goods by the Group is one of the key judgmental areas for our audit.

Audit procedures performed in response:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation.
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue.
- Inspecting the related documents to ensure the adequacy and the reasonableness of revenue recognition.

2. Inventory Valuation

Please refer to Notes 4(8), 5(1) and 6(5) of the consolidated financial statements for accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimates uncertainty, and explanation of inventory.

Description of key audit matter

Inventory is measured by lower of cost or net realizable value in the consolidated financial statements. Since there is a fast frequency in product updates and intense industry competition, there is a risk that the cost of inventory may exceed the net realizable value.

Audit procedures performed in response:

- Overviewing the stock aging list, analyzing the movement of stock aging by period.
- Obtaining the certificate documents to verify the correctness of stock's expiry date.
- Sampling the replacement cost and market price of the material, and recalculating the net realizable value by marketing expense ratio to ensure the reasonableness of net realizable values adopted by the Group.

Other Matter

IEI INTEGRATION CORP. has prepared its parent-company-only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, Interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities in Auditing the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are
Chung-Che Chen and Li-Chen Lai

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. The independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

IEI INTEGRATION CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022

(Expressed in thousands of NTD)

Assets		Notes	Dec. 31, 2023		Dec. 31, 2022		Liabilities and Equity		Notes	Dec. 31, 2023		Dec. 31, 2022		
			Amount	%	Amount	%				Amount	%			
Current assets:														
1100	Cash and cash equivalents	6(1)(22)	\$ 4,757,865	33	4,137,537	31	2100	Current borrowings	6(11)	\$ 173,408	1	-	-	
1110	Financial assets at fair value through profit and loss - current	6(2)(22)	722,917	5	381,000	3	2130	Current contract liabilities	6(19)&7	521,853	4	530,865	4	
1170	Notes & accounts receivable, net	6(4)(19)(22)	962,531	7	972,262	7	2170	Accounts payable	6(22)	1,088,257	8	1,234,942	9	
1180	Accounts receivable - related parties, net	6(22)&7	35,513	-	19,600	-	2180	Accounts payable - related parties	6(22)&7	98,047	1	148,467	1	
1210	Other receivable - related parties	6(22)&7	184,645	1	171,114	1	2219	Other payables, others	6(22)	676,151	5	634,530	5	
130X	Inventories	6(5)	1,305,085	9	1,798,197	14	2220	Other payables - related parties	6(22)&7	198,816	1	128,613	1	
1476	Other financial assets, current	6(6)(22)&8	1,745,373	12	1,477,113	11	2230	Current tax liabilities		359,472	3	426,973	3	
1479	Other current assets		312,755	2	222,013	2	2280	Current lease liabilities	6(12)(22)&7	11,419	-	11,070	-	
			<u>10,026,684</u>	<u>69</u>	<u>9,178,836</u>	<u>69</u>	2399	Other current liabilities		<u>40,484</u>	<u>-</u>	<u>37,239</u>	<u>-</u>	
										<u>3,167,907</u>	<u>23</u>	<u>3,152,699</u>	<u>23</u>	
Non-current assets:														
1517	Financial assets at fair value through other comprehensive income, non-current	6(3)(12)	59,729	-	32,025	-	2570	Deferred tax liabilities		995,039	7	921,131	7	
1550	Investments accounted for using equity method	6(7)	2,525,069	18	2,403,180	18	2580	Non-current lease liabilities	6(12)(22)&7	2,951	-	10,298	-	
1600	Property, plant and equipment	6(8)	1,260,982	10	1,312,659	10	2670	Other non-current liabilities, others		<u>57,700</u>	<u>1</u>	<u>57,155</u>	<u>1</u>	
1755	Right-of-use assets	6(9)	13,870	-	20,534	-		Total liabilities		<u>1,055,690</u>	<u>8</u>	<u>988,584</u>	<u>8</u>	
1760	Investment property, net	6(10)	271,537	2	277,453	2		Equity attributable to owners of parent	6(16)	<u>4,223,597</u>	<u>31</u>	<u>4,141,283</u>	<u>31</u>	
1821	Other intangible assets, net		19,051	-	20,341	-		3100	Share Capital		1,765,978	12	1,765,978	13
1840	Deferred tax assets		112,068	1	99,099	1		3200	Capital surplus		845,521	6	820,437	6
1975	Net defined benefit assets, non-current		8,578	-	8,093	-			Retained earnings:					
1990	Other non-current assets, others		<u>24,743</u>	<u>-</u>	<u>21,361</u>	<u>-</u>	3310	Legal reserve		1,902,369	13	1,753,262	13	
			<u>4,295,627</u>	<u>31</u>	<u>4,194,745</u>	<u>31</u>	3320	Special reserve		453,579	3	687,892	5	
							3350	Unappropriated retained earnings		<u>5,507,775</u>	<u>38</u>	<u>4,658,093</u>	<u>35</u>	
										<u>7,863,723</u>	<u>54</u>	<u>7,099,247</u>	<u>53</u>	
							3400	Other equity		<u>(385,290)</u>	<u>(3)</u>	<u>(453,579)</u>	<u>(3)</u>	
								Total equity attributable to owners of parent		10,089,932	69	9,232,083	69	
							36XX	Non-controlling interests		<u>8,782</u>	<u>-</u>	<u>215</u>	<u>-</u>	
								Total equity		<u>10,098,714</u>	<u>69</u>	<u>9,232,298</u>	<u>69</u>	
Total Assets			<u>\$ 14,322,311</u>	<u>100</u>	<u>13,373,581</u>	<u>100</u>		Total Liabilities and Equity		<u>\$ 14,322,311</u>	<u>100</u>	<u>13,373,581</u>	<u>100</u>	

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
From January 1 to December 31, 2023 and 2022

(Expressed in thousands of NTD)

		Notes	2023		2022	
			Amount	%	Amount	%
4110	Sales revenue		\$ 7,613,543	100	7,975,814	99
4170	Less: Sales returns and discounts		35,750	-	33,399	1
	Net sales revenue	6(19)&7	<u>7,577,793</u>	<u>100</u>	<u>7,942,415</u>	<u>100</u>
5110	Cost of sales	6(5)(14)&7&12	<u>4,772,467</u>	<u>64</u>	<u>5,062,708</u>	<u>64</u>
	Gross profit		<u>2,805,326</u>	<u>36</u>	<u>2,879,707</u>	<u>36</u>
5910	Unrealized profit (loss) from sales		(2,446)	-	(1,526)	-
5920	Realized profit (loss) from sales		1,526	-	330	-
	Gross profit from operations		<u>2,804,406</u>	<u>36</u>	<u>2,878,511</u>	<u>36</u>
	Operating expenses	6(4)(14)(20)&7&12				
6100	Selling expenses		543,309	7	527,140	7
6200	Administrative expenses		548,958	7	464,882	6
6300	Research and development expenses		548,010	7	554,961	7
6450	Expected credit impairment loss		8,300	-	13,829	-
	Total operating expenses		<u>1,648,577</u>	<u>21</u>	<u>1,560,812</u>	<u>20</u>
	Net operating income		<u>1,155,829</u>	<u>15</u>	<u>1,317,699</u>	<u>16</u>
	Non-operating income and expenses	6(21)&7				
7100	Interest income		209,278	3	76,942	1
7010	Other income		110,717	1	92,269	1
7020	Other gains and losses, net		(9,389)	-	296,319	4
7050	Financial costs		(14,438)	-	(5,293)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net		292,718	4	124,475	2
	Total non-operating income and expenses		<u>588,886</u>	<u>8</u>	<u>584,712</u>	<u>8</u>
	Profit (loss) from continuing operations before tax		<u>1,744,715</u>	<u>23</u>	<u>1,902,411</u>	<u>24</u>
7950	Less: Income tax expense	6(15)	<u>362,559</u>	<u>5</u>	<u>411,079</u>	<u>4</u>
	Profit (loss)		<u>1,382,156</u>	<u>18</u>	<u>1,491,332</u>	<u>20</u>
8300	Other comprehensive income:					
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements from defined benefit plans		506	-	(1,394)	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income		16,204	-	(10,114)	-
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		77,093	1	140,853	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(101)	-	279	-
	Total components of other comprehensive income that will not be reclassified to profit or loss		<u>93,702</u>	<u>1</u>	<u>129,624</u>	<u>2</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(25,972)	-	80,917	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss.		971	-	22,657	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss		<u>(25,001)</u>	<u>-</u>	<u>103,574</u>	<u>1</u>
8300	Other comprehensive income, net of income tax		<u>68,701</u>	<u>1</u>	<u>233,198</u>	<u>3</u>
	Total comprehensive income		<u>\$ 1,450,857</u>	<u>19</u>	<u>1,724,530</u>	<u>23</u>
	Profit (loss) attributable to:					
8610	Owners of parent		1,382,156	18	1,492,189	20
8620	Non-controlling Interests		-	-	(857)	-
			<u>1,382,156</u>	<u>18</u>	<u>1,491,332</u>	<u>20</u>
	Comprehensive income attributable to:					
8710	Owners of parent		1,450,857	19	1,725,387	23
8720	Non-controlling Interests		-	-	(857)	-
			<u>\$ 1,450,857</u>	<u>19</u>	<u>1,724,530</u>	<u>23</u>
	Earnings per share (NT\$)					
	Basic earnings per share (NT\$)	6(18)	<u>\$ 7.83</u>		<u>8.45</u>	
	Diluted earnings per share (NT\$)	6(18)	<u>\$ 7.77</u>		<u>8.38</u>	

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
From January 1 to December 31, 2023 and 2022

(Expressed in thousands of NTD)

	Equity attributable to owners of parent						Total other equity interest					Total Equity
	Share Capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling Interests	
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings						
A1 Balance at January 1, 2022	<u>\$ 1,765,978</u>	<u>820,325</u>	<u>1,665,388</u>	<u>604,488</u>	<u>3,868,090</u>	<u>6,137,966</u>	<u>(513,750)</u>	<u>(174,142)</u>	<u>(687,892)</u>	<u>8,036,377</u>	<u>1,072</u>	<u>8,037,449</u>
D1 Profit (loss)	-	-	-	-	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
Appropriation and distribution of retained earnings:												
B1 Legal reserve	-	-	87,874	-	(87,874)	-	-	-	-	-	-	-
B3 Special reserve	-	-	-	83,404	(83,404)	-	-	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(529,793)	(529,793)	-	-	-	(529,793)	-	(529,793)
Others changes in capital surplus:												
C7 Changes in equity of associates accounted for using equity method	-	(134)	-	-	-	-	-	-	-	(134)	-	(134)
C17 Other changes in capital surplus	-	246	-	-	-	-	-	-	-	246	-	246
Balance at December 31, 2022	<u>1,765,978</u>	<u>820,437</u>	<u>1,753,262</u>	<u>687,892</u>	<u>4,658,093</u>	<u>7,099,247</u>	<u>(410,176)</u>	<u>(43,403)</u>	<u>(453,579)</u>	<u>9,232,083</u>	<u>215</u>	<u>9,232,298</u>
D1 Profit (loss)	-	-	-	-	1,382,156	1,382,156	-	-	-	1,382,156	-	1,382,156
D3 Other comprehensive income (loss)	-	-	-	-	412	412	(25,001)	93,290	68,289	68,701	-	68,701
D5 Total comprehensive income (loss)	-	-	-	-	1,382,568	1,382,568	(25,001)	93,290	68,289	1,450,857	-	1,450,857
Appropriation and distribution of retained earnings:												
B1 Legal reserve	-	-	149,107	-	(149,107)	-	-	-	-	-	-	-
B3 Special reserve	-	-	-	(234,313)	234,313	-	-	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(618,092)	(618,092)	-	-	-	(618,092)	-	(618,092)
Others changes in capital surplus:												
C7 Changes in equity of associates accounted for using equity method	-	24,764	-	-	-	-	-	-	-	24,764	-	24,764
C17 Other changes in capital surplus	-	320	-	-	-	-	-	-	-	320	-	320
M3 Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(215)	(215)
N1 Share-based payment	-	-	-	-	-	-	-	-	-	-	8,782	8,782
Z1 Balance at December 31, 2023	<u>\$ 1,765,978</u>	<u>845,521</u>	<u>1,902,369</u>	<u>453,579</u>	<u>5,507,775</u>	<u>7,863,723</u>	<u>(435,177)</u>	<u>49,887</u>	<u>(385,290)</u>	<u>10,089,932</u>	<u>8,782</u>	<u>10,098,714</u>

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
From January 1 to December 31, 2023 and 2022

		(Expressed in thousands of NTD)	
		2023	2022
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit (loss) from continuing operations before tax	\$ 1,744,715	\$ 1,902,411
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	142,899	112,661
A20200	Amortization expense	23,017	22,613
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	8,300	13,829
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(8,603)	(2,587)
A20900	Interest expense	14,438	5,293
A21200	Interest income	(209,278)	(76,942)
A21300	Dividend income	(6,497)	(647)
A21900	Share-based payments	8,782	-
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(292,718)	(124,475)
A22500	Loss (gain) on disposal of property, plant and equipment	1,424	25,936
A23700	Impairment loss on non-financial assets	50,589	155,547
A24000	Unrealized profit (loss) from sales	919	1,196
A24100	Unrealized foreign exchange loss (gain)	70,722	(59,982)
A20010	Total adjustments to reconcile profit (loss)	(196,006)	72,442
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(333,625)	(378,413)
A31150	Decrease (increase) in accounts receivable	(22,429)	(22,579)
A31160	Decrease (increase) in accounts receivable due from related parties	(23,570)	63,222
A31190	Decrease (increase) in other receivable due from related parties	(89,093)	188,365
A31200	Decrease (increase) in inventories	436,062	(390,428)
A31240	Decrease (increase) in other current assets	(141,593)	(14,695)
A31990	Decrease (increase) in defined benefit assets	21	(676)
A32000	Changes in operating assets and liabilities:		
A32125	Increase (decrease) in contract liabilities	(9,012)	31,805
A32150	Increase (decrease) in accounts payable	(146,050)	227,589
A32160	Increase (decrease) in accounts payable to related parties	(43,561)	19,791
A32180	Increase (decrease) in other payable	54,799	121,828
A32190	Increase (decrease) in other payable to related parties	89,134	(146,553)
A32200	Increase (decrease) in provisions	91	4,155
A32230	Increase (decrease) in other current liabilities	8,711	293
A30000	Total changes in operating assets and liabilities	(220,115)	(296,296)
A20000	Total adjustments	(416,121)	(223,854)
A33000	Cash inflow (outflow) generated from operations	1,328,594	1,678,557
A33100	Interest received	279,502	40,358
A33200	Dividends received	280,155	69,779
A33300	Interest paid	(14,438)	(5,293)
A33500	Income taxes refund (paid)	(369,562)	(178,599)
AAAA	Net cash flows from (used in) operating activities	1,504,251	1,604,802
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(15,000)	(6,000)
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,500	500
B02700	Acquisition of property, plant and equipment	(94,584)	(194,171)
B02800	Proceeds from disposal of property, plant and equipment	436	4,225
B04500	Acquisition of intangible assets	(21,119)	(25,523)
B06500	Increase in other financial assets	(277,264)	(232,291)
B06700	Increase in other non-current assets	(4,497)	8,845
BBBB	Net cash flows from (used in) investing activities	(408,528)	(444,415)
CCCC	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	176,959	-
C03000	Decrease in guarantee deposits received	-	(151)
C04020	Payments of lease liabilities	(11,191)	(11,413)
C04500	Cash dividends paid	(618,092)	(529,793)
C05800	Change in non-controlling interests	(215)	-
C09900	Other financing activities	320	32
CCCC	Net cash flows from (used in) financing activities	(452,219)	(541,325)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(23,176)	(20,991)
EEEE	Net increase (decrease) in cash and cash equivalents	620,328	598,071
E00100	Cash and cash equivalents at beginning of period	4,137,537	3,539,466
E00200	Cash and cash equivalents at end of period	\$ 4,757,865	4,137,537

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years 2023 and 2022

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

1. COMPANY HISTORY

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 computers, computer components and peripherals and related trading.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved for issuance by the Board of Directors on March 8, 2024.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED

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

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

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

The Group has initially adopted the following new amendment, which does not have a significant impact on the consolidated financial statements from May 23, 2023.

- Amendments to IAS 12 “International Tax Reform-Pillar Two Model Rules”

(2) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective from January 1, 2024, which are not expected to have a material impact on the consolidated financial statements.

- Amendments to IAS 1 “Classifying Liabilities as Current or Non-current”
- Amendments to IAS 1, “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 regarding “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Leases Ended Sale-and-leaseback Transactions”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17, “Insurance Contracts,” and Amendments to IFRS 17
- Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 Comparative information”
- Amendments to IAS 21: “Lack of Exchangeability”

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies adopted in the consolidated financial statements is as follows. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(2) Basis of Preparation

1) Basis of measurement

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

- a) Financial instruments measured at fair value through profit or loss are measured at fair value.
- b) Financial assets measured at fair value through other comprehensive income are measured at fair value.
- c) The net defined benefit liabilities (or assets) are measured according to the fair value of the retirement fund assets minus the present value of the defined benefit obligations and the ceiling impact described in Note 4 (17).

2) Functional and presentation currency

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

(3) Basis of Consolidation

1) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions balances and any unrealized gains or losses between the Group and its subsidiaries have been eliminated while compiling the consolidated financial statements. The comprehensive income of the subsidiary is attributed to the Company’s owners and non-controlling interests respectively, even if the non-controlling interests become loss-making balances as a result.

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 Group 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.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

2) The subsidiaries in the consolidated financial statements

Subsidiaries in the consolidated financial statements include:

Name of Investor	Name of subsidiary	Main business	Percentage of Ownership		Note
			12/31/2023	12/31/2022	
IEI INTEGRATION CORP.	ICP Electronics Limited	Holding company and selling computer-related products	100%	100%	
IEI INTEGRATION CORP.	Internet Application Technology Ltd.	Holding company and selling computer-related products	100%	100%	
IEI INTEGRATION CORP.	BriteMED Technology Inc.	Manufacturing and selling electronic components	100%	100%	
IEI INTEGRATION CORP.	IEI Halza Health Intelligence Corp.	Development of medical software and related products	- %	55%	Note
ICP Electronics Limited	Fortunetec International Corp.	Holding company and selling computer-related products	100%	100%	
Fortunetec International Corp.	Armorlink SH Corp. (Armorlink)	Manufacturing and selling computer-related products.	100%	100%	
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	Holding company and selling computer-related products	100%	100%	
Rich Excel Corporation Holdings Limited	Equilico Inc.	Real estate leasing	100%	100%	
Rich Excel Corporation Holdings Limited	Potency Inc.	Holding company and selling computer-related products	100%	100%	
Equilico Inc.	Suntend LLC	Real estate leasing	100%	100%	
Armorlink SH Corp. (Armorlink)	IEI Technology (Shanghai)Co., Ltd.	Logistics center and selling computer-related products	100%	100%	
Armorlink SH Corp. (Armorlink)	Weibotong Technology (Shanghai) Co., Ltd.	Logistics center and selling computer-related products	100%	100%	
Armorlink SH Corp. (Armorlink)	Ailean Technologies Corp. (Ailean)	Manufacturing and selling computer-related products.	100%	100%	
Armorlink SH Corp. (Armorlink)	SYNCDA International Limited.	Logistics center and selling industrial computer products	100%	- %	
Ailean Technologies Corp. (Ailean)	ASH Energy Group Limited (ASH)	Supply chain management	100%	100%	
Potency Inc.	IEI Technology USA Corporation	Selling computer-related products	100%	100%	

Note: The subsidiary of the Group, IEI Halza Health intelligence Corporation completed liquidation on March 14, 2023.

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

(4) Foreign currency

1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the dates of transaction.

Exchange differences are generally recognized in profit or loss, except for equity instruments designated as measured at fair value through other comprehensive income, which are recognized in other comprehensive income.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

2) Overseas Operations

The assets and liabilities of foreign operations are translated to the Group entities' functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to NTD at average rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

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

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

- 1) It is expected to be settled in the normal operating cycle;
- 2) It is held primarily for purposes of trading;
- 3) It is expected to be settled within 12 months of the reporting period; or
- 4) It is not attached with an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(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 are subject to an insignificant risk of change in value. The time deposits that meet the definition and are held the purpose of meeting short-term cash commitments rather than for investment or other purposes should be reported as cash equivalents.

(7) Financial Instruments

Accounts receivable and debt securities issued are recognized initially when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. A Financial

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is measured initially at their transaction prices.

1) Financial assets

If the purchase or sale of financial assets conforms to the customary trading, the Consolidated Company shall adopt consistent accounting treatment on the trading date or the settlement date for all purchases and sales of financial assets classified in the same manner.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) - debt investment, Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 both of the following conditions:

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

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) Fair value through other comprehensive income (FVOCI)

A debt investment 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 conditions:

- It is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows and solely payments of principal and interest on the principal amount outstanding.

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

Debt instruments at FVOCI 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.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

recognized in other comprehensive income and are never reclassified to profit or loss. Dividend income is recognized on the date on which the Group's right to receive payment is established

c) Fair value through profit or loss (FVTPL)

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

These assets are subsequently measured at fair value. Net gains 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, guarantee deposits and other financial assets).

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

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

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

When determining whether there has been a significant increase in the credit risk of a financial asset since initial recognition and when estimating ECL, the Group takes into account reasonable and supportable information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if 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.

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

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all the cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted based on the effective interest rates of the financial assets.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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;
- A breach of contract, such as a default or exceeding credit terms over an 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

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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 derecognizes 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.

Consolidated financial statements include the recognition of the profit and loss and other comprehensive income of each investee associated company in accordance with the equity method from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Group. 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

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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 an investment in a joint venture becoming an investment in an associate, 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 useful 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	3~55 years
• Machinery and Equipment	2~13 years
• Other Equipment	1~15 years

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

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

(12) Lease

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 earlier, of the right-of-use asset. In addition, the Group 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 the 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 depends 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.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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 (1~3 years) from the date they are available for use, with the amortization expense recognized in the profit and loss statement.

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

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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) Provisions

A Provision 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 provision 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.

A provision for warranties 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 Contracts with Customers

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) Sales of goods

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 provisions 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.

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Notes to the Consolidated Financial Statements (continued)

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 rereasurement 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 for temporary differences between the carrying amount of assets and liabilities and their tax bases as of the reporting date. Deferred income tax is not

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

recognized for temporary differences arising from the following:

- 1) Assets or liabilities not initially recognized in a transaction that is not a business combination and at the time of the transaction (i) do not affect accounting profit or taxable income (loss) and (ii) do not give rise to equal taxable and deductible temporary differences;
- 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 Group'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) **Segments Information**

The operating segment is a component of the Group engaged in activities that generate revenue and incur expenses (including revenue and expenses related to transactions with other components within 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.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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

The preparation of the within parent-company-only 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 24.45% of the voting shares of QNAP Systems, Inc., making it its single largest shareholder. Although the remaining 75.55% ownership of QNAP Systems, Inc. is not concentrated in specific shareholders, the Group still does not hold a majority of the board seats or the voting rights representing more than half of the shareholders' attendance at the shareholders' meeting. Therefore, it is determined that the Group has significant influence over QNAP Systems, Inc.

The uncertainty inherent in the assumptions and estimates described below, reflecting the impact of the COVID-19 pandemic, 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 for 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 (22) Financial Instruments for relevant information on the assumptions used in fair value measurement.

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Notes to the Consolidated Financial Statements (continued)

6. EXPLANATION OF SIGNIFICANT ACCOUNTS:

(1) Cash and cash equivalents

	12/31/2023	12/31/2022
Cash on hand	\$ 5,221	8,176
Bank deposits	1,279,519	1,452,063
Cash equivalents	3,473,125	2,677,298
Cash and cash equivalents in the consolidated statement of cash flows	\$ 4,757,865	4,137,537

- 1) There is no pledge guarantee for cash and cash equivalents.
- 2) Cash equivalents that do not meet the definition of cash have been transferred to other financial assets. Please refer to Note 6(6).
- 3) Please refer to Note 6 (22) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

	12/31/2023	12/31/2022
Mandatorily measured at fair value through profit or loss:		
Fund beneficiary certificate	\$ 722,917	381,000

- 1) The above financial assets at fair value through profit or loss of the Group, please refer to Note 6 (21)
- 2) The above financial assets were not pledged as collateral.

(3) Financial Assets measured at Fair Value Through Other Comprehensive Income

	12/31/2023	12/31/2022
Equity instruments measured at fair value through other comprehensive income:		
Domestic unlisted common stocks	\$ 59,729	32,025

- 1) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.
- 2) For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Consolidated Company in 2023 and 2022 were NT\$6,497 thousand and NT\$647 thousand.
- 3) Please refer to Note 6 (22) for credit risk and market risk information.
- 4) The above financial assets were not pledged as collateral.

(4) Notes and Accounts Receivable

	12/31/2023	12/31/2022
Notes receivable	\$ 170,959	91,090
Accounts receivable	815,740	897,048
Less: Allowance for doubtful accounts	(24,168)	(15,876)
	\$ 962,531	972,262

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

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Notes to the Consolidated Financial Statements (continued)

1) Group One

	12/31/2023		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ 701,376	0%	-
0~90 days past due	261,660	0%~0.01%	723
91~180 days past due	218	0%	-
Over 181 days past due	516	100%	516
	<u>\$ 963,770</u>		<u>1,239</u>

	12/31/2022		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ 813,419	0%	-
0~90 days past due	159,748	0%~3.98%	984
91~180 days past due	88	12.83%	11
Over 181 days past due	440	0%~100%	438
	<u>\$ 973,695</u>		<u>1,433</u>

2) Group Two

	12/31/2023		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ -	100%	-
0~90 days past due	7,589	100%	7,589
91~180 days past due	15,340	100%	15,340
Over 181 days past due	-	0%	-
	<u>\$ 22,929</u>		<u>22,929</u>

	12/31/2022		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ 6,285	100%	6,285
0~90 days past due	4,944	100%	4,944
91~180 days past due	3,214	100%	3,214
Over 181 days past due	-	0%	-
	<u>\$ 14,443</u>		<u>14,443</u>

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

The movement in the allowances for notes and accounts receivable were as follows:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 15,876	1,985
Impairment loss recognized	8,300	13,829
Foreign exchange gains/(losses)	<u>(8)</u>	<u>62</u>
Ending Balance	<u>\$ 24,168</u>	<u>15,876</u>

As of December 31, 2023, and December 31, 2022, there is no pledge guarantee for notes and accounts receivable.

(5) Inventories

	<u>12/31/2023</u>	<u>12/31/2022</u>
Finished goods	\$ 704,000	762,359
Work in progress	97,888	228,858
Raw Materials	<u>503,197</u>	<u>806,980</u>
	<u>\$ 1,305,085</u>	<u>1,798,197</u>

1) The cost of inventories recognized as cost of goods sold and expenses for the years ended December 31, 2023 and 2022, amounted to NT\$4,772,467 thousand and NT\$5,062,708 thousand, respectively. For the years ended December 31, 2023 and 2022, inventory write-down losses due to impairment to net realizable value were recognized amounting to NT\$50,589 thousand and NT\$155,547 thousand, respectively.

2) As of December 31, 2023, and December 31, 2022, the Group did not provide inventory as collateral.

(6) Other Financial Assets

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

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current:		
Time Deposits and Restricted Assets	<u>\$ 1,745,373</u>	<u>1,477,113</u>

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:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Associates	<u>\$ 2,525,069</u>	<u>2,403,180</u>

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

<u>Name of associate</u>	<u>Nature of relationship with the Group</u>	<u>Main business location / Country of incorporation</u>	<u>Percentage of ownership interest and voting rights</u>	
			<u>12/31/2023</u>	<u>12/31/2022</u>
QNAP Systems, Inc.	Sales of network security monitoring and network storage and communication related products	Taiwan	24.45%	24.44%

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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.

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current assets	\$ 2,615,002	2,301,697
Non-current assets	8,179,667	7,663,244
Current liabilities	(1,680,874)	(1,311,110)
Non-current liabilities	<u>(155,685)</u>	<u>(143,519)</u>
Net assets	<u>\$ 8,958,110</u>	<u>8,510,312</u>

	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 4,843,624</u>	<u>4,926,063</u>
Net income of continuing operations for the period	\$ 1,319,793	445,134
Other comprehensive income	<u>328,375</u>	<u>631,893</u>
Total comprehensive income	<u>\$ 1,648,168</u>	<u>1,077,027</u>
Total comprehensive income attributable to the Group	<u>\$ 389,746</u>	<u>268,342</u>
Carrying amount of equity held by the Group in the associate, beginning of period	\$ 2,072,316	1,879,323
Total comprehensive income attributable to the Group	389,746	268,342
Number of impacts not recognized by shareholding ratio	11	(134)
Dividends received from the associate during the period	<u>(271,518)</u>	<u>(67,866)</u>
The Group's share of the associate's net assets, end of period	<u>2,190,555</u>	<u>2,079,665</u>
Deduct: Unrealized write-off of sales benefits from side-stream sales transactions	6,921	6,440
Unrealized write-off of sales benefits from counterflow sales transactions	<u>373</u>	<u>909</u>
Carrying amount of equity held by the Group in the associate, end of period	<u>\$ 2,183,261</u>	<u>2,072,316</u>

QNAP Systems, Inc. held a total of 23,963 thousand shares of the Company as of December 31, 2023

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Aggregate carrying amount of individual insignificant associates	<u>\$ 341,808</u>	<u>330,864</u>

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Notes to the Consolidated Financial Statements (continued)

	2023	2022
Attributable to the Group:		
Profit (loss) from continuing operations	\$ (10,313)	17,902
Other comprehensive income	(1,357)	9,090
Total comprehensive income	\$ (11,670)	26,992

3) Collateral

As of December 31, 2023 and 2022, the Group's investments accounted for using the equity method were not pledged as collateral.

(8) Property, Plant and Equipment

Details of changes in the cost, depreciation, and impairment losses of property, plant, and equipment of the Group for the years 2023 and 2022 are as follows:

		Land	Buildings and construction	Machinery and Equipment	Other Equipment	Total
Cost or deemed cost:						
Balance at January 1, 2023	\$	427,476	1,036,619	289,824	391,591	2,145,510
Addition		-	832	47,942	36,257	85,031
Disposal		-	-	(15,879)	(4,319)	(20,198)
Effect on Foreign Exchange		(13)	(10,354)	(5,153)	(1,329)	(16,849)
Movement						
Balance at December 31, 2023	\$	427,463	1,027,097	316,734	422,200	2,193,494
Balance at January 1, 2022	\$	417,748	1,032,120	376,355	397,269	2,223,492
Addition		-	152	162,756	43,759	206,667
Disposal		-	-	(254,939)	(58,178)	(313,117)
Reclassification		2,000	-	(93)	93	2,000
Effect on Foreign Exchange		7,728	4,347	5,745	8,648	26,468
Movement						
Balance at December 31, 2022	\$	427,476	1,036,619	289,824	391,591	2,145,510
Depreciation and impairment losses:						
Balance at January 1, 2023	\$	-	469,429	86,412	277,010	832,851
Depreciation		-	41,061	44,054	41,052	126,167
Disposal		-	-	(13,834)	(4,131)	(17,965)
Effect on Foreign Exchange		-	(6,208)	(1,750)	(583)	(8,541)
Movement						
Balance at December 31, 2023	\$	-	504,282	114,882	313,348	932,512
Balance at January 1, 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 on Foreign Exchange		-	(4,381)	5,353	4,175	5,147
Movement						
Balance at December 31, 2022	\$	-	469,429	86,412	277,010	832,851
Carrying amount:						

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

	Land	Buildings and construction	Machinery and Equipment	Other Equipment	Total
December 31, 2023	\$ 427,463	522,815	201,852	108,852	1,260,982
January 1, 2022	\$ 417,748	601,017	77,215	113,330	1,209,310
December 31, 2022	\$ 427,476	567,190	203,412	114,581	1,312,659

- 1) Net gain or loss on the disposal of property, plant, and equipment of the Group, please refer to Note 6(21).
- 2) As of December 31, 2023 and 2022, the property, plant, and equipment of Group were not 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:

	Buildings
Cost of right-of-use assets:	
Balance at January 1, 2023	\$ 32,408
Addition	4,199
Effect on Foreign Exchange Movement	(62)
Balance at December 31, 2023	\$ 36,545
Balance at January 1, 2022	\$ 31,222
Addition	20,383
Disposal/ Write-off	(20,383)
Effect on Foreign Exchange Movement	1,186
Balance at December 31, 2022	\$ 32,408
Depreciation and impairment losses of right-of-use assets:	
Balance at January 1, 2023	\$ 11,874
Depreciation	10,861
Effect on Foreign Exchange Movement	(60)
Balance at December 31, 2023	\$ 22,675
Balance at January 1, 2022	\$ 21,059
Depreciation	10,685
Disposal/ Write-off	(20,383)
Effect on Foreign Exchange Movement	513
Balance at December 31, 2022	\$ 11,874
Carrying amount:	
December 31, 2023	\$ 13,870
January 1, 2022	\$ 10,163
December 31, 2022	\$ 20,534

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

(10) Investment Properties

	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 124,376	216,269	340,645
Effect on Foreign Exchange	-	(329)	(329)
Movement			
Balance at December 31, 2023	<u>\$ 124,376</u>	<u>215,940</u>	<u>340,316</u>
Balance at January 1, 2022	\$ 124,376	215,967	340,343
Effect on Foreign Exchange	-	302	302
Movement			
Balance at December 31, 2022	<u>\$ 124,376</u>	<u>216,269</u>	<u>340,645</u>
Depreciation and impairment losses:			
Balance at January 1, 2023	\$ -	63,192	63,192
Depreciation	-	5,871	5,871
Effect on Foreign Exchange	-	(284)	(284)
Movement			
Balance at December 31, 2023	<u>\$ -</u>	<u>68,779</u>	<u>68,779</u>
Balance at January 1, 2022	\$ -	57,093	57,093
Depreciation	-	5,873	5,873
Effect on Foreign Exchange	-	226	226
Movement			
Balance at December 31, 2022	<u>\$ -</u>	<u>63,192</u>	<u>63,192</u>
Carrying amount:			
December 31, 2023	<u>\$ 124,376</u>	<u>147,161</u>	<u>271,537</u>
January 1, 2022	<u>\$ 124,376</u>	<u>158,874</u>	<u>283,250</u>
December 31, 2022	<u>\$ 124,376</u>	<u>153,077</u>	<u>277,453</u>
Fair value:			
December 31, 2023		<u>\$ 876,869</u>	
December 31, 2022		<u>\$ 724,374</u>	

- 1) The fair value of investment real estate is based on the Group's comprehensive evaluation based on the comparative method (information on the transaction rate of the housing agency and the actual price of the Ministry of the Interior) The input values used in the fair value valuation technique are classified as Level 3.
- 2) As of December 31, 2023 and 2022, none of the Group's investment properties were pledged as collateral.

(11) Short-term loans

	<u>12/31/2023</u>	<u>12/31/2022</u>
Unsecured bank loans	<u>\$ 173,408</u>	<u>-</u>
Unused limit	<u>\$ 760,113</u>	<u>500,000</u>
Interest Rate	<u>2.8%~2.9%</u>	<u>-</u>

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

(12) Lease liabilities

The Group's lease liabilities are as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current	<u>\$ 11,419</u>	<u>11,070</u>
Non-current	<u>\$ 2,951</u>	<u>10,298</u>

Please refer to Note 6 (22) Financial Instruments for the maturity analysis.

The amounts recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	<u>\$ 322</u>	<u>406</u>
Expenses relating to short-term leases	<u>\$ 7,620</u>	<u>6,439</u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 19,133</u>	<u>18,258</u>

Lease of land, premises and buildings

In April and September 2022 respectively, the Group leased premises and buildings for use as factories 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.

(13) Operating Leases

The investment properties eased 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:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Less than one year	<u>\$ 7,083</u>	<u>8,178</u>
Non-discounted future cash flows of lease	<u>\$ 7,083</u>	<u>8,178</u>

The rental income generated from investment properties in 2023 and 2022 amounted to NT\$12,019 thousand ~~dollars~~ and NT\$10,376 thousand ~~dollars~~, respectively.

(14) Employee Benefits

1) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Present value of defined benefit obligation	<u>\$ 2,148</u>	<u>2,028</u>
Fair value of plan assets	<u>(10,726)</u>	<u>(10,121)</u>
Net defined benefit liability (assets)	<u>\$ (8,578)</u>	<u>(8,093)</u>

The Group's defined benefit plan is contributed to the pension fund account with the Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and the average salary for the six months prior to retirement.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

a) Plan assets composition

The Group's retirement fund under the Labor Standards Act is managed by the Labor Pension Fund Supervisory Committee. 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 reporting date, the balance of the Group's labor pension reserve account in the Bank of Taiwan amounted to NT\$10,726 thousand dollars. Please visit the website of the Bureau of Labor Funds, Ministry of Labor, for information on the utilization of the labor pension fund assets including the fund yield and fund asset allocation.

b) Movement in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Group in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation, January 1	\$ 2,028	35,233
Service cost and interest for the period	287	182
Remeasurement of net defined benefit liability (assets)		
Actuarial gains and losses resulting from experiential adjustments	(477)	5,341
Actuarial gains and losses resulting from changes in demographic assumptions	310	(508)
Plan benefit payments	-	(38,220)
Defined benefit obligation, December 31	<u>\$ 2,148</u>	<u>2,028</u>

c) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets, January 1	\$ (10,121)	(44,044)
Interest income	(180)	(230)
Remeasurement of net defined benefit liability (assets)		
Return on plan assets (excluding interest for the period)	(339)	(3,439)
Amount contributed to the plan	(86)	(628)
Plan benefit payments	-	38,220
Fair value of plan assets, December 31	<u>\$ (10,726)</u>	<u>(10,121)</u>

d) Expenses recognized in profit or loss

The breakdown of expenses reported by the Group for 2023 and 2022 were as follows:

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

	<u>2023</u>	<u>2022</u>
Service cost for the period	\$ 251	-
Net interest on net defined benefit liabilities	(144)	(48)
	<u>\$ 107</u>	<u>(48)</u>
Costs of sales	\$ -	(12)
Selling expenses	47	(15)
Administrative expenses	-	(23)
Research and development expenses	60	2
	<u>\$ 107</u>	<u>(48)</u>

- 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:

	<u>2023</u>	<u>2022</u>
Cumulative balance on January 1	\$ (1,831)	(716)
Recognized loss for the period	405	(1,115)
Cumulative balance on December 31	<u>\$ (1,426)</u>	<u>(1,831)</u>

- f) 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 were as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Discount rate	1.5014%	1.7744%
Future salary increase rate	1.25%	1.25%

The Group expects to contribute an amount of NT\$86 thousand to the defined benefit plan within one year from the reporting date of 2023.

The weighted average duration of the defined benefit plan is 23.79 years.

- g) 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.

As of December 31, 2023 and 2022, the impact of changes in the key actuarial assumptions adopted on the present value of defined benefit obligations is as follows:

	<u>Effect on the defined benefit obligation</u>	
	<u>Increase</u>	<u>Subtraction</u>
December 31, 2023		
Discount rate (change of 0.5%)	\$ (234)	268
Future salary increase (change of 1%)	564	(441)

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

	Effect on the defined benefit obligation	
	Increase	Subtraction
December 31, 2022		
Discount rate (change of 0.5%)	(209)	237
Future salary increase (change of 1%)	498	(395)

The above-mentioned sensitivity analysis assumes that all other assumptions remain constant, which means to analyze the impact of a single assumption. In practice, 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**

The Group's defined contribution plan is governed by the Labor Pension Act, which mandates a monthly contribution rate of 6% of employees' salaries to be allocated to individual retirement accounts managed 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.

The pension expenses under the Group's defined contribution retirement plan for the years 2023 and 2022 amounted to NT\$20,637 thousand and NT\$18,566 thousand, respectively, and have been contributed to the Bureau of Labor Insurance.

(15) **Income Tax**

1) Details of the Group's income tax expenses for the years 2023 and 2022 are as follows:

	2023	2022
Income tax expenses for the period		
Recognized during the period	\$ 326,447	418,181
Tax on unappropriated earnings	47,909	8,884
Adjustment for prior periods	(71,598)	(10,821)
	<u>302,758</u>	<u>416,244</u>
Deferred income tax expenses		
Recognition/reversal of temporary differences	59,801	(5,165)
Income tax expenses	\$ 362,559	411,079

2) Details of income tax (expense) income recognized in other comprehensive income of the Group for the years 2023 and 2022 are as follows:

	2023	2022
Items not reclassified to the income statement:		
Remeasurement of defined benefit plans	\$ 101	(279)

3) Details of the reconciliation between income tax expense and income before tax of the Group for the years 2023 and 2022 are as follows:

	2023	2022
Net income before income tax	\$ 1,744,715	1,902,411
Income tax based on the Group's domestic tax rate	481,140	504,938

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Notes to the Consolidated Financial Statements (continued)

	2023	2022
Tax-exempt income	(2,676)	(400)
Investment income under the equity method	(63,585)	(23,383)
Under(over) estimate for prior periods	(71,598)	(10,821)
Tax on unappropriated earnings	47,909	8,884
Other	(28,631)	(68,139)
	\$ 362,559	411,079

4) Deferred income tax assets and liabilities

a) Unrecognized deferred income tax assets

The following is not recognized as deferred income tax assets:

	12/31/2023	12/31/2022
Investment deduction	\$ 33,092	22,893

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 2023 and 2022 are as follows:

Deferred income tax assets:

	Loss from inactive inventory	Allowance for post-sale service provisions	Bonuses of unutilized vacation	Other	Total
January 1, 2023	\$ 73,234	4,022	5,665	16,178	99,099
(Debit) Credit in income statement	8,252	(311)	3,875	2,190	14,006
Exchange differences on translation of foreign financial statement	(994)	-	(78)	35	(1,037)
December 31, 2023	\$ 80,492	3,711	9,462	18,403	112,068
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 on translation of foreign financial statement	870	-	43	(33)	880
December 31, 2022	\$ 73,234	4,022	5,665	16,178	99,099

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Deferred income tax liabilities:

	Subsidiaries' undistributed earnings	Defined benefit plans	Other	Total
January 1, 2023	\$ 917,469	3,460	202	921,131
(Debit) Credit in income statement	74,013	(4)	(202)	73,807
(Debit) Credit in other comprehensive income	-	101	-	101
December 31, 2023	<u>\$ 991,482</u>	<u>3,557</u>	<u>-</u>	<u>995,039</u>
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	<u>\$ 917,469</u>	<u>3,460</u>	<u>202</u>	<u>921,131</u>

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

Company Name	Assessed year
The Company	2021
BriteMED Technology Inc.	2021

(16) Capital and Other Equity

As of December 31, 2023 and 2022, the total authorized capital of the Company is both NT\$3,500,000 thousand, with a par value of NT\$10 dollars per share and a total of 350,000 thousand shares. The issued shares are both 176,598 thousand shares, and all the share capital for the issued shares has been collected.

1) Capital surplus

The Company's capital surplus comprises the following:

	12/31/2023	12/31/2022
Additional paid-in capital	\$ 46,223	46,223
Additional paid-in capital arising from bond	730,821	730,821
Treasury share transaction	13,187	13,187
Changes in equity of associates accounted for using equity method	37,028	12,264
Other	18,262	17,942
	<u>\$ 845,521</u>	<u>820,437</u>

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

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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 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% of the paid-in capital.

b) Special reserve

In accordance with the regulations of the FSC, when it distributes distributable earnings, the Company shall set aside a special 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

The Company resolved to distribute dividends to shareholders for the years 2022 and 2021 at the respective shareholders' meetings held on June 16, 2023, and June 14, 2022. The amounts distributed to shareholders as dividends are as follows:

	2022		2021	
	Per share (NT\$)	Amount	Per share (NT\$)	Amount
Dividends to common shareholders:				
Cash	\$ 3.50	618,092	3.00	529,793

The proposed distribution of dividends to shareholders for the fiscal year 2023 was proposed by the Board of Directors on March 8, 2024. The amounts proposed for distribution to shareholders as dividends are as follows:

	2023	
	Per share (NT\$)	Amount
Dividends to common shareholders:		
Cash	\$ 3.50	618,092

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Notes to the Consolidated Financial Statements (continued)

3) Other equity (net of tax)

	Exchange differences on translation of foreign financial statement	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance at January 1, 2023	\$ (410,176)	(43,403)	(453,579)
Exchange differences arising from the translation of net assets of foreign operations	(25,972)	-	(25,972)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	-	16,204	16,204
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates	-	77,086	77,086
Share of exchange differences on translation attributed to affiliates	971	-	971
Balance at December 31, 2023	<u><u>\$ (435,177)</u></u>	<u><u>49,887</u></u>	<u><u>(385,290)</u></u>
Balance at 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 at December 31, 2022	<u><u>\$ (410,176)</u></u>	<u><u>(43,403)</u></u>	<u><u>(453,579)</u></u>

(17) Share-based Payment

The subsidiary of the Company resolved at an extraordinary shareholders' meeting on May 5, 2023, to issue restricted employee rights new shares totaling 6,493,334 shares, limited to full-time employees of the issuing company and its subsidiaries who meet specific conditions, at a fair value of RMB6.51 per share.

Employees allocated the aforementioned restricted employee rights new shares may acquire the allotted shares at RMB1.83 per share. Under the share-based payment plan, employees indirectly hold company equity through the equity held on the employee share platform. Unless otherwise agreed, the share platform may not transfer the Company's equity held before the conditions are met, and employees may not actively request the sale, transfer, or disposal of their holdings. If allocated employees fail to meet the eligibility conditions after acquiring the new shares, the executive directors/board of directors of the issuing company or their designated personnel have the right to repurchase the equity held.

Details of the subsidiary's restricted employee rights new shares were as follows:

	2023	2022
Quantity granted during the period (shares)	<u><u>6,493,334</u></u>	<u><u>-</u></u>

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As of December 31, 2023, the subsidiary's employees had an unredeemed compensation balance of NT\$122,959 thousand (RMB 28,363 thousand).

1) Measurement parameters for fair value at grant date

The subsidiary estimated the fair value of the share-based payment at grant date. The inputs to the valuation model are as follows:

Expected life of share options: 5 years, as stipulated by the subsidiary's issuance regulations; Discount rate: Weighted average cost of capital selected at 10.06%; Risk-free rate: 3.97%, based on government bonds. The determination of fair value does not consider service and non-market performance conditions included in the transaction.

2) Employee expenses

Employee expenses incurred due to share-based payments for the period from January 1, 2023, to December 31, 2023, are as follows:

	2023
Expenses incurred due to restricted employee rights new shares.	\$ 8,782

(18) Earnings Per Share

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

	2023	2022
Basic earnings per share (NT\$)		
Net income attributable to ordinary shareholders of the Company	\$ 1,382,156	1,492,189
Weighted-average number of outstanding common shares (in thousands)	176,598	176,598
Diluted earnings per share (NT\$)	\$ 7.83	8.45
Net income attributable to ordinary shareholders of the Company (after adjusting for the effects of dilutive potential ordinary shares)	\$ 1,382,156	1,492,189
Weighted-average number of outstanding ordinary shares	176,598	176,598
Effect of dilutive potential ordinary shares		
Effect of stock-based employee compensation	1,234	1,557
Weighted-average number of outstanding ordinary shares (after adjusting for the effects of dilutive potential ordinary shares)	177,832	178,155
	\$ 7.77	8.38

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Notes to the Consolidated Financial Statements (continued)

(19) Revenue from Contracts with Customers

1) Revenue sources

2023					
	Order, design, and brand sales	Product manufacturing	Brand sales in the China region	Other operating segments	Total
Major markets:					
Domestic	\$ 377,478	-	-	-	377,478
Asia	1,858,715	91,538	1,781,301	16,620	3,748,174
America	977,828	257	-	1,710,893	2,688,978
Europe	732,991	1,152	-	49	734,192
Others	28,971	-	-	-	28,971
	\$ 3,975,983	92,947	1,781,301	1,727,562	7,577,793

2022					
	Order, design, and brand sales	Product manufacturing	Brand sales in the China region	Other operating segments	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

2) Contract balances

	12/31/2023	12/31/2022	01/01/2022
Notes and Accounts Receivable	\$ 986,699	988,138	957,000
Less: Allowance for doubtful accounts	(24,168)	(15,876)	(1,985)
Total	\$ 962,531	972,262	955,015
Contract liabilities-Advance payments	\$ 521,853	530,865	499,060

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

The initial balances of contract liabilities as of January 1, 2023 and 2022, recognized as revenue for the years 2023 and 2022, respectively, amounted to NT\$530,865 thousand and NT\$499,060 thousand.

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Notes to the Consolidated Financial Statements (continued)

(20) Remuneration for employees, directors and supervisors

According to the Company's articles of association, if there is a profit for the year, 5%~20% shall be allocated for employee compensation and not more than 3% for directors' and supervisors' remuneration. 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.

The estimated employee compensation for the Company in 2023 and 2022 was NT\$86,381 thousand and NT\$91,976 thousand respectively. Director remuneration was estimated at NT\$3,300 thousand for both years. These estimations are based on the Company's taxable income for each period, after deducting employee and director remuneration, multiplied by the distribution percentage of employee and director remuneration as stipulated in the Company's articles of association, and reported as operating costs or expenses for 2023 and 2022. 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.

The provision for employee compensation in 2022 and 2021 was NT\$91,976 thousand and NT\$62,016 thousand respectively. Director remuneration provision was NT\$3,300 thousand for both years, and there were no differences between the provision and the actual distribution. Relevant information can be found on the Market Observation Post System.

(21) Non-operating Income and Expenses

1) Interest income

The detailed breakdown of interest income for the Group in 2023 and 2022 is as follows:

	2023	2022
Interest income from bank deposits	\$ 209,278	76,942

2) Other income

The detailed breakdown of other income for the Group in 2023 and 2022 is as follows:

	2023	2022
Lease income	\$ 12,019	10,376
Dividends	6,497	647
Government subsidies	22,280	26,628
Other income	69,921	54,618
Total	\$ 110,717	92,269

3) Other gains and losses

The detailed breakdown of other gains and losses for the Group in 2023 and 2022 is as follows:

	2023	2022
Foreign currency exchange (loss) gain	\$ (10,122)	326,378
Net gains on financial assets at fair value through profit or loss	8,603	2,587
Loss on disposal of property, plant and equipment	(1,424)	(25,936)
Others	(6,446)	(6,710)
Total	\$ (9,389)	296,319

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Notes to the Consolidated Financial Statements (continued)

4) Financial costs

The detailed breakdown of financial costs for the Group in 2023 and 2022 is as follows:

	2023	2022
Interest expenses		
Interest expense on borrowing	\$ 1,600	-
Other financial expense	12,838	5,293
Total	\$ 14,438	5,293

(22) 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 assets 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.

Please refer to Note 6(4) for information on the provision for bad debts for the years 2023 and 2022.

2) Liquidity risk

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

	Book value	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years
December 31, 2023						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 173,408	176,703	-	176,703	-	-
Non-interest-bearing liabilities (including related parties)	2,061,271	2,061,271	1,974,890	86,381	-	-
Lease liabilities	14,370	14,568	5,947	5,597	3,024	-
	\$ 2,249,049	2,252,542	1,980,837	268,681	3,024	-
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

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Notes to the Consolidated Financial Statements (continued)

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:

	12/31/2023			12/31/2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 115,520	30.705	3,547,032	101,384	30.710	3,113,497
RMB:NTD	454,975	4.3352	1,972,407	512,465	4.4094	2,259,661
USD : RMB (Note)	55,684	7.08	1,709,762	38,550	6.96	1,183,868
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	23,446	30.705	719,924	25,605	30.710	786,318
USD : RMB (Note)	9,549	7.08	293,213	16,840	6.96	517,148

Note: Because the functional currency of some of the subsidiaries of the Group is not NTD, it must be taken 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 USD, 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 gains or losses when translated. As of December 31, 2023 and 2022, if the New Taiwan Dollar depreciates or appreciates by 5% relative to the USD, while all other factors remain constant, the post-tax net profit for the fiscal years 2023 and 2022 would respectively decrease or increase by NT\$248,643 thousand and NT\$210,142 thousand. The two-period analysis is conducted on the same basis.

c) Foreign exchange gains or losses on monetary items

Due to the diverse functional currencies within the Group, information on foreign exchange gains or losses on monetary items is disclosed on an aggregated basis. For the fiscal years 2023 and 2022, the foreign exchange (losses) gains (including realized and unrealized) were NT\$(10,122) thousand and NT\$326,378 thousand respectively.

4) Interest rate risk

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

The fluctuation 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 the interest rate increases or decreases by five basis points, with all other variables held constant, the post-tax net profit for the years 2023 and 2022 would respectively decrease or increase by NT\$512 thousand and NT\$581 thousand.

IEI INTEGRATION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (continued)

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:

Securities prices as of reporting date	2023		2022	
	Other comprehensive income, after tax	Post-tax profit or loss	Other comprehensive income, after tax	Post-tax profit or loss
Increase by 5%	\$ 2,986	36,146	1,601	19,050
Decrease by 5%	\$ (2,986)	(36,146)	(1,601)	(19,050)

6) Fair value analysis

a) Types of financial instruments 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):

	12/31/2023				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss (FVTPL)					
Non-derivative financial assets that must be measured at fair value through profit or loss:					
Financial assets at fair value through other Comprehensive Income					
Domestic unlisted stocks	\$ 59,729	-	-	59,729	59,729
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,757,865	-	-	-	-
Notes and accounts receivables (including related parties)	998,044	-	-	-	-
Other receivables - related parties	184,645	-	-	-	-
Other financial assets (including current and non-current)	1,745,373	-	-	-	-
subtotal	7,685,927	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 173,408	-	-	-	-
Notes and accounts-payables (including related parties)	1,186,304	-	-	-	-
Other payables (including related parties)	874,967	-	-	-	-
Lease liabilities	14,370	-	-	-	-
Total	\$ 2,249,049	-	-	-	-

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

	12/31/2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss (FVTPL)					
Non-derivative financial assets that must be measured at fair value through profit or loss:	\$ 381,000	381,000	-	-	381,000
Financial Assets at Fair Value Through Other Comprehensive Income					
Domestic unlisted stocks	32,025	-	-	32,025	32,025
Financial Assets Measured 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	-	-	-	-
Subtotal	6,777,626	-	-	-	-
Financial liabilities at amortized cost					
Notes and accounts-payables (including related parties)	\$ 1,383,409	-	-	-	-
Other payables (including related parties)	763,143	-	-	-	-
Lease liabilities	21,368	-	-	-	-
Total	2,167,920	-	-	-	-

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 amortized cost and financial liabilities measured at amortized 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 there is no market value available for reference, a valuation approach is used for estimation. The estimation and assumptions used in the valuation approach are discounted cash flow valuation to estimate the fair value.

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

A) Non-derivative 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 Taipei Exchange.

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.

IEI INTEGRATION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (continued)

Except for 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

	<u>At fair value through profit or loss</u>	<u>At fair value through other comprehensive income</u>	<u>Total</u>
	<u>Non-derivative financial assets that must be measured at fair value through profit or loss:</u>	<u>Financial instruments without public quotation</u>	
January 1, 2023	\$ -	32,025	32,025
Total gains or losses			
Recognized in other comprehensive income	-	16,204	16,204
Purchase	-	15,000	15,000
Cash capital reduction	-	(3,500)	(3,500)
Effect on Foreign Exchange Movement	-	-	-
December 31, 2023	<u>\$ -</u>	<u>59,729</u>	<u>59,729</u>
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)	-	
Cash capital reduction	-	(500)	
Effect of changes in exchange rates	-	-	-
December 31, 2022	<u>\$ -</u>	<u>32,025</u>	<u>32,025</u>

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”. The relevant assets still held as of December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Recognized in other comprehensive income (reported in “Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income”)	\$ 16,204	(10,114)

IEI INTEGRATION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (continued)

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

The Group'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:

<u>Assets</u>	<u>Valuation techniques</u>	<u>significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Discounted cash flow method Asset approach Comparable market approach	<ul style="list-style-type: none"> • Weighted average cost of capital (12.13% as of 2023.12.31 and 13.16% as of 2022.12.31) • Lack of marketability discount (20.00% as of both 2023.12.31 and 2022.12.31) • Minority interest discount (ranging from 18.57%~21.30% as of both 2023.12.31 and 2022.12.31) • Price-to-book ratio (1.38 as of both 2023.12.31 and 2022.12.31) • Price-to-sales ratio (2.60 as of 2023.12.31 and 1.71 as of 2022.12.31) 	<ul style="list-style-type: none"> • The higher the weighted average cost of capital, minority interest discount, and lack of marketability 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.

(23) Financial Risk Management

1) Overview

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

- a) Credit risk
- b) Liquidity 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 consolidated financial statements.

2) Risk management framework

The Board of Directors is fully responsible for and oversees the risk management of the Group. The Board of Directors is responsible for and controls the Group's risk

IEI INTEGRATION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (continued)

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) Accounts receivable and other receivables

The Group's policy is to transact only with counterparties of reputable creditworthiness or with whom it has long-standing business relationships. The Group transacts only with entities rated equivalent to investment grade. Such information is provided by independent rating agencies; in the absence of such information, the Group will utilize other publicly available financial information and transaction records to assess the creditworthiness of major customers. The Group monitors credit risk exposures and counterparty credit ratings on an ongoing basis, and it disperses the total transaction volume 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

As of December 31, 2023 and 2022, the Group did not provide any endorsement guarantees.

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 the non-derivative financial instruments 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 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, 2023 and 2022, the unused financing facilities of the Group amounted to NT\$760,113 thousand and NT\$500,000 thousand respectively.

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Notes to the Consolidated Financial Statements (continued)

5) Market risk

Market risk is the risk that subjects the Group's earnings or the values of the financial instruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity instruments. 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 USD

When there is a short-term imbalance in a monetary asset or liability denominated in one of the other foreign currencies, the Group 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 an interest rate swap to reduce risk should the interest rates rise.

c) Other Market Price 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 purposes. The Group does not actively trade these investments, and its management manages the risk by maintaining an investment portfolio with different risks.

(24) 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 capital management strategy of the Group for the year 2023 remained consistent with that of 2022. The debt-to-capital ratio as of December 31, 2023 and 2022 is as follows:

	12/31/2023	12/31/2022
Total liabilities	\$ 4,223,597	4,141,283
Less: cash and cash equivalents	(4,757,865)	(4,137,537)
Net liability	\$ (534,268)	3,746
Total equity	\$ 10,098,714	9,232,298
Liability to capital ratio	(5.29)%	0.04%

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Notes to the Consolidated Financial Statements (continued)

7. RELATED PARTY TRANSACTIONS

(1) Name of Related Party with Relationship

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

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
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. (Shanghai)	Associate
BEYONDZB Inc.	Associate
Genevisio Co., Ltd. (Note)	Associate
QNAP HK Limited	Associate

Note: Associated Company ceased to be a related party upon the disposal of shares in Genevisio Co., Ltd. in June 2023.

(2) Significant Transactions with Related Parties

1) Operating revenue

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

	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 121,341</u>	<u>107,326</u>

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:

	<u>2023</u>	<u>2022</u>
Associate – QNAP Systems, Inc.	\$ 233,174	294,902
Associates	127,835	191,498
	<u>\$ 361,009</u>	<u>486,400</u>

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

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Notes to the Consolidated Financial Statements (continued)

3) Receivables and payables

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

<u>Account Item</u>	<u>Related Party</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Accounts receivable	Associates	\$ <u>35,513</u>	<u>19,600</u>
Other receivable	Associate – QNAP Systems, Inc.	\$ 1,158	1,057
Other receivable	Associate – QNAP Inc. (USA)	136,024	144,218
Other receivable	Associate – QNAP Inc. (CANADA)	<u>47,463</u>	<u>25,839</u>
		\$ <u>184,645</u>	<u>171,114</u>
Accounts payable	Associate – QNAP Systems, Inc.	\$ 71,234	102,789
Accounts payable	Associates	<u>26,813</u>	<u>45,678</u>
		\$ <u>98,047</u>	<u>148,467</u>
Other payable	Associate – QNAP Systems, Inc.	\$ 195,813	126,587
Other payable	Associates	<u>3,003</u>	<u>2,026</u>
		\$ <u>198,816</u>	<u>128,613</u>

As of December 31, 2023, and December 31, 2022, the Group had no overdue amounts from related parties for accounts receivable and other receivables, with no expected credit losses.

4) Contract liabilities

The Group's contract liabilities to related parties were as follows

	<u>12/31/2023</u>	<u>12/31/2022</u>
Associates	\$ <u>-</u>	<u>6,663</u>

5) Lease

a) Lessees

<u>Account Item</u>	<u>Related Party</u>	<u>2023</u>	<u>2022</u>
Lease income	Associate-QNAP Systems, Inc.	\$ 8,023	8,023
Lease income	Associates	<u>674</u>	<u>639</u>
		\$ <u>8,697</u>	<u>8,662</u>

b) Lessors

The Group leased premises from its associate company, QNAP Systems, Inc., in April and September 2022. The lease transactions resulted in the recognition of right-of-use assets and lease liabilities of NT\$20,383 thousand each, based on prevailing rental rates in the vicinity upon acquisition. Interest expenses of NT\$322 thousand and NT\$406 thousand were recognized for the years ended 2023 and 2022, respectively. As of December 31, 2023 and 2022, the lease liability balances were NT\$14,370 thousand and NT\$21,368 thousand, respectively.

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Notes to the Consolidated Financial Statements (continued)

6) Other

<u>Account Item</u>	<u>Related Party</u>	<u>2023</u>	<u>2022</u>
Other income	Associate—QNAP Systems, Inc.	\$ 9,288	12,055
Other income	Associates	3,573	2,870
Manufacturing and operating expenses	Associates	(53,653)	(76,273)
		<u>\$ (40,792)</u>	<u>(61,348)</u>

(3) Key Management Personnel

Remuneration of key management personnel included:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 37,239	42,349
Post-employment benefits	642	729
	<u>\$ 37,881</u>	<u>43,078</u>

8. PLEDGED ASSETS

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

<u>Asset Name</u>	<u>Pledged collateral subject</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Other financial assets – current	Tax payable on imported goods released before payment	\$ 7,903	7,260
Other financial assets – current	Banker's Acceptance	158,980	91,712
		<u>\$ 166,883</u>	<u>98,972</u>

9. Significant Contingent Liabilities And Unrecognized Contractual Commitments: None.

10. Significant Losses From Disasters: None.

11. Significant Subsequent Events: None.

12. Others

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

Function	2023			2022		
	Recognized in cost of sale	Recognized in operating expenses	Total	Recognized in cost of sale	Recognized in operating expenses	Total
Nature						
Employee benefit expense						
Salaries and Wages	248,401	898,009	1,146,410	280,731	799,569	1,080,300
Labor and Health Insurance	43,300	99,386	142,686	41,556	84,032	125,588
Pension	1,742	19,002	20,744	1,660	16,858	18,518
Other employee benefits	10,382	25,989	36,371	12,455	21,486	33,941
Depreciation	46,092	90,936	137,028	20,505	86,283	106,788
Amortization	29	22,988	23,017	-	22,613	22,613

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Notes to the Consolidated Financial Statements (continued)

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:

	2023	2022
Depreciation of investment properties	\$ 5,871	5,873

13. ADDITIONAL DISCLOSURES

(1) Material Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports of Securities Issuers for the year 2023, the Group is required to disclose additional information regarding significant transactions as follows:

1) Loans to other parties

In thousands of NTD

Serial Number (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
1	SUNTEND LLC	BEYONDZ B INC	Other Receivables-Related Parties	Yes	27,635	-	-	-	Short-term Financing	-	Operating capital	-	None	-	80,6	80,697

Note 1: Explanation of serial number:

- (1) Fill in 0 for the issuer.
- (2) The invested companies are sequentially numbered starting from 1 using Arabic numerals according to the Company.

Note 2: The above amounts are converted at the exchange rate of USD\$1=NTD\$30.7050 as of December 2023.

Note 3: The individual and total limits for lending to specific entities are capped at 40% of the net worth as of December 31, 2023, based on the most recent financial statements of the lending company.

Note 4: The above transactions have been offset in the preparation of the 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

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Group	Financial Statement Account	Ending Balance			Peak Ownership during the Period	Remark
				Shares/Units (In Thousands)	Book value	Percentage of Ownership		
IEI INTEGRATION CORP.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	39,670	510,718	-	510,718	-
"	Jih Sun Money Market Fund	-	"	5,928	91,432	-	91,432	-
"	Hundure Technology Co. Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	497	2,581	4.78 %	2,581	4.78 %
"	Hua Da Venture Capital Corp.	-	"	150	4,417	10.00 %	4,417	10.00 %
"	Anteya Technology Corp.	-	"	500	-	5.26 %	-	5.26 %
"	Genesis Photonics Inc.	-	"	309	-	0.41 %	-	0.41 %
"	Castec International Corp.	-	"	2,400	42,568	6.60 %	42,568	6.60 %
"	Zhunsheng Innovation Investment Co., Ltd.	-	"	1,500	10,163	10.00 %	10,163	10 %
BriteMED Technology Inc.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,651	40,442	-	40,442	-
"	Mega Diamond Money Market Fund	-	"	6,227	80,325	-	80,325	-

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Notes to the Consolidated Financial Statements (continued)

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) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital:

In thousands of NTD

Company Name	Marketable security Type and Name	Financial Statement Account	Counter-party	Nature of 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	-	-	15,722	200,39	58,818	755,000	34,869	446,90	(445,000)	1,903	39,670	510,718
IEI INTEGRATION CORP.	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	11,984	180,60	21,761	330,000	27,817	422,78	(420,000)	2,788	5,928	91,432

Note: The beginning balance includes a fair value (loss) gain of NT\$1,000 thousand dollars, and the ending balance includes a fair value (loss) gain of NT\$2,150 thousand dollars.

- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

In thousands of NTD

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
IEI INTEGRATION CORP.	BriteMED Technology Inc.	Subsidiary	Sales	(246,669)	(4.97) %	60 days	-	-	35,717	4.84%	
BriteMED Technology Inc.	IEI INTEGRATION CORP.	Ultimate parent company	Purchases	246,669	67.28 %	60 days	-	-	(35,717)	(50.98)%	
IEI INTEGRATION CORP.	IEI Technology USA Corporation	Subsidiary	Sales	(1,430,530)	(28.80) %	60 days	-	-	227,305	30.83%	
IEI Technology USA Corporation	IEI INTEGRATION CORP.	Ultimate parent company	Purchases	1,430,530	93.53 %	60 days	-	-	(227,305)	(97.61)%	
Armorlink SH Corp.	IEI INTEGRATION CORP.	Ultimate parent company	Sales	(1,645,569)	(51.76) %	60 days	-	-	255,060	40.33%	
IEI INTEGRATION CORP.	Armorlink SH Corp.	Subsidiary	Purchases	1,645,569	47.73 %	60 days	-	-	(255,060)	(35.40)%	
Armorlink SH Corp.	IEI Technology (Shanghai)Co., Ltd.	Subsidiary	Sales	(1,061,677)	(33.40) %	90 days	-	-	186,290	29.46%	
IEI Technology (Shanghai)Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	1,061,677	99.72 %	90 days	-	-	(186,290)	(56.20)%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(337,928)	(10.63) %	90 days	-	-	136,732	21.62%	
Weibotong Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	337,928	99.96 %	90 days	-	-	(136,732)	(99.92)%	
QNAP Systems, Inc.	Armorlink SH Corp.	Associates	Sales	(203,117)	(4.19) %	60 days	-	-	68,267	7.31%	
Armorlink SH Corp.	QNAP Systems, Inc.	Associates	Purchases	203,117	10.45 %	60 days	-	-	(68,267)	(13.16)%	

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

In thousands of NTD

Company Name	Related Party	Nature of Relationship	Ending Balance	(Note 2) Turnover rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action taken		
IEI INTEGRATION CORP.	IEI Technology USA Corporation	Subsidiary	228,003	6.61 times	-		141,483	-
Armorlink SH Corp.	IEI INTEGRATION CORP.	Ultimate parent company	255,060	5.32 times	-		234,949	-
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd.	Subsidiary	186,290	4.01 times	-		186,290	-
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	136,732	2.63 times	-		82,369	-
IEI Technology USA Corporation	QNAP Inc. (USA)	Associates	143,157	(0.07) times	-		143,157	-
Fortunetec International Corp.	Armorlink SH Corp.	Subsidiary	1,319,546	-times	-		-	-

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) Information about the derivative financial instruments transaction: None.
- 10) The business relationship between the parent and the subsidiaries and significant intercompany transactions:

Number (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets (Note 4)
				Financial Statements Item	Amount	Terms	
0	IEI INTEGRATION CORP.	BriteMED Technology Inc.	1	Sales	246,669	60 days	3.26%
0	IEI INTEGRATION CORP.	BriteMED Technology Inc.	1	Accounts receivable-related parties	35,717	60 days	0.25%
0	IEI INTEGRATION CORP.	IEI Technology USA Corporation	1	Sales	1,430,530	60 days	18.88%
0	IEI INTEGRATION CORP.	IEI Technology USA Corporation	1	Accounts receivable-related parties	227,305	60 days	1.59%
1	Armorlink SH Corp.	IEI INTEGRATION CORP.	2	Sales	1,645,569	60 days	21.72%
1	Armorlink SH Corp.	IEI INTEGRATION CORP.	2	Accounts receivable-related parties	255,060	60 days	1.78%
1	Armorlink SH Corp.	IEI INTEGRATION CORP.	2	Other income	39,926	60 days	0.53%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Sales	337,928	90 days	4.46%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Accounts receivable-related parties	136,732	90 days	0.95%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd.	1	Sales	1,061,677	90 days	14.01%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd.	1	Accounts receivable-related parties	175,235	90 days	1.22%
2	FORTUNETEC INTERNATIONAL CORP.	Armorlink SH Corp.	1	Other accounts receivable-related parties	1,319,546	Payment as stipulated in the contract	9.21%
3	IEI Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	2	Advance payments	146,076	Payment method for advance payments	1.02%

Note 1: The filling method for annotation numbers is as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1 in Arabic numerals according to company type.

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%.

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

(2) Investments

Information on the Group's equity method investments for the year 2023 (excluding Mainland China investee companies) is as follows:

In thousands of NTD

Name of Investor	Name of investee	Location	Main business and products	Original Investment Amount (Note 1)		Ending Balance (Note 1)			Peak Ownership during the Period	Net Income (Losses) of the Investee Company	Investment income (loss) recognized (Note 2)	Remark
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Book value				
IEI INTEGRATION CORP.	ICP Electronics Limited	Samoa Islands	Holding company engaged in the sale of computers and related products	219,313	219,313	5,000	100.00%	4,570,879	100.00%	202,684	228,276	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	24.45%	2,183,261	24.45%	1,319,793	303,031	Investments Accounted for Using the Equity Method
IEI INTEGRATION CORP.	Internet Application Technology Ltd.	Samoa Islands	Holding company engaged in the sale of computers and related products	375,897	375,897	11,853	100.00%	1,273,606	100.00%	151,348	151,348	Subsidiary
IEI INTEGRATION CORP.	BriteMED Technology Inc.	Taiwan	Manufacturing and sales of electronic components	80,000	80,000	8,000	100.00%	299,493	100.00%	136,910	136,910	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	16.36%	83,252	16.36%	39,871	7,297	Investments Accounted for Using the Equity Method
IEI INTEGRATION CORP.	IEI Halza Health Intelligence Corp.	Taiwan	Development of medical software and related products	-	1,650	-	- %	-	- %	-	-	Note 3
ICP Electronics Limited	Fortunetec International Corp.	Mauritius	Holding company engaged in the sale of computers and related products	153,525	153,525	500	100.00%	4,296,953	100.00%	217,536	Exempt from disclosure	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Holding company engaged in the sale of computers and related products	58,414	58,414	199	49.71%	151,674	49.71%	(39,596)	Exempt from disclosure	Investments Accounted for Using the Equity Method
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	British Virgin Islands	Holding company engaged in the sale of computers and related products	357,022	357,022	11,628	100.00%	1,126,615	100.00%	147,068	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	8.67%	44,687	8.67%	39,871	Exempt from disclosure	Investments Accounted for Using the Equity Method
Rich Excel Corporation Holdings Limited	Equilico Inc.	U.S	Real estate leasing	199,088	199,088	6,484	100.00%	209,107	100.00%	11,078	Exempt from disclosure	Subsidiary
Rich Excel Corporation Holdings Limited	Potency Inc.	Samoa Islands	Holding company engaged in the sale of computers and related products	228,183	228,183	5,840	100.00%	883,824	100.00%	134,497	Exempt from disclosure	Subsidiary
Equilico Inc.	Suntend LLC	U.S	Real estate leasing	122,018	122,018	-	100.00%	201,743	100.00%	11,225	Exempt from disclosure	Subsidiary
Potency Inc.	IEI Technology USA Corporation	U.S	Sales of industrial computers and related products	55,701	55,701	14,000	100.00%	698,828	100.00%	130,713	Exempt from disclosure	Subsidiary
Potency Inc.	Anewtech Systems Pte. Ltd	Singapore	Sales of industrial computers and related products	37,367	37,367	400	31.68%	62,744	31.68%	(5,666)	Exempt from disclosure	Investments Accounted for Using the Equity Method
Investee company of Armorlink SH Corp.	Best Chip Technology Co., Ltd.	Hong Kong	Sales business of logistics centers and industrial computer products	9,212	-	-	100.00%	9,176	100.00%	(36)	Exempt from disclosure	Subsidiary

Note 1: The original investment amount and the year-end carrying value are converted based on the exchange rate of NTD30.705 per USD as of December 31, 2023.

Note 2: The current period's gains and losses are converted at the average exchange rate of NTD31.155 per USD.

Note 3: IEI Halza Health intelligence Corporation was liquidated as of March 14, 2023

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

(3) Information on investment in Mainland China:

1) Relevant information about investments in Mainland China:

In thousands of NTD

Name of investee in Mainland China	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 (Losses) of the Investee Company	Percentage of Ownership	Peak Ownership during the Period	Share of Profits/Losses	Carrying Amount as of 21/31/2022	Accumulated inward remittance of earnings as of 12/31/2022
					Outflow	Inflow							
IEI Technology (Shanghai) Co., Ltd.	Sales business of logistics centers and industrial computer products	113,414 (RMB26,161)	Investee company of Armorlink SH Corp.	109,003 (USD3,550)	-	-	109,003 (USD3,550)	20,593	100.00%	100.00%	20,593	110,026	-
Xingwei Computer (Kunshan) Co., Ltd.	Sales business of logistics centers and industrial computer products	147,384 (USD4,800)	Investing in Mainland China through Acquire System Inc. in a third-party territory	58,401 (USD1,902)	-	-	58,401 (USD1,902)	(4,533)	49.71%	49.71%	(2,253)	147,510	-
Armorlink SH Corp.	Manufacturing products and selling related computer products	245,640 (USD8,000)	Investing in Mainland China through Fortunetce International Corp. in a third-party territory	61,410 (USD2,000)	-	-	61,410 (USD2,000)	310,868	100.00%	100.00%	310,868	1,325,167	149,564 (USD4,871)
Ailean Technologies Corp.	Manufacturing products and selling related computer products	254,212 (RMB58,639)	Investee company of Armorlink SH Corp.	184,230 (USD6,000)	-	-	184,230 (USD6,000)	(26,012)	100.00%	100.00%	(26,012)	495,532	280,306 (USD9,129)
ASH ENERGY GROUP LIMITED	Supply chain management	43,352 (RMB10,000)	Investee company of Ailean Technologies Corp.	-	-	-	-	1,503	100.00%	100.00%	1,503	57,890	-
Weibotong Technology (Shanghai) Co., Ltd.	Sales business of logistics centers and industrial computer products	8,670 (RMB2,000)	Investee company of Armorlink SH Corp.	-	-	-	-	(16,749)	100.00%	100.00%	(16,749)	(34,085)	-

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 (Note 3)
413,044 (USD 13,452)	IEI Technology (Shanghai) Co., Ltd. 109,003 (USD 3,550) Xingwei Computer 72,372 (USD 2,357) Armorlink 391,489 (USD 12,750) Ailean Technologies 759,949 (USD 24,750)	6,059,228

USD exchange rate: End-of-period rate:30.705 Average rate: 31.155

RMB exchange rate: End-of-period rate:4.3352 Average rate: 4.4240

Note 1: Investment methods are categorized as follows:

1. Direct investment in Mainland China.
2. Reinvestment in Mainland China through a third region company.
3. Other method.

Note 2: The relevant figures in this table are presented in NTD. The net investment

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

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 3: Calculation of investment limit: Net equity for the period \times 60% = 10,098,714 thousand \times 60% = 6,059,228 thousand.

3) Material transactions:

Details of significant transactions between the Group and Mainland China investees during the year 2023 are provided in the "Information on Material Transactions" section.

(4) Major Shareholders

Shareholder	In unit of shares	
	Shares	Percentage of Ownership
QNAP Systems, Inc.	23,963,007	13.56%
Po-Ta Kuo	21,932,396	12.41%
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust	10,927,000	6.18%

14. 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 (income), 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 treats sales and transfers between departments as transactions with third parties. They are measured at current market prices.

Information on the Group's operating segments and a reconciliation of the accounts are as follows:

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

2023						
	Order reception, design, and brand sales	Product manufacturing	Brand sales in the China region	Other operating segments	Adjustments and eliminations	Total
Revenue:						
From external customers	\$ 3,975,983	92,947	1,781,301	1,727,562	-	7,577,793
Intersegmental	1,715,421	3,086,806	5,463	12,898	(4,820,588)	-
Total income	\$ 5,691,404	3,179,753	1,786,764	1,740,460	(4,820,588)	7,577,793
Interest expenses	\$ 12,773	1,603	-	62	-	14,438
Share of profit or loss of affiliates and joint ventures	292,718	-	-	-	-	292,718
Reportable segment income	\$ 1,266,386	272,417	9,345	170,975	25,592	1,744,715
Reportable segment assets	\$ 7,477,260	3,585,107	774,903	4,907,649	(2,422,608)	14,322,311
2022						
	Order reception, design, and brand sales	Product manufacturing	Brand sales in the China region	Other operating segments	Adjustments and eliminations	Total
Revenue:						
From external customers	\$ 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 income	\$ 5,943,506	4,239,545	1,793,427	1,915,480	(5,949,543)	7,942,415
Interest expenses	\$ 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

(3) Revenue by products or services

Information on the Group's revenue from external sources is as follows:

Products or services	2023	2022
Industrial computer products	\$ 4,734,615	4,574,701
Industrial computer components and peripherals	2,428,583	2,620,924
Other	414,595	746,790
Total	\$ 7,577,793	7,942,415

(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:

Geography	2023	2022
Revenue from external customers:		
America	\$ 2,688,978	2,804,852
Europe	734,192	937,273
Asia	3,748,174	3,853,952
Domestic	377,478	303,403
Other	28,971	42,935
Total	\$ 7,577,793	7,942,415

IEI INTEGRATION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Geography	2023	2022
Non-current Assets:		
America	\$ 155,422	158,638
Asia	520,086	536,441
Domestic	923,253	965,362
Total	\$ 1,598,761	1,660,441

Non-current assets exclude those classified as financial instruments or deferred income tax assets.

(5) Main customer information

	2023	2022
Revenue from Customer A from order intake, design, and brand sales.	\$ 703,334	809,490
Revenue from Customer B from other operating departments.	938,629	196,559
	\$ 1,641,963	1,006,049

Appendix II The CPA Certificated Parent Company Only Financial Statements for the most recent fiscal year

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IEI INTEGRATION CORP.:

Opinion

We have audited the parent-company-only financial statements of IEI INTEGRATION CORP., which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition

Please refer to note 4(16) for details of the accounting policies of the recognition of revenue and note 6(17) of the parent-company-only financial statement.

Description of key audit matter

The Company transacts sales by directly shipping the final products to the customers from the overseas manufacturing plant in mainland China. The Company recognizes revenue after the control of the goods transfer to the buyers. If the delivery conditions are different due to contractual agreements (meaning the control of that goods will be transferred at different points), it will have a risk where the revenue close to the ending period is unrecorded at the appropriate period. Therefore, the timing of revenue recognition for the sale of goods by the Company is one of the key judgmental areas for our audit.

Audit procedures performed in response:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation.
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue.
- Inspecting the related documents to ensure the adequacy and the reasonableness of revenue recognition.

2. Inventory Valuation

Please refer to Notes 4(7), 5(1) and 6(5) of the parent-company-only financial statements for accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimates uncertainty, and explanation of inventory.

Description of key audit matter

Inventory is measured by lower of cost or net realizable value in the consolidated financial statements. Since there is a fast frequency in product updates and intense industry competition, there is a risk that the cost of inventory may exceed the net realizable value.

Audit procedures performed in response:

- Overviewing the stock aging list, analyzing the movement of stock aging by period.
- Obtaining the certificate documents to verify the correctness of stock's expiry date.
- Sampling the replacement cost and market price of the material, and recalculating the net realizable value by marketing expenses ratio to ensure the reasonableness of net realizable values adopted by the Company.

Responsibilities of Management and Those Charged with Governance for the parent-company-only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for

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

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

Auditors' Responsibilities in Auditing the Parent-Company-Only Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Li-Chen Lai

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China. The independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

IEI INTEGRATION CORP.
STATEMENT OF CHANGES IN EQUITY
From January 1 to December 31, 2023 and 2022

(Expressed in thousands of NTD)

	Share Capital		Retained earnings				Total other equity interest			
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total retained earnings	Total equity
A1 Balance at January 1, 2022	<u>\$ 1,765,978</u>	<u>820,325</u>	<u>1,665,388</u>	<u>604,488</u>	<u>3,868,090</u>	<u>6,137,966</u>	<u>(513,750)</u>	<u>(174,142)</u>	<u>(687,892)</u>	<u>8,036,377</u>
D1 Profit (loss)	-	-	-	-	1,492,189	1,492,189	-	-	-	1,492,189
D3 Other comprehensive income, net of income tax	-	-	-	-	(1,115)	(1,115)	103,574	130,739	234,313	233,198
D5 Total comprehensive income	-	-	-	-	1,491,074	1,491,074	103,574	130,739	234,313	1,725,387
Appropriation and distribution of retained earnings:										
B1 Legal reserve	-	-	87,874	-	(87,874)	-	-	-	-	-
B3 Special reserve	-	-	-	83,404	(83,404)	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(529,793)	(529,793)	-	-	-	(529,793)
Others changes in capital surplus:										
C7 Changes in equity of associates accounted for using equity method	-	(134)	-	-	-	-	-	-	-	(134)
C17 Other changes in capital surplus	-	246	-	-	-	-	-	-	-	246
Balance at December 31, 2022	<u>1,765,978</u>	<u>820,437</u>	<u>1,753,262</u>	<u>687,892</u>	<u>4,658,093</u>	<u>7,099,247</u>	<u>(410,176)</u>	<u>(43,403)</u>	<u>(453,579)</u>	<u>9,232,083</u>
D1 Profit (loss)	-	-	-	-	1,382,156	1,382,156	-	-	-	1,382,156
D3 Other comprehensive income, net of income tax	-	-	-	-	412	412	(25,001)	93,290	68,289	68,701
D5 Total comprehensive income	-	-	-	-	1,382,568	1,382,568	(25,001)	93,290	68,289	1,450,857
Appropriation and distribution of retained earnings:										
B1 Legal reserve	-	-	149,107	-	(149,107)	-	-	-	-	-
B3 Special reserve	-	-	-	(234,313)	234,313	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(618,092)	(618,092)	-	-	-	(618,092)
Others changes in capital surplus:										
C7 Changes in equity of associates accounted for using equity method	-	24,764	-	-	-	-	-	-	-	24,764
C17 Other changes in capital surplus	-	320	-	-	-	-	-	-	-	320
Z1 Balance at December 31, 2023	<u>\$ 1,765,978</u>	<u>845,521</u>	<u>1,902,369</u>	<u>453,579</u>	<u>5,507,775</u>	<u>7,863,723</u>	<u>(435,177)</u>	<u>49,887</u>	<u>(385,290)</u>	<u>10,089,932</u>

(See accompanying notes to the parent-company-only financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP.
STATEMENT OF CASH FLOWS
From January 1 to December 31, 2023 and 2022

		(Expressed in thousands of NTD)	
		2023	2022
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit (loss) from continuing operations before tax	\$ 1,637,942	\$ 1,744,453
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	52,311	51,989
A20200	Amortization expense	20,473	19,069
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	8,486	14,442
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(5,840)	(1,335)
A20900	Interest expense	259	218
A21200	Interest income	(50,040)	(11,027)
A21300	Dividend income	(6,497)	(647)
A22400	Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	(826,862)	(800,204)
A22500	Loss (gain) on disposal of property, plant and equipment	(375)	(1,384)
A23700	Impairment loss on non-financial assets	24,789	11,864
A24000	Unrealized profit (loss) from sales	(8,869)	36,878
A24100	Unrealized foreign exchange loss (gain)	2,549	(1,239)
A20010	Adjustments to reconcile profit (loss)	<u>(789,616)</u>	<u>(681,376)</u>
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(215,310)	(379,665)
A31150	Decrease (increase) in accounts receivable	(84,156)	(53,543)
A31160	Decrease (increase) in accounts receivable due from related parties	(8,802)	(99,139)
A31190	Decrease (increase) in other receivable due from related parties	(731)	1,140
A31200	Decrease (increase) in inventories	(27,402)	(286,282)
A31240	Decrease (increase) in other current assets	33,583	(26,211)
A31990	Decrease (increase) in defined benefit assets	21	(676)
A32000	Changes in operating assets and liabilities:		
A32125	Increase (decrease) in contract liabilities	(35,526)	(72,452)
A32150	Increase (decrease) in accounts payable	42,516	260,770
A32160	Increase (decrease) in accounts payable to related parties	(124,118)	(32,796)
A32180	Increase (decrease) in other payable	37,800	8,174
A32190	Increase (decrease) in other payable to related parties	6,742	12,230
A32230	Increase (decrease) in other current liabilities	3,836	6,253
A30000	Changes in operating assets and liabilities:	<u>(371,547)</u>	<u>(662,197)</u>
A20000	Adjustments:	<u>(1,161,163)</u>	<u>(1,343,573)</u>
A33000	Cash inflow (outflow) generated from operations	476,779	400,880
A33100	Interest received	45,327	9,656
A33200	Dividends received	400,217	607,899
A33300	Interest paid	(259)	(218)
A33500	Income taxes refund (paid)	(218,320)	(57,612)
AAAA	Cash flows from (used in) operating activities:	<u>703,744</u>	<u>960,605</u>
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(15,000)	(6,000)
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,500	500
B02300	Return of capital from subsidiary liquidation	264	-
B02400	Decrease in capital returned from the investment accounted for using equity method	-	177,900
B02700	Acquisition of property, plant and equipment	(23,561)	(16,052)
B02800	Proceeds from disposal of property, plant and equipment	-	1,471
B04500	Acquisition of intangible assets	(19,298)	(22,544)
B06600	Increase in other financial assets	(232,531)	(34)
B06800	Increase in other non-current assets	-	(1,394)
BBBB	Cash flows from (used in) investing activities	<u>(286,626)</u>	<u>133,847</u>
CCCC	Cash flows from (used in) financing activities		
C04020	Payments of lease liabilities	(7,347)	(6,165)
C04400	Decrease in other non-current liabilities	-	(70)
C04500	Cash dividends paid	(618,092)	(529,793)
C09900	Other financing activities	320	32
CCCC	Cash flows from (used in) financing activities	<u>(625,119)</u>	<u>(535,996)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(208,001)	558,456
E00100	Cash and cash equivalents at beginning of period	1,255,603	697,147
E00200	Cash and cash equivalents at end of period	<u>\$ 1,047,602</u>	<u>1,255,603</u>

(See accompanying notes to the parent-company-only financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

IEI INTEGRATION CORP.
Notes to the Parent-company-only Financial Statements

IEI INTEGRATION CORP.
NOTES TO THE PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
For the Years 2023 and 2022

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

1. COMPANY HISTORY

IEI INTEGRATION CORP. (the "Company" or "IEI") was incorporated with the Taiwan Ministry of Economic Affairs on April 17, 1997. The principal business involves the manufacturing and sales of computers, computer components and peripherals and related trading.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The parent-company-only financial statements have been approved for issuance by the Board of Directors on March 8, 2024.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED

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

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

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

The Company has initially adopted the following new amendment, which does not have a significant impact on the parent-company-only financial statements from May 23, 2023.

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

(2) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective from January 1, 2024, which are not expected to have a material impact on the parent-company-only financial statements.

- Amendments to IAS 1 "Classifying Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 regarding "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Leases Ended Sale-and-leaseback Transactions"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17, "Insurance Contracts," and Amendments to IFRS 17
- Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 Comparative information"
- Amendments to IAS 21: "Lack of Exchangeability"

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies adopted in the parent-company-only financial statements is as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of Compliance

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

(2) Basis of Preparation

1) Basis of measurement

Except for the following significant accounts in the balance sheets, the parent-company-only financial statements have been prepared on a historical cost basis:

- a) Financial instruments measured at fair value through profit or loss are measured at fair value.
- b) Financial assets measured at fair value through other comprehensive income are measured at fair value.
- c) The net defined benefit liabilities (or assets) are measured according to the fair value of the retirement fund assets minus the present value of the defined benefit obligations and the ceiling impact described in Note 4 (17).

2) Functional and presentation currency

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

(3) Foreign currency

1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the dates of transaction.

Exchange differences are generally recognized in profit or loss, except for equity instruments designated as measured at fair value through other comprehensive income, which are recognized in other comprehensive income.

2) Overseas Operations

The assets and liabilities of foreign operations are translated to the Group entities' functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to NTD at average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

operation while retaining control, the relevant proportion of cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss,

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

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

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

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

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

- 1) It is expected to be settled in the normal operating cycle;
- 2) It is held primarily for purposes of trading;
- 3) It is expected to be settled within 12 months of the reporting period; or
- 4) It is not attached with an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(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 are subject to an insignificant risk of change in value. The time deposits that meet the definition and are held the purpose of meeting short-term cash commitments rather than for investment or other purposes should be reported as cash equivalents.

(6) Financial Instruments

Accounts receivable and debt securities issued are recognized initially when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. A Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is measured initially at their transaction prices.

1) Financial assets measured at amortized cost

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) - debt investment, Fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL.

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 both of the following conditions:

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

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) Fair value through other comprehensive income (FVOCI)

A debt investment 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 conditions:

- It is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal amount outstanding.

The Company holds some accounts receivable within a business model whose objective is achieved by both collecting contractual cash flow and selling, therefore, these receivables are measured at fair value through other comprehensive income and reported under accounts receivable.

On initial recognition of an equity investment that is held for trading, the Company may irrevocably elect to present subsequent changes in the fair value of investments in other comprehensive income. The election is made on an instrument-by-instrument basis.

Debt instruments at FVOCI 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.

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

Dividend income is recognized on the date on which the Company's right to receive dividends is established (usually the ex-dividend date).

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI (e.g., held for trading and financial assets managed and evaluated based on fair value), described as above are measured at FVTPL, including derivative financial assets. The Company intends to sell accounts receivable immediately or in the near future,

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

which are measured at fair value through profit or loss, but are included under accounts receivable. On initial recognition, the Company may irrevocably designate such financial assets, which meet the requirements to be measured at amortized cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains 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, guarantee deposits and other financial assets).

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

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

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

When determining whether there has been a significant increase in the credit risk of a financial asset since initial recognition and when estimating ECL, the Company takes into account reasonable and supportable information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if 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.

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

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all the cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs 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;

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

- A breach of contract, such as a default or exceeding credit terms over an extended period;
- The Company 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 Company reduces the total carrying amount of a financial asset when it cannot reasonably expect to cover all 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 Group'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 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 assets 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.

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 asset.

2) Financial liabilities and equity instruments

a) Classification as debt or equity

The 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 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

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

The Company derecognizes 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 parent-company-only financial statements include the recognition of the profit and loss and other comprehensive income of each investee associated Company in accordance with the equity method from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with accounting policies of the Company. 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 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 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

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements (continued)

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

(9) Investments in subsidiary

When preparing the parent-company-only financial statements, the Company evaluates the investee companies over which it has control using the equity method. Under the equity method, the share of current profit and loss and other comprehensive income in the parent-company-only financial statements are the same as the share of current profit and loss and other comprehensive income attributable to the owners of parent in the financial statements prepared on a consolidation basis, and the equity of owners in the parent-company-only financial statements is the same as the equity attributable to owners of parent company in the financial statements prepared on a consolidation basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

(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 the use of investment properties changes and is reclassified as property, plant and equipment, the reclassification is based on the book value at the time of the change in use.

(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 useful 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

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Notes to the Parent-company-only Financial Statements (continued)

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	3~55 years
Machinery and Equipment	3~8 years
Other Equipment	1~7years

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 property originally for self-use changes its purpose to become an investment property, the property is reclassified as investment properties based on the book value at the time of change in use.

(12) Lease

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 earlier, 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 the 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 depends 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;

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Notes to the Parent-company-only Financial Statements (continued)

- 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 sheets.

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.

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.

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Notes to the Parent-company-only Financial Statements (continued)

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 (1~3 years) from the date they are available for use, with the amortization expense recognized in the profit and loss statement.

The Company 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 Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, contract assets and deferred 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 date 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) Provisions

A Provision 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 provision 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.

A provision for warranties 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 Contracts with Customers

Revenue is measured as the consideration to which one expects to be entitled for

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Notes to the Parent-company-only Financial Statements (continued)

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) Sales of goods

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 provisions 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

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Notes to the Parent-company-only Financial Statements (continued)

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 service is provided. 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 Company has determined that interest or penalties related to income tax (including uncertain tax treatments) does not conform to the definition of income tax, and therefore applies the accounting treatment under IAS 37.

The Company has determined that the top-up tax payable under the Global Minimum Tax - Pillar Two rules falls within the scope of IAS 12 "Income Tax", and has applied the temporary compulsory exemption for deferred income tax accounting related to the top-up tax. The actual top-up tax paid is recognized as current income tax.

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 for temporary differences between the carrying amount of assets and liabilities and their tax bases as of the reporting date. Deferred income tax is not recognized for temporary differences arising from the following:

- 1) Assets or liabilities not initially recognized in a transaction that is not a business combination and at the time of the transaction (i) do not affect accounting profit or taxable income (loss) and (ii) do not give rise to equal taxable and deductible temporary differences;
- 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

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Notes to the Parent-company-only Financial Statements (continued)

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) SEGMENTS INFORMATION

The Company has disclosed segments information in the consolidated financial statements; therefore, the individual financial statements do not disclose segments information.

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

The preparation of the parent-company-only 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 affect the amounts recognized in the parent-company-only financial statements are as follows:

- (1) Please refer to the consolidated financial statements for the year 2023 for determination as to whether the investee company has substantial control over its affairs.

The uncertainty inherent in the assumptions and estimates described below, reflecting the impact of the COVID-19 pandemic, 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

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Notes to the Parent-company-only Financial Statements (continued)

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 for 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) Financial Instruments for relevant information on the assumptions used in fair value measurement.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand	\$ 665	663
Bank deposits - Foreign currency and demand deposits	217,902	210,800
Bank deposits - Time deposits	829,035	1,044,140
Cash and cash equivalents in the statement of cash flows	\$ 1,047,602	1,255,603

- 1) There is no pledge guarantee for cash and cash equivalents.
- 2) Cash equivalents that do not meet the definition of cash have been transferred to Other Financial Assets - Current. Please refer to Note 6(6).
- 3) Please refer to Note 6 (20) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets at Fair value through profit or loss (FVTPL)

	Dec. 31, 2023	Dec. 31, 2022
Mandatorily measured at fair value through profit or loss:		
Fund beneficiary certificate	\$ 602,150	381,000

- 1) The above financial assets at fair value through profit or loss of the Company, please refer to Note 6 (20).
- 2) The above financial assets were not pledged as collateral.

(3) Financial assets at Fair value through other comprehensive income (FVOCI)

	Dec. 31, 2023	Dec. 31, 2022
Equity instruments measured at fair value through other comprehensive income:		
Domestic unlisted common stocks	\$ 59,729	32,025

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Notes to the Parent-company-only Financial Statements (continued)

- 1) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.
 - 2) For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Company in 2023 and 2022 were in thousands of NT6,497 thousand and NT647 thousand respectively.
 - 3) Please refer to Note 6 (20) for credit risk and market risk information.
 - 4) The above financial assets were not pledged as collateral.
- (4) Notes and Accounts Receivable

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable	\$ 10,025	2,081
Accounts receivable	483,742	425,634
Less: Allowance for doubtful accounts	(22,929)	(14,443)
	\$ 470,838	413,272

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

Group One

	Dec. 31, 2023		
Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision	
Not past due	\$ 331,780	0%	-
0~90days past due	138,840	0%	-
91~180days past due	218	0%	-
	\$ 470,838		-

	Dec. 31, 2022		
Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision	
Not past due	\$ 371,260	0%	-
0~90days past due	42,012	0%	-
91~180days past due	-	0%	-
	\$ 413,272		-

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Group Two

	Dec. 31, 2023		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ -	100%	-
0~90days past due	7,589	100%	7,589
91~180days past due	15,340	100%	15,340
Over 181 days past due	-	100%	-
	\$ 22,929		22,929

	Dec. 31, 2022		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance Provision
Not past due	\$ 6,285	100%	6,285
0~90days past due	4,944	100%	4,944
91~180days past due	3,214	100%	3,214
	\$ 14,443		14,443

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

	2023	2022
Beginning Balance	\$ 14,443	1
Impairment loss recognized	8,486	14,442
Ending Balance	\$ 22,929	14,443

As of December 31, 2023, and December 31, 2022, there is no pledge guarantee for notes and accounts receivable.

(5) Inventory

	Dec. 31, 2023	Dec. 31, 2022
Finished goods	\$ 246,481	186,407
Work in progress	47,302	115,654
Raw Materials	228,374	217,483
	\$ 522,157	519,544

1) The cost of inventories recognized as cost of goods sold and expenses for the years ended December 31, 2023 and 2022, amounted to NT\$ 3,536,983 thousand and NT\$ 3,680,695 thousand, respectively. For the years ended December 31, 2023 and 2022, inventory write-down losses due to impairment to net realizable value were recognized amounting to NT\$24,789 thousand and NT\$11,864 thousand, respectively.

2) As of December 31, 2023, and December 31, 2022, the Company did not provide inventory as collateral.

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Notes to the Parent-company-only Financial Statements (continued)

(6) Other Financial Assets

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

	Dec. 31, 2023	Dec. 31, 2022
Current:		
Time deposits over three months	\$ 232,488	-
Pledged Time Deposits	7,303	7,260
	\$ 239,791	7,260

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:

	Dec. 31, 2023	Dec. 31, 2022
Subsidiary	\$ 6,143,978	5,767,229
Associates	2,266,513	2,133,528
	\$ 8,410,491	7,900,757

1) Subsidiary

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

2) Information on associates of significant importance to the Company is as follows:

Associates Name	With the Company Nature of Relationship	Main business location / Country of incorporation	Percentage of ownership interest and voting rights	
			Dec. 31, 2023	Dec. 31, 2022
QNAP Systems, Inc.	Sales of network security monitoring and network storage and communication related products	Taiwan	24.45%	24.44%

The aggregate financial information on 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.

	Dec. 31, 2023	Dec. 31, 2022
Current assets	\$ 2,615,002	2,301,697
Non-current assets	8,179,667	7,663,244
Current liabilities	(1,680,874)	(1,311,110)
Non-current liabilities	(155,685)	(143,519)
Net assets	\$ 8,958,110	8,510,312

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Notes to the Parent-company-only Financial Statements (continued)

	2023	2022
Operating revenue	<u>\$ 4,843,624</u>	<u>4,926,063</u>
Net income of continuing operations for the period	\$ 1,319,793	445,134
Other comprehensive income	<u>328,375</u>	<u>631,893</u>
Total comprehensive income	<u>\$ 1,648,168</u>	<u>1,077,027</u>
Total comprehensive income attributable to the Company	<u>\$ 389,746</u>	<u>268,342</u>
Carrying amount of equity held by the Company in the associates, beginning of period	\$ 2,072,316	1,879,323
Total comprehensive income attributable to the Company	389,746	268,342
Changes in equity of associates accounted for using equity method	11	(134)
Dividends received from the associate during the period	<u>(271,518)</u>	<u>(67,866)</u>
The Company's share of the associate's net assets, end of period	<u>2,190,555</u>	<u>2,079,665</u>
Deduct: Unrealized write-off of sales benefits from side-stream sales transactions	6,921	6,440
Unrealized write-off of sales benefits from counterflow sales transactions	<u>373</u>	<u>909</u>
Carrying amount of equity held by the Company in the associate, end of period	<u>\$ 2,183,261</u>	<u>2,072,316</u>

QNAP Systems, Inc. held a total of 23,963 thousand shares of the Company as of December 31, 2023 and 2022.

- 3) The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	Dec. 31, 2023	Dec. 31, 2022
Aggregate carrying amount of individual insignificant associates	<u>\$ 83,252</u>	<u>61,212</u>
	2023	2022
Attributable to the Company:		
Net income of continuing operations for the period	\$ 7,297	6,758
Other comprehensive income	<u>(34)</u>	<u>101</u>
Total comprehensive income	<u>\$ 7,263</u>	<u>6,859</u>
The dividends received by the Company	<u>\$ 1,399</u>	<u>559</u>

- 4) Collateral

As of December 31, 2023 and 2022, the Company's investments accounted for using the equity method were not pledged as collateral.

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Notes to the Parent-company-only Financial Statements (continued)

(8) Property, Plant and Equipment

Details of changes in the cost, depreciation, and impairment losses of property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 are as follows:

	<u>Land</u>	<u>Buildings and Construction</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2023	\$ 276,601	297,558	15,339	250,343	839,841
Addition	-	-	870	13,138	14,008
Disposal	-	-	-	(2,439)	(2,439)
Balance at December 31, 2023	<u>\$ 276,601</u>	<u>297,558</u>	<u>16,209</u>	<u>261,042</u>	<u>851,410</u>
Balance at January 1, 2022	\$ 274,601	297,405	15,780	225,390	813,176
Reclassification of advance payments	2,000	-	-	-	2,000
Addition	-	153	939	27,456	28,548
Disposal	-	-	(1,380)	(2,503)	(3,883)
Balance at December 31, 2022	<u>\$ 276,601</u>	<u>297,558</u>	<u>15,339</u>	<u>250,343</u>	<u>839,841</u>
Depreciation and impairment losses:					
Balance at January 1, 2023	\$ -	89,961	11,464	206,356	307,781
Depreciation	-	10,616	1,556	27,116	39,288
Disposal	-	-	-	(2,439)	(2,439)
Balance at December 31, 2023	<u>\$ -</u>	<u>100,577</u>	<u>13,020</u>	<u>231,033</u>	<u>344,630</u>
Balance at January 1, 2022	\$ -	77,698	10,630	183,907	272,235
Depreciation	-	12,263	1,752	24,952	38,967
Disposal	-	-	(918)	(2,503)	(3,421)
Balance at December 31, 2022	<u>\$ -</u>	<u>89,961</u>	<u>11,464</u>	<u>206,356</u>	<u>307,781</u>
Carrying amount:					
December 31, 2023	<u>\$ 276,601</u>	<u>196,981</u>	<u>3,189</u>	<u>30,009</u>	<u>506,780</u>
January 1, 2022	<u>\$ 274,601</u>	<u>219,707</u>	<u>5,150</u>	<u>41,483</u>	<u>540,941</u>
December 31, 2022	<u>\$ 276,601</u>	<u>207,597</u>	<u>3,875</u>	<u>43,987</u>	<u>532,060</u>

1) Net gain or loss on the disposal of property, plant, and equipment of the Company, please refer to Note 6(19).

2) As of December 31, 2023 and 2022, the property, plant and equipment of the Company were not 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 Company are as follows:

	<u>Buildings</u>
Cost of right-of-use assets:	
Balance at January 1, 2023	\$ 20,383
Balance at December 31, 2023	<u>\$ 20,383</u>

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Notes to the Parent-company-only Financial Statements (continued)

	Buildings
Balance at January 1, 2022	\$ 20,383
Addition	20,383
Decrease	(20,383)
Balance at December 31, 2022	<u><u>\$ 20,383</u></u>
Depreciation and impairment losses of right-of-use assets:	
Balance at January 1, 2023	\$ 3,857
Depreciation	6,794
Balance at December 31, 2023	<u><u>\$ 10,651</u></u>
Balance at January 1, 2022	\$ 17,446
Depreciation	6,794
Decrease	(20,383)
Balance at December 31, 2022	<u><u>\$ 3,857</u></u>
Carrying amount:	
December 31, 2023	<u><u>\$ 9,732</u></u>
January 1, 2022	<u><u>\$ 2,937</u></u>
December 31, 2022	<u><u>\$ 16,526</u></u>

(10) Investment Properties

	<u>Land and Improvements</u>	<u>Premises and Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 196,925	266,160	463,085
Balance at December 31, 2023	<u><u>\$ 196,925</u></u>	<u><u>266,160</u></u>	<u><u>463,085</u></u>
Balance at January 1, 2022	\$ 196,925	266,160	463,085
Balance at December 31, 2022	<u><u>\$ 196,925</u></u>	<u><u>266,160</u></u>	<u><u>463,085</u></u>
Depreciation and impairment losses:			
Balance at January 1, 2023	\$ -	74,391	74,391
Depreciation	-	6,229	6,229
Balance at December 31, 2023	<u><u>\$ -</u></u>	<u><u>80,620</u></u>	<u><u>80,620</u></u>
Balance at January 1, 2022	\$ -	68,163	68,163
Depreciation	-	6,228	6,228
Balance at December 31, 2022	<u><u>\$ -</u></u>	<u><u>74,391</u></u>	<u><u>74,391</u></u>
Carrying amount:			
December 31, 2023	<u><u>\$ 196,925</u></u>	<u><u>185,540</u></u>	<u><u>382,465</u></u>
January 1, 2022	<u><u>\$ 196,925</u></u>	<u><u>197,997</u></u>	<u><u>394,922</u></u>
December 31, 2022	<u><u>\$ 196,925</u></u>	<u><u>191,769</u></u>	<u><u>388,694</u></u>
Fair value:			
December 31, 2023			<u><u>\$ 1,460,144</u></u>
December 31, 2022			<u><u>\$ 1,275,876</u></u>

- 1) The fair value of investment real estate is based on the Company's comprehensive evaluation based on the comparative method (information on the transaction rate of the housing agency and the actual price of the Ministry of the Interior). The input values used in the fair value valuation technique are classified as Level 3.
- 2) As of December 31, 2023 and 2022, none of the Company's investment properties were pledged as collateral.

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Notes to the Parent-company-only Financial Statements (continued)

(11) Lease liabilities

The Company's lease liabilities are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Current	\$ 6,931	6,931
Non-current	\$ 2,951	10,298

Please refer to Note 6 (20) Financial Instruments for the maturity analysis.

The amounts recognized in profit or loss are as follows:

	2023	2022
Interest expense on lease liabilities	\$ 259	218
Expenses relating to short-term leases	\$ 2,118	850

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

	2023	2022
Total cash outflow for leases	\$ 9,724	7,232

Lease of land, premises and buildings

The Company leased premises and buildings for use as factories on April 15, 2022 and September 1, 2022, respectively, 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 investment properties leased 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 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:

	Dec. 31, 2023	Dec. 31, 2022
Less than one year	\$ 10,099	10,129
Non-discounted future cash flows of lease	\$ 10,099	10,129

The rental income generated from investment properties in 2023 and 2022 amounted to NT\$14,874 thousand and NT\$15,050 thousand, respectively.

(13) Employee Benefits

1) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligation	\$ 2,148	2,028
Fair value of plan assets	(10,726)	(10,121)
Net defined benefit liability (assets)	\$ (8,578)	(8,093)

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Notes to the Parent-company-only Financial Statements (continued)

The Company's defined benefit plan is contributed to the pension fund account with the Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on 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 Labor Pension Fund Supervisory Committee. 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 reporting date, the balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to NT\$ 10,726 thousand dollars. Please visit the website of the Bureau of Labor Funds, Ministry of Labor, for information on the utilization of the labor pension fund assets including the fund yield and fund asset allocation.

b) Movement in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for The Company in 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation, January 1	\$ 2,028	35,233
Service cost and interest for the period	287	182
Remeasurement of net defined benefit liability (assets)		
- Actuarial gains and losses resulting from experiential adjustments	(477)	5,341
- Actuarial gains and losses resulting from changes in financial assumptions	310	(508)
Plan benefit payments	-	(38,220)
Defined benefit obligation, December 31	\$ 2,148	2,028

c) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company in 2023 and 2022 were as follows:

	2023	2022
Fair value of plan assets, January 1	\$ (10,121)	(44,044)
Interest income	(180)	(230)
Remeasurement of net defined benefit liability (assets)		
- Return on plan assets (excluding interest for the period)	(339)	(3,439)
Amount contributed to the plan	(86)	(628)
Plan benefit payments	-	38,220
Fair value of plan assets, December 31	\$ (10,726)	(10,121)

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Notes to the Parent-company-only Financial Statements (continued)

d) Expenses recognized in profit or loss

The breakdown of expenses reported by the Company for 2023 and 2022 were as follows:

	2023	2022
Service cost for the period	\$ 251	-
Net interest on net defined benefit liabilities	(144)	(48)
	\$ 107	(48)
Costs of sales	\$ -	(12)
Selling expenses	47	(15)
Administrative expenses	-	(23)
Research and development expenses	60	2
	\$ 107	(48)

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:

	2023	2022
Cumulative balance on January 1	\$ (1,831)	(716)
Recognized gain (loss) for the period	405	(1,115)
Cumulative balance on December 31	\$ (1,426)	(1,831)

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 were as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.5014%	1.7744%
Future salary increase rate	1.25%	1.25%

The Company expects to contribute an amount of NT\$86 thousand to the defined benefit plan within one year from the reporting date of 2023.

The weighted average duration of the defined benefit plan is 23.79 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 sheets. Subject considered includes discount rate, employee turnover rates and future salary changes. Any changes in actuarial assumptions could materially affect the amount of the Company's defined benefit obligation.

As of December 31, 2023 and 2022, the impact of changes in the key actuarial assumptions adopted on the present value of defined benefit obligations is as follows:

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Notes to the Parent-company-only Financial Statements (continued)

	Effect on the defined benefit obligation	
	Increase	Disposal
December 31, 2023		
Discount rate (change of 0.5%)	\$ (234)	268
Future salary increase (change of 1%)	564	(441)
December 31, 2022		
Discount rate (change of 0.5%)	(209)	237
Future salary increase (change of 1%)	498	(395)

The above-mentioned sensitivity analysis assumes that all other assumptions remain constant, which means to analyze the impact of a single assumption. In practice, 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

The Company's defined contribution plan is governed by the Labor Pension Act, which mandates a monthly contribution rate 6% of the employees' salaries to be allocated to individual retirement accounts managed by the Bureau of Labor Insurance. Upon contributing the specific amount to the Bureau of Labor Insurance under the plan, the Company has no further legal or constructive obligation for any additional payments.

The pension expenses under the Company's defined contribution retirement plan for the years 2023 and 2022 amounted to NT\$18,212 thousand and NT\$16,084 thousand, respectively, and have been contributed to the Bureau of Labor Insurance.

(14) Income Tax

1) Details of the Company's income tax expenses for the years 2023 and 2022 are as follows:

	2023	2022
Income tax expenses for the period		
Recognized during the period	\$ 168,983	241,839
Tax on unappropriated earnings	47,909	8,884
Adjustment for prior periods	(25,799)	(14,308)
	191,093	236,415
Deferred income tax expenses		
Recognition/reversal of temporary differences	64,693	15,849
Income tax expenses	\$ 255,786	252,264

2) Details of the reconciliation between income tax expense and income before tax of the Company for the years 2023 and 2022 are as follows:

	2023	2022
Net income before income tax	\$ 1,637,942	1,744,453
Income tax based on the domestic tax rate	327,588	348,891
Tax-exempt income	(2,468)	(396)

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Notes to the Parent-company-only Financial Statements (continued)

Investment income under the equity method	(89,447)	(49,302)
Under(over) estimate for prior periods	(25,799)	(14,308)
Tax on unappropriated earnings	47,909	8,884
Tax offsets for overseas income	-	(41,510)
Others	(1,997)	5
	\$ 255,786	252,264

3) Deferred income tax assets and liabilities

a) Unrecognized deferred income tax assets

The following items are not recognized as deferred income tax assets:

	Dec. 31, 2023	Dec. 31, 2022
Investment deduction	\$ 33,092	22,893

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 2023 and 2022 are as follows:

Deferred income tax assets:

	Allowance for post-sale service provisions	Deferred revenue	Allowance for price decline in inventories	Others	Total
January 1, 2023	\$ 3,693	9,958	11,154	9,556	34,361
(Debit) Credit in income statement	(172)	(1,774)	4,233	6,827	9,114
December 31, 2023	\$ 3,521	8,184	15,387	16,383	43,475
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

c) Deferred income tax liabilities:

	Subsidiaries' undistributed earnings	Defined benefit plans	Others	Total
January 1, 2023	\$ 917,469	3,460	202	921,131
(Debit) Credit in income statement	74,013	(4)	(202)	73,807
(Debit) Credit in other comprehensive income	-	101	-	101
December 31, 2023	\$ 991,482	3,557	-	995,039

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Notes to the Parent-company-only Financial Statements (continued)

	Subsidiaries' undistributed earnings	Defined benefit plans	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	<u>\$ 917,469</u>	<u>3,460</u>	<u>202</u>	<u>921,131</u>

d) The Company's income tax return has been assessed by the tax authorities up to 2021.

(15) Capital and Other Equity

As of December 31, 2023 and 2022, the total authorized capital of the Company is both NT\$ 3,500,000 thousand, with a par value of NT\$ 10 per share and a total of 350,000 thousand shares. The issued shares are both 176,598 thousand shares, and all the share capital for the issued shares has been collected.

1) Capital surplus

The Company's capital surplus comprises the following:

	Dec. 31, 2023	Dec. 31, 2022
Additional paid-in capital	\$ 46,223	46,223
Additional paid-in capital arising from bond	730,821	730,821
Treasury share transaction	13,187	13,187
Changes in equity of associates accounted for using equity method	37,028	12,264
Others	18,262	17,942
	<u>\$ 845,521</u>	<u>820,437</u>

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 past 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, combined with the accumulated undistributed earnings, the Board of Directors shall prepare a proposal for the distribution of the surplus 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 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.

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Notes to the Parent-company-only Financial Statements (continued)

The distribution is limited to the portion of the reserve in excess of 25% of the paid-in capital.

b) Special reserve

In accordance with the regulations of the FSC, when it distributes distributable earnings, the Company shall set aside a special 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

The Company resolved to distribute dividends to shareholders for the years 2022 and 2021 at the respective shareholders' meetings held on June 16, 2023, and June 14, 2022. The amounts distributed to shareholders as dividends are as follows:

	2022		2021	
	Per share (NT\$)	Amount	Per share (NT\$)	Amount
Dividends to common shareholders:				
Cash	\$ 3.50	618,092	3.00	529,793

The proposed distribution of dividends to shareholders for the fiscal year 2023 was proposed by the Board of Directors on March 8, 2024. The amounts proposed for distribution to shareholders as dividends are as follows:

	2023	
	Per share (NT\$)	Amount
Dividends to common shareholders:		
Cash	\$ 3.50	618,092

3) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance at January 1, 2023	\$ (410,176)	(43,403)	(453,579)
Exchange differences arising from the translation of net assets of foreign operations	(25,972)	-	(25,972)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	-	16,204	16,204
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income attributed to affiliates	-	77,086	77,086
Share of exchange differences on translation attributed to affiliates	971	-	971
Balance at December 31, 2023	\$ (435,177)	49,887	(385,290)

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Notes to the Parent-company-only Financial Statements(continued)

	Exchange differences on translation of foreign financial statements	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance at 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 at December 31, 2022	\$ (410,176)	(43,403)	(453,579)

(16) Earnings Per Share

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

	2023	2022
Basic earnings per share (NT\$)		
Net income attributable to ordinary shareholders of the Company	\$ 1,382,156	1,492,189
Weighted-average number of outstanding common shares (in thousands)	176,598	176,598
	\$ 7.83	8.45
Diluted earnings per share (NT\$)		
Net income attributable to ordinary shareholders of the Company (after adjusting for the effects of dilutive potential ordinary shares)	\$ 1,382,156	1,492,189
Weighted-average number of outstanding ordinary shares	176,598	176,598
Effect of dilutive potential ordinary shares		
Effect of stock-based employee compensation	1,234	1,557
Weighted-average number of outstanding ordinary shares (after adjusting for the effects of dilutive potential ordinary shares)	177,832	178,155
	\$ 7.77	8.38

(17) Revenue from Contracts with Customers

1) Revenue sources

	2023	2022
Major markets:		
Domestic	\$ 621,527	586,455
America	2,397,467	2,457,312
Europe	698,495	848,909
Asia	1,220,524	1,303,652
Others	28,507	42,478
	\$ 4,966,520	5,238,806

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Notes to the Parent-company-only Financial Statements(continued)

2) Contract balances

	Dec. 31, 2023	Dec. 31, 2022	Jan. 01, 2022
Notes and Accounts Receivable	\$ 493,767	427,715	380,402
Less: Allowance for doubtful accounts	(22,929)	(14,443)	(1)
Total	\$ 470,838	413,272	380,401
Contract liabilities - Advance payments	\$ 148,509	184,035	256,487

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

The initial balances of contract liabilities as of January 1, 2023 and 2022, recognized as revenue for the years 2023 and 2022, respectively, amounted to NT\$ 184,035 thousand and NT\$ 265,487 thousand.

(18) Remuneration for employees, directors and supervisors

According to the Company's articles of association, if there is a profit for the year, 5%~20% shall be allocated for employee compensation and not more than 3% for directors' and supervisors' remuneration. 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.

The estimated employee compensation for the Company in 2023 and 2022 was NT\$86,381 thousand and NT\$ 91,976thousand respectively. Director remuneration was estimated at NT\$3,300 thousand for both years. These estimations are based on the Company's taxable income for each period, after deducting employee and director remuneration, multiplied by the distribution percentage of employee and director remuneration as stipulated in the Company's articles of association, and reported as operating costs or expenses for 2023 and 2022. 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.

The provision for employee compensation in 2022 and 2021 was NT\$91,976 thousand and NT\$62,016 thousand respectively. Director remuneration provision was NT\$3,300 thousand for both years, and there were no differences between the provision and the actual distribution. Relevant information can be found on the Market Observation Post System.

(19) Non-operating Income and Expenses

1) Interest income

The detailed breakdown of interest income for the Company in 2023 and 2022 is as follows:

	2023	2022
Interest income from bank deposits	\$ 50,040	11,027
Other interest income	-	-
	\$ 50,040	11,027

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Notes to the Parent-company-only Financial Statements(continued)

2) Other income

The detailed breakdown of other income for the Company in 2023 and 2022 is as follows:

	2023	2022
Lease income	\$ 14,874	15,010
Dividend income	6,497	647
Other income	70,110	60,220
Total	\$ 91,481	75,877

3) Other gains and losses, net

The detailed breakdown of other gains and losses for the Company in 2023 and 2022 is as follows:

	2023	2022
Foreign currency exchange gain	\$ 13,531	73,069
Net gains on financial assets at fair value through profit or loss	5,840	1,335
Proceeds from disposal of property, plant and equipment	375	1,384
Others	(6,741)	(7,047)
Total	\$ 13,005	68,741

4) Financial costs

The detailed breakdown of financial costs for the Company in 2023 and 2022 is as follows:

	2023	2022
Interest expense		
Other financial expense	\$ 259	218

(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. The Company's policy is to transact with counterparties of high creditworthiness, and it continuously monitors credit exposures and the credit ratings of its counter-parties.

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 assets carry low credit risk, and, therefore, the allowance for loss is measured at the amount of expected credit loss

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Notes to the Parent-company-only Financial Statements(continued)

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.

Please refer to Note 6(4) for information on the provision for bad debts for the years 2023 and 2022.

2) Liquidity risk

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

	<u>Book value</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	\$ 1,031,067	1,031,067	944,686	86,381	-	-
Lease liabilities	9,882	10,018	3,497	3,497	3,024	-
	\$ 1,040,949	1,041,085	948,183	89,878	3,024	-
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

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:

	<u>Dec. 31, 2023</u>			<u>Dec. 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>measured at amortized cost</u>						
<u>Monetary items</u>						
USD : NTD	\$ 62,236	30.705	1,910,966	57,706	30.710	1,772,158
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	21,071	30.705	646,976	23,410	30.710	718,933

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 gains or losses when translated. As of December 31, 2023 and 2022, if the New Taiwan Dollar depreciates or appreciates by 5% relative to the USD, with all other factors remaining constant, the net profit after tax for the years 2023 and 2022 would respectively decrease or increase by NT\$50,560 thousand and NT\$ 42,129 thousand. The two-period analysis is conducted on the same basis.

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Notes to the Parent-company-only Financial Statements(continued)

- c) Foreign exchange gains or losses on monetary items

Due to the diverse functional currencies within the Company, information on foreign exchange gains or losses on monetary items is disclosed on an aggregated basis. For the years ended December 31, 2023 and 2022, the foreign exchange (losses) gains (including realized and unrealized) were NT\$ 13,531 thousand and NT\$ 73,069 thousand respectively.

- 4) Interest rate risk

The Company's interest rate risk exposure of financial assets and financial liabilities is discussed in the foregoing liquidity risk section in this note.

The fluctuation rate used in internal reporting of interest rates to the Company's key management is a five basis points increase or disposal, which also represents management's expectation of the reasonably possible fluctuation in interest rates.

If the interest rate increases or decreases by five basis points, with all other variables held constant, the post-tax net profit of the Company for the years ended December 31, 2023 and 2022 would respectively decrease or increase by NT\$ 87 thousand and NT\$84 thousand.

- 5) Other price risk

The effects on comprehensive income of changes in 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:

<u>Securities prices as of reporting date</u>	2023		2022	
	Other comprehensive income, after tax	Post-tax profit or loss	Other comprehensive income, after tax	Post-tax profit or loss
Increase by 5%	\$ 2,986	30,108	1,601	19,050
Decrease by 5%	\$ (2,986)	(30,108)	(1,601)	(19,050)

- 6) Fair value analysis

- a) Types of financial instruments 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):

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements(continued)

(2.1) Financial assets measured at amortized cost and financial liabilities measured at amortized 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 there is no market value available for reference, a valuation approach is used for estimation. The estimation and assumptions used in the valuation approach are discounted cash flow valuation to estimate the fair value.

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

(3.1) Non-derivative 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 Taipei Exchange.

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 for 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 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, 2023	\$ 32,025
Total gains or losses	
Recognized in other comprehensive income	16,204
Purchase	15,000
Cash capital reduction	(3,500)
December 31, 2023	\$ 59,729
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

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Notes to the Parent-company-only Financial Statements(continued)

The foregoing total gains or losses was reported in "unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income". The relevant assets still held for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Total gains or losses		
Recognized in other comprehensive income \$ (reported in "Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income")	16,204	(10,114)

- 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:

Contents	Valuation techniques	significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Discounted cash flow method Asset approach Comparable market approach	<ul style="list-style-type: none"> • Weighted average cost of capital (12.13% and 13.16% as of 2023.12.31 and 2022.12.31 respectively) • Lack of marketability discount (20% as of both Dec. 31, 2023 and Dec. 31, 2022) • Minority interest discount (18.57%~21.30% as of both 2023.12.31 and 2022.12.31) • Price-to-book ratio(1.38 as of both 2023.12.31 and 2022.12.31) • Price-to-sales ratio(2.6 and 1.71 as of 2023.12.31 and 2022.12.31 respectively) 	<ul style="list-style-type: none"> • The higher the weighted average cost of capital, minority interest discount, and lack of marketability 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.

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Notes to the Parent-company-only Financial Statements(continued)

(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) Liquidity 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 parent-company-only financial statements.

2) Risk management framework

The Board of Directors is fully responsible for and oversees the risk management of the Company. The Board of Directors 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 Company, 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 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 Audit Committee of the Company 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 instruments counter-parties to meet their contractual obligations. It is inherent primarily in the Company's accounts receivable from customers and Investments in securities.

a) Accounts receivable and other receivables

The Company's policy is to transact only with counterparties of reputable creditworthiness or with whom it has long-standing business relationships. The Company transacts only with entities rated equivalent to investment grade. Such information is provided by independent rating agencies; in the absence of such information, the Company will utilize other publicly available financial information and transaction records to assess the creditworthiness of major customers. The Company monitors credit risk exposures and counterparty credit ratings on an ongoing basis, and it disperses the total transaction volume 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

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Notes to the Parent-company-only Financial Statements(continued)

so as to cast no significant doubt about their performance and, thus, to give rise to no significant credit risk.

c) Guarantee

As of December 31, 2023 and 2022, the Company did not provide any endorsement guarantees.

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 the non-derivative financial instruments 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, 2023 and 2022, the unused financing facilities of the Company amounted to NT\$500,000 thousand and NT\$500,000 thousand respectively.

5) Market risk

Market risk is the risk that subjects the Group's earnings or the values of the financial instruments it holds to the influence of changes in the market price, such as changes in exchange rates, interest rates or prices of equity instruments. 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 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 USD.

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 an interest rate swap to reduce risk should the interest rates increase.

c) Other market price 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 purposes. The Company does not actively trade these investments, and its management manages the risk by maintaining an 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.

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Notes to the Parent-company-only Financial Statements(continued)

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 capital management strategy of the Company for the year 2023 remained consistent with that of 2022. The debt-to-capital ratio as of December 31, 2023 and 2022 is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Total liabilities	\$ 2,553,456	2,617,637
Less: cash and cash equivalents	(1,047,602)	(1,255,603)
Net liability	\$ 1,505,854	1,362,034
Total equity	\$ 10,089,932	9,232,083
Liability to capital ratio	14.92%	14.75%

7. RELATED PARTY TRANSACTIONS

(1) Name of Related Party with Relationship

The related parties with whom the Company and its Subsidiary had transactions during the period covered by the within parent-company-only financial statement were as follows:

Name of Related Party	Relationship with the Company
BriteMED Technology Inc.	Subsidiary
IEI Halza HealthIntelligence Corp. (Note 1)	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
SYNCDA International Limited.	Subsidiary
QNAP Systems, Inc.	Associate
Oring Industrial Networking Corp.	Associate
Genevisio Co., Ltd. (Note 2)	Associate
Anewtech Systems Pte Ltd.	Associate
Acquire System Inc.	Associate

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Notes to the Parent-company-only Financial Statements(continued)

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
QNAP Inc.(USA)	Associate
QNAP Inc.(CANADA)	Associate
QNAP Co., Ltd (Japan)	Associate
QNAP GmbH	Associate
QNAP UK Limited	Associate
QNAP HK Limited	Associate

Note 1: The subsidiary, IEI Halza HealthIntelligence Corp., was liquidated as of March 14, 2023.

Note 2: Associated company ceased to be a related party upon the disposal of shares in Genevisio Co., Ltd. in June 2023.

(2) Significant Transactions with Related Parties

1) Operating revenue

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

	<u>2023</u>	<u>2022</u>
Subsidiary – IEI Technology USA Corporation	\$ 1,430,530	1,563,419
Subsidiaries	246,669	284,995
Associates	38,694	54,820
	<u>\$ 1,715,893</u>	<u>1,903,234</u>

The terms of sales to the subsidiary and associates by the Company were not significantly different from the normal sales prices. The collection period with related parties is 30~90 days on a monthly basis.

2) Purchases

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

	<u>2023</u>	<u>2022</u>
Subsidiary - Armorlink SH Corp.	\$ 1,645,569	2,258,426
Subsidiaries	378	139
Associates	35,587	101,168
	<u>\$ 1,681,534</u>	<u>2,359,733</u>

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

3) Receivables and payables

The Company's receivables and payables detail as follows:

<u>Account Item</u>	<u>Related Party</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts receivable	Subsidiary – IEI Technology USA Corporation	\$ 227,305	205,839
Accounts receivable	Subsidiary - BriteMED Technology Inc.	35,717	43,483
Accounts receivable	Associates	3,387	8,285
		<u>\$ 266,409</u>	<u>257,607</u>
Other receivable	Subsidiary - Armorlink SH Corp.	\$ 9,826	9,837

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Notes to the Parent-company-only Financial Statements(continued)

<u>Account Item</u>	<u>Related Party</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Other receivable	Subsidiaries	1,029	800
Other receivable	Associates	1,158	1,057
		<u>\$ 12,013</u>	<u>11,694</u>
Accounts payable	Subsidiary - Armorlink SH Corp.	\$ (255,060)	(364,068)
Accounts payable	Subsidiaries	(96)	(87)
Accounts payable	Associates	(2,906)	(18,025)
		<u>\$ (258,062)</u>	<u>(382,180)</u>
Other payable	Subsidiaries	\$ (6,958)	(4,627)
Other payable	Associates - QNAP Systems, Inc.	(16,260)	(11,690)
Other payable	Associates	-	(159)
		<u>\$ (23,218)</u>	<u>(16,476)</u>

As of December 31, 2023, and December 31, 2022, the Company had no overdue amounts from related parties for accounts receivable and other receivables, with no expected credit losses.

4) Advance payments

The details of the Company's advance payments to related parties (recorded as other current assets) are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Subsidiary - Armorlink SH Corp.	<u>\$ 16,089</u>	<u>18,239</u>

5) Contract liabilities

The Company's contract liabilities to related parties were as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Subsidiary — IEI Technology USA Corporation	\$ 2,432	20,438
Subsidiary - BriteMED Technology Inc.	5,943	-
Associates	-	6,663
	<u>\$ 8,375</u>	<u>27,101</u>

6) Lease

a) Lessees

<u>Account Item</u>	<u>Related Party</u>	<u>2023</u>	<u>2022</u>
Lease income	Subsidiary - BriteMED Technology Inc.	\$ 5,771	5,771
Lease income	Subsidiary	-	123
Lease income	Associates - QNAP Systems, Inc.	8,023	8,023
Lease income	Associates	480	493
		<u>\$ 14,274</u>	<u>14,410</u>

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Notes to the Parent-company-only Financial Statements(continued)

b) Lessors

The Company leased premises from its associate, QNAP Systems, Inc., in April and September 2022. The lease transactions resulted in the recognition of right-of-use assets and lease liabilities of NT\$20,383 thousands each, based on prevailing rental rates in the vicinity upon acquisition. Interest expenses of NT\$259 thousand and NT\$218 thousand were recognized for the years ended 2023 and 2022, respectively. As of December 31, 2023 and 2022, the lease liability balances were NT\$ 9,882 thousand and NT\$17,229 thousand, respectively.

7) Others

<u>Account Item</u>	<u>Related Party</u>	<u>2023</u>	<u>2022</u>
Other income	Subsidiary - Armorlink SH Corp.	\$ 10,255	9,874
Other income	Subsidiary	5,600	5,465
Other income	Associates— QNAP Systems, Inc.	9,288	12,021
Other income	Associates	3,573	2,852
Manufacturing and operating expenses	Subsidiary	(44,448)	(20,016)
Manufacturing and operating expenses	Associates	(48,549)	(35,982)
		<u>\$ (64,281)</u>	<u>(25,786)</u>

(3) Key Management Personnel

Remuneration of key management personnel included:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 29,402	34,542
Post-employment benefits	642	729
	<u>\$ 30,044</u>	<u>35,271</u>

8. PLEDGED ASSETS

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

<u>Asset Name</u>	<u>Pledged collateral subject</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Other financial assets - current	Tax payable on imported goods released before payment	<u>\$ 7,303</u>	<u>7,260</u>

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

10. SIGNIFICANT LOSSES FROM DISASTERS: None.

11. SIGNIFICANT SUBSEQUENT EVENTS: None.

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Notes to the Parent-company-only Financial Statements(continued)

12. Others

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

Function Nature	2023			2022		
	Recognized in cost of sale	Recognized in operating expenses	Total	Recognized in cost of sale	Recognized in operating expenses	Total
Employee benefit expense						
Salaries and Wages	27,904	424,099	452,003	24,399	390,678	415,077
Labor and Health Insurance	2,595	31,781	34,376	2,246	28,389	30,635
Pension	1,058	17,261	18,319	954	15,082	16,036
Director's remuneration	-	3,300	3,300	-	3,300	3,300
Other employee benefits	910	11,477	12,387	693	10,361	11,054
Depreciation expense	9,481	36,601	46,082	9,408	36,353	45,761
Amortization expense	-	20,473	20,473	-	19,069	19,069

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:

	2023	2022
Depreciation of investment properties	\$ <u>6,229</u>	<u>6,228</u>

Additional information on the number of employees and the employee benefit expense for the Company for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Number of employees	<u>398</u>	<u>371</u>
Number of directors not concurrently serving as employees	<u>6</u>	<u>6</u>
Average employee benefit expense	\$ <u>1,319</u>	<u>1,295</u>
Average salaries and wages	\$ <u>1,153</u>	<u>1,137</u>
Adjustment situation of average salaries and wages	<u>1.41%</u>	<u>4.41%</u>
Remuneration for supervisors	\$ <u>-</u>	<u>-</u>

The Company's remuneration policy (including directors, managers and employees) information is as follows:

(1) Director:

The remuneration for directors (including independent directors) is allocated according to the percentage prescribed in the Company's Articles of Association and is paid annually. The remuneration for directors' business execution is adjusted according to each director's participation level and contribution value.

(2) Manager and Employees:

- 1) In accordance with the "Compensation Committee Charter", the Company's Compensation Committee establishes and regularly reviews the compensation policies, systems, standards, and structures for the Company's directors and managers, and refers to the usual industry standards when making payments.
- 2) If the Company makes a profit, employee compensation will be allocated according to the rate stipulated in the Company's Articles of Association.
- 3) The Company has established a "Salary Management Policy", which clearly defines the regular salary structure for employees' salary determination; additionally, according

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Notes to the Parent-company-only Financial Statements(continued)

to the Company's business performance and profit conditions, year-end bonuses are calculated based on the performance evaluation of each department and employee, and a corresponding salary adjustment mechanism is set to provide good compensation and benefit conditions for employees.

13. ADDITIONAL DISCLOSURES

(1) Material Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports of Securities Issuers for the year 2023, the Company is required to disclose additional information regarding significant transactions as follows:

1) Loans to other parties

Unit: In thousands of NTD

Serial Number (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
1	SUNTENDLLC	BEYONDZBINC	Other receivables - related parties	Yes	27,635	-	-	-	Shor-term Financing	-	Operating capital	-	None	-	80,697	80,697

Note 1: Explanation of serial number:

(1) Fill in 0 for the issuer.

(2) The invested companies are sequentially numbered starting from 1 using Arabic numerals according to the Company.

Note 2: The above amounts are converted at the exchange rate of USD\$1=NTD30.7050 as of December 2023.

Note 3: The individual and total limits for lending to specific entities are capped at 40% of the net worth as of December 31, 2023, based on the most recent financial statements of the lending company.

Note 4: The aforementioned transactions have been offset in the preparation of the 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:

Unit: In thousands of NTD

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Group	Financial Statement Account	Ending Balance				Remark
				Shares/Units (In Thousands)	Book value	Percentage of Ownership	Fair value	
IEI INTEGRATION CORP.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	39,670	510,718	- %	510,718	
"	Jih Sun Money Market Fund	-	the same as mentioned above	5,928	91,432	- %	91,432	
"	Hundure Technology Co. Ltd.	-	Financial assets at fair value through profit or loss - non-current	497	2,581	4.78 %	2,581	
"	Hua Da Venture Capital Corp.	-	the same as mentioned above	150	4,417	10.00 %	4,417	
"	Anteya Technology Corp.	-	the same as mentioned above	500	-	5.26 %	-	
"	Genesis Photonics Inc.	-	the same as mentioned above	309	-	0.41 %	-	
"	Castec International Corp.	-	the same as mentioned above	2,400	42,568	6.60 %	42,568	
"	Zhunsheng Innovation Investment Co., Ltd.	-	the same as mentioned above	1,500	10,163	10.00 %	10,163	
BriteMED Technology Inc.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,651	40,442	- %	40,442	
"	Mega Diamond Money Market Fund	-	the same as mentioned above	6,227	80,325	- %	80,325	

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".

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Notes to the Parent-company-only Financial Statements(continued)

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital:

Unit: In thousands of NTD

Company Name	Marketable security Type and Name	Account Financial Statements Item	Transaction Counter-party	Nature of 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	-	-	15,722	200,391	58,818	755,000	34,869	446,903	(445,000)	1,903	39,670	510,718
the same as mentioned above	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	11,984	180,609	21,761	330,000	27,817	422,788	(420,000)	2,788	5,928	91,432

Note: The beginning balance includes a fair value (loss) gain of NT\$1,000 thousand dollars, and the ending balance includes a fair value (loss) gain of NT\$2,150 thousand dollars.

- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

Unit: In thousands of NTD

Company Name	Related Party	Nature of Relationship	Transaction Detail's				Abnormal transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Accounts Payable or Receivable	
IEI INTEGRATION CORP.	BriteMED Technology Inc.	Subsidiary	Sales	(246,669)	(4.97) %	Net 60 days	-	-	35,717	4.84%	
BriteMED Technology Inc.	IEI INTEGRATION CORP.	Ultimate parent company	Purchases	246,669	67.28 %	Net 60 days	-	-	(35,717)	(50.98)%	
IEI INTEGRATION CORP.	IEI Technology USA Corporation	Subsidiary	Sales	(1,430,530)	(28.80) %	Net 60 days	-	-	227,305	30.83%	
IEI Technology USA Corporation	IEI INTEGRATION CORP.	Ultimate parent company	Purchases	1,430,530	93.53 %	Net 60days	-	-	(227,305)	(97.61)%	
Armorlink SH Corp.	IEI INTEGRATION CORP.	Ultimate parent company	Sales	(1,645,569)	(51.76) %	Net 60 days	-	-	255,060	40.33%	
IEI INTEGRATION CORP.	Armorlink SH Corp.	Subsidiary	Purchases	1,645,569	47.73 %	Net 60 days	-	-	(255,060)	(35.40)%	
Armorlink SH Corp.	IEI Technology (Shanghai)Co., Ltd.	Subsidiary	Sales	(1,061,677)	(33.40) %	Net 90 days	-	-	186,290	29.46%	
IEI Technology (Shanghai)Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	1,061,677	99.72 %	Net 90 days	-	-	(186,290)	(56.20)%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(337,928)	(10.63) %	Net 90 days	-	-	136,732	21.62%	

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements(continued)

Company Name	Related Party	Nature of Relationship	Transaction Detail's				Abnormal transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Notes/Accounts Payable or Receivable	
Weibotong Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	337,928	99.96 %	Net 90 days	-	-	(136,732)	(99.92)%	
QNAP Systems, Inc.	Armorlink SH Corp.	Associates	Sales	(203,117)	(4.19) %	Net 60 days	-	-	68,267	7.31%	
Armorlink SH Corp.	QNAP Systems, Inc.	Associates	Purchases	203,117	10.45 %	Net 90 days	-	-	(68,267)	(13.16)%	

8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: In thousands of NTD

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action taken		
IEI INTEGRATION CORP.	IEI Technology USA Corporation	Subsidiary	228,003	6.61times	-		141,483	-
Armorlink SH Corp.	IEI INTEGRATION CORP.	Ultimate parent company	255,060	5.32times	-		234,949	-
Armorlink SH Corp.	IEI Technology (Shanghai)Co., Ltd.	Subsidiary	186,290	4.01times	-		186,290	-
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	136,732	2.63times	-		82,369	-
IEI Technology USA Corporation	QNAPInc.(USA)	Associates	143,157	(0.07)times	-		143,157	-
Fortunetec International Corp.	Armorlink SH Corp.	Subsidiary	1,319,546	-times	-		-	-

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) Information about the derivative financial instruments transaction: None.

(2) Investments

Information on the Company's equity method investments for the year 2023 (excluding Mainland China investee companies) is as follows:

Unit: In thousands of NTD

Name of Investor	Name of investee	Location	Main business and products	Original Investment Amount (Note 1)		Ending Balance (Note 1)			Net Income (Losses) of the Investee Company	Investment income (loss) recognized (Note 2)	Remark
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Book value			
IEI INTEGRATION CORP.	ICP Electronics Limited	Samoa Islands	Holding company and selling computer-related products	219,313	219,313	5,000	100.00%	4,570,879	202,684	228,276	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	24.45%	2,183,261	1,319,793	303,031	Investments Accounted for Using the Equity Method
IEI INTEGRATION CORP.	Internet Application Technology Ltd.	Samoa Islands	Holding company and selling computer-related products	375,897	375,897	11,853	100.00%	1,273,606	151,348	151,348	Subsidiary

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements(continued)

Name of Investor	Name of investee	Location	Main business and products	Original Investment Amount (Note 1)		Ending Balance (Note 1)			Net Income (Losses) of the Investee Company	Investment income (loss) recognized (Note 2)	Remark
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Book value			
IEI INTEGRATION CORP.	BriteMED Technology Inc.	Taiwan	Manufacturing and selling electronic components	80,000	80,000	8,000	100.00%	299,493	136,910	136,910	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	16.36%	83,252	39,871	7,297	Investments Accounted for Using the Equity Method
IEI INTEGRATION CORP.	IEI Halza Health Intelligence Corp.	Taiwan	Development of medical software and related products	-	1,650	-	- %	-	-	-	Note 3
ICP Electronics Limited	Fortunetec International Corp.	Mauritius	Holding company and selling computer-related products	153,525	153,525	500	100.00%	4,296,953	217,536	Exempt from disclosure	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Holding company and selling computer-related products	58,414	58,414	199	49.71%	151,674	(39,596)	Exempt from disclosure	Investments Accounted for Using the Equity Method
Internet Application Technology Ltd.	RichExcel Corporation Holdings Limited	British Virgin Islands	Holding company and selling computer-related products	357,022	357,022	11,628	100.00%	1,126,615	147,068	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	8.67%	44,687	39,871	Exempt from disclosure	Investments Accounted for Using the Equity Method
RichExcel Corporation Holdings Limited	Equilico Inc.	U.S	Real estate leasing	199,088	199,088	6,484	100.00%	209,107	11,078	Exempt from disclosure	Subsidiary
RichExcel Corporation Holdings Limited	Potency Inc.	Samoa Islands	Holding company and selling computer-related products	228,183	228,183	5,840	100.00%	883,824	134,497	Exempt from disclosure	Subsidiary
Equilico Inc.	Suntend LLC	U.S	Real estate leasing	122,018	122,018	-	100.00%	201,743	11,225	Exempt from disclosure	Subsidiary
Potency Inc.	IEI Technology USA Corporation	U.S	Sales of industrial computers and related products	55,701	55,701	14,000	100.00%	698,828	130,713	Exempt from disclosure	Subsidiary
Potency Inc.	Anewtech Systems Pte .Ltd	Singapore	Sales of industrial computers and related products	37,367	37,367	400	31.68%	62,744	(5,666)	Exempt from disclosure	Investments Accounted for Using the Equity Method
Investee company of Armorlink SH Corp.	SYNCDA International Limited.	Hong Kong	Logistics center and selling industrial computer products	9,210	-	-	100.00%	9,176	(36)	Exempt from disclosure	Subsidiary

Note 1: The original investment amount and the year-end carrying value are converted based on the exchange rate of 30.705USD to NTD as of December 31, 2023.

Note 2: The current period's gains and losses are converted at the average exchange rate of 31.155USD to NTD.

Note 3: IEI Halza Healthintelligence Corp. was liquidated as of March 14, 2023.

(3) Information on investment in Mainland China:

1) Relevant information about investments in Mainland China:

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements(continued)

Unit: In thousands of NTD

Name of investee in Mainland China	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 (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/ Losses	Carrying Amount as of 21/31/2022	Accumulated inward remittance of earnings as of 12/31/2022
					Outflow	Inflow						
IEI Technology (Shanghai) Co., Ltd.	Logistics center and selling industrial computer products	113,414 (RMB26,161)	Investee company of Armorlink SH Corp.	109,003 (USD3,550)	-	-	109,003 (USD3,550)	20,593	100.00%	20,593	110,026	-
Xingwei Computer (Kunshan) Co., Ltd.	Logistics center and selling industrial computer products	147,384 (USD4,800)	Reinvestment in Mainland China through a third region company.	58,401 (USD1,902)	-	-	58,401 (USD1,902)	(4,533)	49.71%	(2,253)	147,510	-
Armorlink SH Corp.	Manufacturing products and selling related computer products	245,640 (USD8,000)	Reinvestment in Mainland China through a third region company.	61,410 (USD2,000)	-	-	61,410 (USD2,000)	310,868	100.00%	310,868	1,325,167	149,564 (USD4,871)
Ailean Technologies Corp.	Manufacturing products and selling related computer products	254,212 (RMB58,639)	Investee company of Armorlink SH Corp.	184,230 (USD6,000)	-	-	184,230 (USD6,000)	(26,012)	100.00%	(26,012)	495,532	280,306 (USD9,129)
ASH ENERGY GROUP LIMITED	Supply chain management	43,352 (RMB10,000)	Investee company of Ailean Technologies Corp.	-	-	-	-	1,503	100.00%	1,503	57,890	-
Weibotong Technology (Shanghai) Co., Ltd.	Logistics center and selling industrial computer products	8,670 (RMB2,000)	Investee company of Armorlink SH Corp.	-	-	-	-	(16,749)	100.00%	(16,749)	(34,085)	-

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 (Note 3)
(USD 413,044 13,452)	IEI Technology (Shanghai) Co., Ltd. 109,003 (USD3,550) Xingwei Computer 72,372 (USD2,357) Armorlink 391,489 (USD12,750) Ailean Technologies 759,949 (USD24,750)	6,059,228

USD exchange rate: End-of-period rate: 30.705 Average rate: 31.155

RMB exchange rate: End-of-period rate: 4.3352 Average rate: 4.4240

Note 1: Investment methods are categorized as follows:

- (I) Direct investment in Mainland China.
- (II) Reinvestment in Mainland China through a third region company.
- (III) Other method.

Note 2: 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 3: Calculation of investment limit: Net equity for the period $\times 60\% = 10,098,714$ thousand $\times 60\% = 6,059,228$ thousand.

IEI INTEGRATION CORP.

Notes to the Parent-company-only Financial Statements(continued)

3) Material transactions:

Details of significant transactions between the Company and Mainland China investees during the year 2023 are provided in the "Information on Material Transactions" section.

(4) Major Shareholders

In unit of shares

Shareholder	Shares	Total shares owned	Percentage of Ownership
QNAP Systems, Inc.		23,963,007	13.56%
Po-Ta Kuo		21,932,396	12.41%
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust		10,927,000	6.18%

14. SEGMENTS INFORMATION

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

IEI INTEGRATION CORP.
Statement of Cash and Cash Equivalents
December 31, 2023

Unit: In thousands of NTD

<u>Contents</u>	<u>Summary</u>	<u>Amount</u>
Cash	Cash on hand	<u>\$ 665</u>
Bank deposits		
Foreign currency deposit	USD\$3,280 thousand (Exchange rate30.705)	100,721
	Euro\$215 thousand (Exchange rate33.98)	7,308
	JPY\$75,555 thousand (Exchange rate0.2172)	16,411
	GBP\$38 thousand (Exchange rate39.15)	1,492
	RMB\$3 thousand (Exchange rate4.3352)	14
Demand deposits		<u>91,956</u>
		<u>217,902</u>
Time Deposits	USD\$27,000 thousand (Exchange rate30.705)	<u>829,035</u>
		<u>\$ 1,047,602</u>

IEI INTEGRATION CORP.

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

December 31, 2023

Unit: In thousands of NTD

<u>Name of Financial Instruments</u>	<u>Summary</u>	<u>Unit number (in thousands)</u>	<u>Total</u>	<u>Acquisition Cost</u>	<u>Fair value</u>	<u>Remark</u>
Mega Diamond Money Market Fund	Beneficiary Certificate	39,670	\$ 510,718	510,000	510,718	
Jih Sun Money Market Fund	Beneficiary Certificate	5,928	91,432	90,000	91,432	
			<u>\$ 602,150</u>		<u>602,150</u>	

IEI INTEGRATION CORP.

Statement of Changes in Investments Accounted for Using the Equity Method

From January 1, 2023, to December 31, 2023

Unit: In thousands of NTD

<u>Name of investee</u>	<u>Beginning Balance</u>			<u>Additions</u>		<u>Decrease</u>		<u>Ending Balance</u>			<u>Market price or equity net value</u>		<u>Provision of Collateral or Pledge Situation</u>
	<u>Shares</u>	<u>Percentage of Ownership</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Percentage of Ownership</u>	<u>Amount</u>	<u>Unit Price</u>	<u>Total Price</u>	
Subsidiary													
ICP Electronics Limited	5,000	100%	\$ 4,368,724	-	228,275	-	(26,120)	5,000	100%	4,570,879	-	4,587,160	None
IEI Halza Health Intelligence Corp.	165	55%	264	-	-	165	(264)	-	- %	-	-	-	"
Internet Application Technology Ltd.	11,853	100%	1,123,413	-	151,348	-	(1,155)	11,853	100%	1,273,606	-	1,273,606	"
BriteMED Technology Inc.	8,000	100%	274,828	-	145,487	-	(120,822)	8,000	100%	299,493	-	299,493	"
Associates													
QNAP Systems, Inc.	33,930	24.44%	2,072,316	-	382,463	-	(271,518)	33,930	24.45%	2,183,261	-	2,190,555	"
Oring Industrial Networking Corp.	2,797	18.28%	<u>61,212</u>	-	<u>23,473</u>	-	<u>(1,433)</u>	2,797	16.36%	<u>83,252</u>	-	83,252	"
Total			<u>\$ 7,900,757</u>		<u>931,046</u>		<u>(421,312)</u>			<u>8,410,491</u>			

Note 1: The increase for this period is recognized by the share of profit of subsidiaries and associates accounted for using the equity method NT\$ 826,962 thousand, the exchange differences on translation of foreign financial statements NT\$ 2,327thousand, the change in the number of associates accounted for using the equity method NT\$ 24,764thousand, and other comprehensive income NT\$ 77,093thousand.

Note 2: The decrease for this period was recognized as return of capital from subsidiary liquidation NT\$ 264thousand, Exchange differences on translation of foreign financial statements NT\$ 27,328thousand, and Cash dividends paid by the investee company NT\$ 393,720thousands.

IEI INTEGRATION CORP.

Statement of Changes in Property, Plant and Equipment

From January 1, 2023, to December 31, 2023

Unit: In thousands of NTD

Please refer to Note 6(8) for related information.

Statement of Deferred Tax Liabilities

December 31, 2023

Please refer to Note 6(14) for more information.

Statement of Operating Revenue

From January 1, 2023, to December 31, 2023

Contents	Quantity (in thousands)	Amount	Remark
Industrial computer products	205	\$ 3,155,799	
Industrial computer components and peripherals	1,498	1,538,551	
others		<u>288,595</u>	
subtotal		4,982,945	
Less: Sales returns		(5,973)	
Sales discounts		<u>(10,452)</u>	
Net amount		<u><u>\$ 4,966,520</u></u>	

IEI INTEGRATION CORP.

Statement of Operating Costs

From January 1, 2023, to December 31, 2023

Unit: In thousands of NTD

Contents	Amount
Beginning balance of raw materials	\$ 254,750
Add: Materials purchased for this period	1,748,953
Finished goods transferred	134,872
Less: Ending balance of raw materials and supplies	(262,903)
Departmental Usage	(10,516)
Others	(274)
Consumption of raw materials	1,864,882
Direct labor	19,398
Manufacturing overhead	<u>119,988</u>
Manufacturing Costs	2,004,268
Add: Beginning balance of work in progress	118,715
Finished goods re-invested in production	855,960
Less: Ending balance of work in progress	<u>(49,326)</u>
Cost of finished goods	2,929,617
Add: Beginning balance of finished goods	201,850
Finished goods-Purchased for this period	1,700,763
Less: Ending balance of finished goods	(286,865)
Finished goods re-invested in production	(855,960)
Departmental Usage	(26,484)
Scrapped	(3,622)
Transferred to raw materials	(134,872)
Others	-
Cost of sales	3,524,427
Less: Adjustments for subcontracting	(41,775)
Other operating costs	29,542
Inventory write-down losses	<u>24,789</u>
Total operating costs	<u><u>\$ 3,536,983</u></u>

IEI INTEGRATION CORP.
Statement of Operating Expenses
From January 1, 2023, to December 31, 2023

Unit: In thousands of NTD

Contents	Selling expenses	Administrative expenses	Research and development expenses	Total
Salaries and Wages	\$ 136,824	83,041	224,795	444,660
Export expenses	10,937	-	-	10,937
Insurance expenses	12,842	6,198	16,429	35,469
Depreciation expenses	3,854	4,197	28,551	36,602
Professional service fee	14,990	6,920	901	22,811
Sample expenses	10,812	-	19,626	30,438
Commission	23,232	-	-	23,232
Maintenance expenses	41,781	-	-	41,781
Other expenses (Note)	52,819	28,831	45,527	127,177
Total	\$ 308,091	129,187	335,829	773,107

Note: None of the balances of each item has exceeded 5% of the total amount.

IEI INTEGRATION CORP.

Chairman: Ming-Chih Chang