OFFERING MEMORANDUM

US$1,000,000,000

Quanta Computer Inc.

廣達電腦股份有限公司

(incorporated with limited liability in Taiwan, the Republic of China)

Currency-Linked Zero Coupon Convertible Bonds due 2029

The US$1,000,000,000 Zero Coupon Convertible Bonds Due 2029 (the "Bonds") will be issued by Quanta Computer Inc. (referred to in this Offering Memorandum as "we," "our", "us", the "Company", "our Company", or the "Issuer", and together with its subsidiaries, the "Group"), a company limited by shares incorporated in Taiwan, the Republic of China (the "ROC"). Unless previously redeemed, converted, or repurchased and cancelled, the Bonds will be redeemed on September 16, 2029 at the Settlement Equivalent (as defined herein) of a redemption price equal to 100% of the outstanding principal amount thereof.

Unless previously redeemed, converted, or repurchased and cancelled, the Bonds may be converted at any time on or after December 17, 2024, up to September 6, 2029 (the "Conversion Period") into common shares of our Company with a par value NT$10.0 each (such shares, the "Conversion Shares"). The initial conversion price for the Bonds is NT$356.25 per Conversion Share and is subject to adjustment in specified circumstances (the "Conversion Price"). For purposes of determining the number of Conversion Shares to be issued upon conversion, a fixed exchange rate of US$1.00 = NT$32.055 (the "Exchange Rate") will be applied when converting the US dollar-denominated principal amount of the Bonds to an NT dollar equivalent. See "Description of the Bonds—Conversion". Our shares are listed and traded on the Taiwan Stock Exchange (the "TWSE") under the trading code "2382".

The Bonds will mature on September 16, 2029 (the "Maturity Date"). We have the option, on not less than 30 nor more than 60 days' written notice to the Holders (which notice shall be irrevocable) and to the Trustee and the Agents, to redeem the Bonds at the Settlement Equivalent of the applicable Early Redemption Amount (as defined herein), (i) in whole or in part, at any time after September 16, 2027 and prior to the Maturity Date, if the Closing Price (as defined herein) of our shares listed on the TWSE for 20 trading days in any consecutive 30-trading-day period, immediately prior to the date on which notice of such redemption is given, is at least 130% of the quotient of Early Redemption Amount for each Bond divided by US$200,000, and then multiplied by the then prevailing Conversion Price, provided the Redemption Date does not fall within a Closed Period (as defined herein) or (ii) all of the Bonds where 90% or more in principal amount of the Bonds issued have been redeemed, converted or repurchased and cancelled, provided the Redemption Date does not fall within a Closed Period. Holders of the Bonds may also require us to repurchase all or part of the Bonds on the third anniversary of the Closing Date (as defined herein), at a price equal to the Settlement Equivalent of 100% of the principal amount in US Dollars with respect to such Holder's Bonds to be repurchased. Holders of the Bonds will also have the right to require us to repurchase the Bonds, in whole or in part, at the relevant Put Date (as defined herein) at the Settlement Equivalent of the Early Redemption Amount if a Delisting (as defined herein) or a Change of Control (as defined herein) occurs. See "Description of the Bonds".

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Offering Memorandum. Approval in-principle from, and admission of the Bonds to the Official List of, the SGX-ST and quotation of the Bonds on the SGX-ST are not to be taken as an indication of the merits of the Offering (as defined herein), our Company, our subsidiaries, our associated companies or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as any of the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. There is currently no public market for the Bonds.

Notification pursuant to Section 309B(1)(C) of the Securities and Futures Act 2001 of Singapore — The Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This document is important and should be read carefully. Investors are advised to consult their stockbroker, bank manager, solicitor, independent auditors or other professional adviser.

Investing in the Bonds involves certain risks. See "Risk Factors" beginning on page 14.

The Bonds (and the Conversion Shares to be issued upon conversion thereof) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and are exclusively being offered and sold pursuant to this Offering Memorandum outside of the United States ("U.S.") in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of these and other restrictions on offers and sales of the Bonds (and the Conversion Shares to be issued upon conversion thereof), and distribution of this Offering Memorandum, see "Transfer Restrictions" and "Plan of Distribution".

The Bonds will be represented by beneficial interests in a permanent global certificate (the "Global Certificate") in registered form, which will be registered in the name of Citivic Nominees Limited, as the nominee for, and shall deposited on or about September 16, 2024, with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Except as described herein, certificates for the Bonds will not be issued in exchange for interest in the Global Certificate.

Price for Bonds: 100%

Sole Global Coordinator

Citigroup

Joint Overall Coordinators and Joint Bookrunners

Citigroup **HSBC**

This date of this Offering Memorandum is September 9, 2024.

You should rely only on the information contained in this Offering Memorandum. We have not authorized anyone to provide you with different information. We are not, and the Initial Purchasers are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

Neither the United States Securities and Exchange Commission, any state securities commission nor any other regulatory authority, has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

Each purchaser of securities offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements as set forth under "Transfer Restrictions". The Bonds and the shares of common stock issuable upon conversion of the Bonds have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as defined in Regulations S under the Securities Act) unless registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable state securities laws is available. Hedging transactions involving the Bonds and the shares of common stock issuable upon conversion of the Bonds may not be conducted, directly or indirectly, unless in compliance with the Securities Act.

We, having made all reasonable enquiries, confirm that this Offering Memorandum contains all information with respect to us and our subsidiaries and the Bonds (including the Conversion Shares to be issued upon conversion of the Bonds) that is material in the context of the issue and offering of the Bonds, that the information contained herein (save as set out below) is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Bonds, make this Offering Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect, that all reasonable enquiries have been made by us to verify the accuracy of such information; provided that, this Offering Memorandum contains summaries that we believe to be accurate with respect to certain terms of some documents, but for complete information regarding the documents, you may obtain copies of the actual documents, i.e. indenture and other business agreements in connection with the offering of the Bonds, upon request to the Initial Purchasers or us when available. Although we believe that such sources are reliable, we take responsibility for only the accurate reproduction and extraction of such information and data and accept no other responsibility for such information, unless otherwise stated. The accuracy and completeness of such information are not guaranteed and have not been independently verified by us, the Initial Purchasers, the Trustee, the Principal Paying Agent, the Transfer Agent, the Conversion Agent, the Registrar, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them.

This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this Offering Memorandum. Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited ("HSBC") will act as initial purchasers (the "Initial Purchasers"). This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure or any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

None of the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them, or their respective directors, officers, employees, agents, representatives, advisers and affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them, or their respective directors, officers, employees, agents, representatives, advisers and affiliates, as to the past or future. We have furnished the information contained in this Offering Memorandum. None of the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them, or their respective directors, officers, employees, agents, representatives, advisers and affiliates has independently verified any of the information contained herein (financial, legal, or otherwise) and assumes no responsibility for the accuracy or completeness of any such information.

The Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled “Plan of Distribution” and “Transfer Restrictions”.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum, as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

In connection with this Offering, to the extent permitted by, and in accordance with, applicable laws and regulations, certain of the Initial Purchasers may over-allot or effect transactions intended to stabilize or maintain the market price of the Bonds at a level that might not otherwise prevail. However, such Initial Purchasers are not obligated to do this. Such stabilizing transactions, if commenced, may take place for a limited period and may be discontinued at any time. For a description of these activities, see “Plan of Distribution”.

CERTAIN DEFINITIONS, CONVENTIONS AND GENERAL INFORMATION

All references in this Offering Memorandum to "Quanta", the "Company", "we", "us" and "our" are references to Quanta Computer Inc., and, as the context may require, our subsidiaries and investee companies. The references to "Shares" and "Common Shares" refer to our common shares of par value NT$10.00 per share. The references herein to "Taiwan", the "ROC", and the "Republic of China" refer to the island of Taiwan and other areas under the effective control of the Republic of China (Taiwan). All references herein to the "ROC Government" refer to the government of the ROC. All references to "TWSE" refer to the Taiwan Stock Exchange Corporation and references to "TPEx" refer to the Taipei Exchange (formerly known as the GreTai Securities Market in the ROC). All references to the "FSC" refer to the ROC Financial Supervisory Commission.

References to "Non-ROC Individuals" refer to individuals directly or indirectly owning the Bonds or the Conversion Shares who are not citizens of the ROC or who are not physically present in the ROC for 183 days or more within a calendar year. References to "Non-ROC entities" refer to entities (including corporate and non-corporate bodies) directly or indirectly owning the Bonds or the Conversion Shares established or organized under the laws of a jurisdiction other than the ROC and which do not have any fixed place of business or business agent in the ROC. References to "Non-ROC holders" refer to Non-ROC entities and Non-ROC Individuals.

References to the "PRC" and "China" refer to the People's Republic of China and, for the purpose of this Offering Memorandum, do not include the Hong Kong Special Administrative Region ("Hong Kong"), Macau Special Administrative Region ("Macau") or Taiwan. A "PRC person" refers to (i) an individual with household registration in China (but not including Hong Kong and Macau), (ii) any juristic person, organization, or other institution of the PRC (but not including Hong Kong and Macau), and (iii) any corporation established outside China (including those established in Hong Kong or Macau) either (a) more than 30% of its issued share capital or total capital contribution amount is owned, directly or indirectly, by PRC person(s) or (b) which is controlled by PRC person(s).

All references in this Offering Memorandum to a "Holder" of the Bonds are to the person in whose name such Bonds is registered on the books of the Registrar and to an "Investor" of the Bonds are to the beneficial owner of such Bonds. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

We publish our financial statements in New Taiwan dollars, the lawful currency of the ROC. In this Offering Memorandum, references to "United States dollars," "US dollars" and "US$" are to United States dollars; and references to "New Taiwan dollars", "NT dollars" and "NT$" are to New Taiwan dollars, the lawful currency of the ROC. Unless otherwise noted, all translations from NT dollars to US dollars were made at the noon buying rate in The City of New York for cable transfers in NT dollars per US dollar as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") as of June 28, 2024, which was NT$32.45 = US$1.00. All amounts translated into United States dollars in this Offering Memorandum are provided solely for your convenience, and no representation is made that the NT dollar or US dollar amounts referred to herein could have been or could be converted into US dollars or NT dollars, as the case may be, at any particular rate or at all. For further information relating to exchange rates, see "Exchange Rates" .

Our financial statements are prepared in accordance with the Taiwan IFRS and with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and are not intended to present the financial condition, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in the ROC. The material differences between Taiwan IFRS and IFRS as applicable to us are discussed under the caption "Summary of Certain Differences Between Taiwan IFRS and IFRS". Certain financial amounts presented herein may not correspond directly to our financial statements included elsewhere herein or may not add up due to rounding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offering Memorandum, statements made in press releases and oral statements that may be made by us or our officers, Directors or employees acting on our behalf that are not statements of historical fact constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements.

Forward-looking statements include statements such as:

- our financial condition;
- expected growth in consumer demand;
- other expected industry trends;
- anticipated dates for new projects; and
- other matters discussed in this Offering Memorandum regarding matters that are not historical fact.

Forward-looking statements are only forecasts. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- changes in political, social and economic conditions and the regulatory environment in the ROC;
- changes in currency exchange rates;
- our rate of growth and our ability to meet the demands relating to our growth;
- changes in market prices for our products;
- changes in the availability and prices of input components we need to manufacture our products;
- changes in customer preferences;
- changes in competitive conditions and our ability to compete under these conditions; and
- other factors beyond our control.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Offering Memorandum, we advise you not to place undue reliance on those statements. We are not representing or warranting to you that our actual future results, performance or achievements will be as discussed in those statements. Further, we disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances.

ENFORCEABILITY OF FOREIGN JUDGMENTS IN THE ROC

We are a company limited by shares and incorporated under the Company Law of the ROC. Most of our Directors and executive officers named herein are residents of the ROC and a significant portion of our assets and such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. Any final judgment obtained against us or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to our Bonds or our common shares will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied that:

- the court rendering the judgment had jurisdiction over the subject matter according to the laws of the ROC;
- neither the judgment nor the court proceedings resulting in the judgment are contrary to the public order or good morals of the ROC;
- the judgment was a final judgment for which the period for appeal had expired or from which no appeal could be taken;
- if the judgment was rendered by default by the court rendering the judgment, (i) process was duly and timely served on us or such persons within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction or (ii) process was served on us or such persons with assistance of the judicial authorities of the ROC; and
- judgments of the courts of the ROC are recognized and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan), or the CBC, for conversion of NT dollars into foreign currency and the remittance out of the ROC of any amounts exceeding US$100,000 or its equivalent recovered in respect of such judgment denominated in a currency other than NT dollars.

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SUMMARY

The summary below is qualified in its entirety by, and is subject to, the more detailed information set out or referred to elsewhere in this Offering Memorandum, including the financial information herein. Prospective purchasers should read this Offering Memorandum in its entirety and should carefully consider the information set forth in "Risk Factors" in particular. Prospective purchasers should also carefully review the financial statements included in this Offering Memorandum prior to making an investment decision with respect to the Bonds. To understand the terms of the Bonds and our Shares, prospective purchasers should carefully read the sections of this Offering Memorandum entitled "Description of the Bonds" and "Description of the Common Shares".

Overview

We are a leading provider of AI and general-purpose servers, notebook PCs, and smart mobility solutions. As one of the largest server original design manufacturers ("ODMs") globally, we provide an array of product offerings from board-level to rack-scale solutions for large cloud service providers ("CSPs"). Each of our servers meticulously crafted to align with customers' targeted design requirements. In addition, we are also the largest ODMs of notebook PCs in the world, with 46.9 million units shipped in 2023, accounting for 28.3% of global market share, according to DigiTimes Research. Our recognized leadership in the AI and general-purpose server, notebook PC and smart mobility solutions markets positions us well to capitalize on the growing AI market.

The integration of AI features into servers and notebook PC hardware has driven a significant increase in demand for high-performance servers. According to IDC, total spending on cloud infrastructure is expected to rise from US$110 billion in 2023 to reach US$214 billion in 2028, representing a CAGR of 14.3%. The rise of generative AI has accelerated AI server adoption by CSPs, further boosting market demand. According to Statista, total spending on AI servers is expected to surge from US$31 billion in 2023 to US$330 billion by 2032, representing a CAGR of 30.1% over that time period. Similarly, AI advancements are driving growth in the smart mobility industry. According to Fortunate Business Insights, the global smart mobility market is expected to grow from a value of US$37 billion in 2023 to US$194 billion in 2032, representing a CAGR of 20.3% over that time period. We expect to continue to benefit from industry tailwinds and strengthen our market leadership in AI servers, notebook PCs, and smart mobility.

We are an early mover in multiple fields of hardware technology. Since our inception as a notebook PC manufacturer in 1988, we have expanded our focus into server products in 2000 and automotive electronics in 2007. Our substantial investment in research and development and collaboration with key partners has enabled us to stay ahead of industry trends and explore new opportunities. Our product lines now span cloud computing, information and communications, and consumer electronics, serving as a testament to our committed R&D efforts.

As a pioneer in AI server development, we have unparalleled leadership and technological expertise in the AI server industry. Our AI server solutions, built on the latest graphics processing unit (GPU) and central processing unit (CPU) platforms, are tailored for various AI applications, including training, inferencing, and machine learning. For example, our QCT POD solution, which won the "COMPUTEX 2023 Best Choice Award", offers flexible, scalable solutions with optimized modules. To meet rising demand for efficient cooling solutions, we introduced QoolRack, a liquid-to-air cooling rack that reduces power consumption by nearly 70% through smart power management and combined cooling technologies. Our innovation in hardware technology creates high entry barriers and reinforces our market dominance.

We have long-term partnerships with blue-chip customers. In the server market, we are a leader in providing integrated cloud computing solutions, and the only manufacturer serving all four of the world's largest CSPs. Our competitive strengths in innovation, R&D, customer responsiveness, product quality and efficiency, and cost-effectiveness meet diverse customer needs. Our ODM-direct business model enables us to deliver customized, optimized solutions that offer agility, elasticity, serviceability, and innovation. In the notebook PC market, we provide full market coverage to major notebook PC brands and mainstream operating systems. We have also been expanding relationships with a growing base of major automakers. Our precision marketing capabilities help us identify high-growth sectors and key customers, fostering strategic partnerships that drive growth. Our robust manufacturing capacity and execution flexibility enables us to swiftly enter into a designated sector, and meet customer needs with timely R&D, efficient scaling to volume, and rapid time to market, all while ensuring high-quality fulfillment.

As a total solutions provider and an enabler for individual customers' highly customized configurations, we have also cultivated lasting partnerships with top-tier chip suppliers, enabling us to emerge as a leader in the AI server market and strengthen our position in the notebook PC and smart mobility industries. For example, we began our partnership with Nvidia in 2016 when we initiated manufacturing of their GPU-based AI servers, enabling their solutions for CSPs. We subsequently worked with Nvidia to manufacture multiple series of AI server solutions based on their GPUs, including the H100, H200, B100, GH200 and the latest GB200 design. Our diverse ecosystem of tier-1 hardware component and software partners allows us to combine the efficiency of hyperscale hardware with infrastructure software, making us a preferred choice for new innovative products.

Our global network of facilities covers manufacturing, assembly, maintenance, repair, and logistics across Asia Pacific, the Americas, and Europe, ensuring high-quality product delivery, close customer collaboration, cost efficiency, and risk mitigation through geographical diversification.

We are led by a strong group of industry veterans with a proven track record of growing our business and developing innovative products. Our seasoned management team is led by our Chairman Mr. Barry Lam, who has more than 40 years of relevant experience in the industry and has been with us since our inception in 1988. They play an active role in directing our strategies, visions, and R&D initiatives and are a major factor contributing to our success.

Our committed management, stable market leadership, outstanding R&D capabilities, blue-chip customer and supplier base, and flexible manufacturing capabilities underpin our strong financial performance. Despite a revenue dip from NT$1,280.4 billion in 2022 to NT$1,085.6 billion in 2023 due to notebook PC market weakness, our revenue increased 11.3% from NT$511.2 billion in the six months ended June 30, 2023 to NT$568.9 billion in the six months ended June 30, 2024. Our basic earnings per share increased from NT$7.51 in 2022 to NT$10.29 in 2023, and from NT$4.31 in the first half of 2023 to NT$7.06 in the first half of 2024.

Our Competitive Strengths

- Global leader in AI server, notebook PC and smart mobility solutions and well-positioned to capture the massive market opportunity presented by AI;
- Uniquely positioned in the AI ecosystem with a strong track record of technological leadership across various markets;
- Diversified and large customer base, established relationships with blue chip customers;
- Close and long-term relationships with tier-1 industry value chain suppliers;
- Global manufacturing footprint supported by modularized production facilities; and
- Visionary management team with rich industry know-how.

Our Growth Strategies

- Expand our innovative product portfolio to address massive growth in AI and cloud markets;
- Strengthen collaborative relationships with suppliers and customers;
- Expand and enhance our global manufacturing and research footprint;
- Diversify into markets with untapped long-term growth potential;

- Attract, grow and retain quality talent to support our rapid growth; and

- Expand our focus on ESG and corporate social responsibility.

Corporate Information

Our registered office and our principal executive offices are located at No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan.

Our Common Shares have been listed on the TWSE since January 8, 1999. See "Market Price Information". On August 30, 2024, the closing price of our Common Shares on the TWSE was NT$268.00 per share.

Recent Developments

In September 2024, we entered into a securities purchase agreement with Vuzix Corporation ("Vuzix"), for the purchase of (i) US$10 million of the common stock of Vuzix, and (ii) up to US$10 million of the newly-created Series B Preferred Stock of Vuzix.

Pursuant to the rules and regulations of the TWSE, the Company reports its consolidated operating revenue each month on the Market Observation Post System ("MOPS").

- The Company announced on August 9, 2024 that its consolidated operating revenue for July 2024 amounted to NT$124,263 million, representing a 43.0% increase from NT$86,891 million for July 2023.

- The Company announced on September 6, 2024 that its consolidated operating revenue for August 2024 amounted to NT$145,177 million, representing a 43.2% increase from NT$101,355 million for August 2023.

These monthly results have not been audited or reviewed by KPMG and may not be indicative of the Company's operating revenue for the full year 2024.

THE OFFERING

The following is only a summary and is qualified in its entirety by reference to "Description of the Bonds" and the more detailed information contained elsewhere in this Offering Memorandum. Capitalized terms used in this summary and not defined have the respective meanings given to them in "Description of the Bonds".

Issuer	Quanta Computer Inc.
The Offering	US$1,000,000,000 aggregate principal amount of US dollar denominated currency-linked zero coupon convertible bonds due 2029, being offered outside the United States in reliance on Regulation S.
Interest	The Bonds will not bear any interest.
Closing Date	September 16, 2024
Maturity Date and Final Redemption	Unless previously redeemed, repurchased, and canceled or converted, the Bonds will mature, and we will redeem the Bonds, on September 16, 2029 at the Settlement Equivalent of 100% of the outstanding principal amount thereof.
Issue Price	100%
Ranking	The Bonds will be our direct, unconditional, unsecured, and unsubordinated obligations (but subject to a negative pledge, as described in "Negative Pledge" below), and will rank pari passu without any preference or priority among themselves and with all of our other present and future direct, unconditional, unsubordinated, and unsecured obligations.
Conversion	Subject to certain conditions, each holder of the Bonds (a "Holder") will have the right during the Conversion Period (as defined herein) to convert its Bonds (or any portion thereof being US$200,000 in principal amount or integral multiples thereof) into Common Shares, provided, however, that the Conversion Right during any Closed Period (as defined herein) shall be suspended, and the Conversion Period shall not include any such Closed Period. See "Description of the Bonds—Conversion" and "Risk Factors—Risks Relating to the Bonds and the Shares — There are limitations on the Bondholders' ability to exercise Conversion Rights". Subject to changes to ROC laws and regulations, we shall as soon as practicable but in no event more than five Trading Days (as defined herein) after the Conversion Date (as defined herein) issue and deliver Common Shares in book-entry form to the local agent appointed by the non-ROC converting Holders

	for the purpose of trading the Common Shares on the TWSE.
Conversion Price	The conversion price will initially be NT$356.25 per share determined on the basis of the Fixed Exchange Rate applicable on conversion of Bonds of NT$32.055 = US$1.00. The conversion price will be subject to adjustments for, among other things, subdivision or consolidation of shares, right issues, distributions, stock dividends, and other dilutive events. See "Description of the Bonds".
Early Redemption Amount...	The Early Redemption Amount for each US$200,000 of the Bonds is determined so that it represents for the Holder a yield of 0.00% per annum, calculated on a semi-annual basis.
Redemption at the Option of the Issuer	At any time after September 16, 2027 and prior to the Maturity Date, the Bonds may be redeemed at the option of us, in whole or in part, on not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and to the Trustee and the Agents, at the Settlement Equivalent of the applicable Early Redemption Amount, provided that: (l) the Closing Price of the Common Shares for 20 out of the 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption was given, is at least 130% of the quotient of the Early Redemption Amount divided by US$200,000, and then multiplied by the then prevailing Conversion Price; and (2) the applicable Redemption Date does not fall within a Closed Period. Notwithstanding the foregoing, we may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days' notice, at the Settlement Equivalent of the applicable Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period.
Additional Amounts	Payment of principal of and other amounts on the Bonds will be made without withholding or deduction for or on account of taxes of the ROC or such other jurisdiction in which we are then organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or authority or agency thereof), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, we will, subject to certain exceptions, pay such Additional Amounts (as defined

	herein) on the Bonds as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required.
Tax Redemption	If, as a result of certain changes relating to the tax laws in the ROC or such other jurisdiction in which we are then organized or resident for tax purposes (or any political subdivision or authority or agency thereof) on or after the Closing Date, we become obligated to pay Additional Amounts, the Bonds may be redeemed at the option of us, in whole but not in part, at the Settlement Equivalent of the applicable Early Redemption Amount; provided that such right cannot be exercised earlier than 45 days prior to the first date on which we would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Notwithstanding the foregoing, if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, Holders may elect not to have their Bonds redeemed but with no entitlement to any Additional Amounts or reimbursement of additional tax. See "Description of the Bonds — Redemption of the Bonds — Redemption for Taxation Reasons".
Repurchase at the Option of the Holder	Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right, at such Holder's option, to require us to repurchase, in whole or in part (being US$200,000 in principal amount or an integral multiple thereof), such Holder's Bonds, on September 16, 2027 at a price equal to the Settlement Equivalent of 100% of the principal amount in US dollars with respect to such Holder's Bonds to be repurchased.
Repurchase in the Event of Change of Control	Unless the Bonds have been previously redeemed, repurchased, and canceled or converted, each Holder shall have the right, at such Holder's option, to require us to repurchase, in whole or in part (being US$200,000 in principal amount or integral multiples thereof), such Holder's Bonds at the Settlement Equivalent of the applicable Early Redemption Amount upon the occurrence of a Change of Control, as defined herein. See "Description of the Bonds — Repurchase of the Bonds — Repurchase in the Event of Change of Control".
Repurchase in the Event of Delisting	Unless the Bonds have been previously redeemed, repurchased and canceled or converted, in the event that the Common Shares cease to be listed or

	admitted to trading on the TWSE, each Holder shall have the right, at such Holder's option, to require us to repurchase, in whole or in part (being US$200,000 in principal amount or an integral multiple thereof), such Holder's Bonds on the date set by the Issuer for such repurchase, which shall not be less than 30 nor more than 60 days following the date on which the Trustee sends to each Holder a notice after receiving relevant information from the Issuer regarding such delisting at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder's Bonds to be repurchased. See "Description of the Bonds — Repurchase of the Bonds — Repurchase in the Event of Delisting".
Negative Pledge	Subject to certain exceptions, we will not, and will ensure that none of our Principal Subsidiaries (as defined herein) will, create or permit to subsist any Lien (as defined herein) on any of its or, as the case may be, such Principal Subsidiary's, property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined herein) any sum owing in respect thereof or any guarantee or indemnity thereof without making effective provision to secure the Bonds (a) equally and ratably with such International Investment Securities with a similar Lien or (b) with such other security as shall be approved by Holders holding not less than 50% of the principal amount of the outstanding Bonds. See "Description of the Bonds — Certain Covenants — Negative Pledge".
Form and Denomination	The Bonds will be issuable only in book-entry form and only in denominations of US$200,000 in principal amount or any integral multiples thereof. Bonds will be represented by the Global Bond. On the closing date of the Offering, we will deliver the Global Bond to a common depositary (the "Common Depositary") for Euroclear and Clearstream. If (i) at any time, the Common Depositary advises the Company in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an event of default has occurred and is continuing with respect to the Bonds and the Trustee notifies the Company in writing that any of the Bonds have become immediately due and payable pursuant to the Indenture, the Company shall issue individual certificated bonds in registered form

	in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond. The Bonds will not be issuable in a bearer form.
Use of Proceeds	The gross proceeds to be received by us from this offering will be US$1,000,000,000, before deducting underwriting commissions and related expenses. We intend to use the net proceeds of this offering for the procurement of raw materials in foreign currencies. See "Use of Proceeds".
Listing	For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed, or reports contained in this Offering Memorandum. Approval in-principle from, and admission of the Bonds to the Official List of, the SGX-ST and quotation of the Bonds are not to be taken as an indication of the merits of this Offering, the Company, its subsidiaries, or any of their associated companies or the Bonds.
Lock-Ups	The Company and certain of its existing shareholders have agreed that, subject to certain exceptions, for a period of 90 days after the Closing Date, the Company and such shareholders will not, without the Initial Purchasers' prior written consent, offer, pledge, sell, contract to sell or otherwise dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares. See "Plan of Distribution".
Trading Market for the Common Shares	The only trading market for the Common Shares is the TWSE. The Common Shares have been listed on the TWSE under the trading code "2382".
Governing Law	The Indenture and the Bonds will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee	Citicorp International Limited
Paying Agent, Conversion Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank, N.A., London Branch

Transfer Restrictions	None of the Bonds or the Shares issuable upon conversion of the Bonds has been registered under the Securities Act, and those securities are subject to restrictions on transfer. See “Transfer Restrictions”.
Delivery of the Bonds	Delivery of the Bonds, against payment in same-day funds, will be on the Closing Date.

SUMMARY FINANCIAL DATA

The following summary financial information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023 and unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2023 and 2024 included elsewhere in this Offering Memorandum, which have been prepared in accordance with the Taiwan IFRS and with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the FSC, respectively. You should read the following selected financial information together with our financial statements included elsewhere in this Offering Memorandum. Neither these data nor the format in which they are presented should be viewed as comparable to information prepared in accordance with IFRS or generally accepted accounting principles elsewhere. See “Summary of Certain Significant Differences between Taiwan IFRS and IFRS”.

Summary Audited Financial Data

	For the Years Ended December 31,			
	2021	2022	2023	
	NT$	NT$	NT$	US$
	(audited consolidated; in millions, except share and per share data)			
Operating revenue	**1,129,453**	**1,280,429**	**1,085,611**	**33,455**
Operating costs	**1,057,342**	**1,209,514**	**1,000,728**	**30,839**
Gross profit from operations	**72,111**	**70,915**	**84,883**	**2,616**
Less: Unrealized profit from sales	5	5	-	-
Add: Realized profit from sales	4	5	5	-
Operating expenses:				
Selling expenses	8,628	9,265	8,208	253
General and administrative expenses	7,559	9,124	9,837	303
Research and development expenses	18,646	21,337	23,293	718
Net operating income	**37,277**	**31,189**	**43,550**	**1,342**
Non-operating income and expenses:				
Interest income	2,389	5,018	10,620	327
Other income	200	519	373	11
Other gains and losses, net	4,747	8,522	6,149	190
Financial costs	(1,116)	(4,370)	(8,915)	(275)
Share of loss of associates accounted for using equity method	(61)	(97)	(45)	(1)
Profit before tax	**43,436**	**40,781**	**51,732**	**1,594**
Less: Tax expense	**9,076**	**11,058**	**11,243**	**346**
Profit	**34,360**	**29,723**	**40,489**	**1,248**
Earnings per share attributable to parent company				
Basic earnings per share (NT dollars)	8.73	7.51	10.29	0.32
Diluted earnings per share (NT dollars)	8.64	7.42	10.23	0.32

(1) After tax. For more information, see Note 6.r of Notes to Audited Consolidated Financial Statements.

	As of December 31,			
	2021	2022	2023	
	NT$	NT$	NT$	US$
	(audited consolidated; in millions, except share and per share data)			
Consolidated Balance Sheet				
Total current assets	649,417	733,270	610,448	18,812
Total non-current assets	68,152	82,858	79,672	2,455
Total assets	**717,569**	**816,128**	**690,120**	**21,267**
Total current liabilities	520,721	628,591	483,013	14,885
Total non-current liabilities	28,721	11,014	13,215	407
Total liabilities	**549,442**	**639,605**	**496,228**	**15,292**
Equity attributable to owners of parent				
Share capital	38,626	38,626	38,626	1,190
Capital surplus	14,222	14,224	14,295	441
Retained earnings	115,015	118,763	135,403	4,173
Other equity	(6,391)	(2,122)	(1,784)	(56)
Treasury shares	(333)	(333)	(333)	(10)
Total equity attributable to owners of parent	161,139	169,158	186,207	5,738
Non-controlling interests	6,988	7,365	7,685	237
Total equity	**168,127**	**176,523**	**193,892**	**5,975**
Total liabilities and equity	**717,569**	**816,128**	**690,120**	**21,267**
Net current assets	**128,696**	**104,679**	**127,435**	**3,927**

Summary Unaudited Financial Data

	For the Six Months Ended June 30,		
	2023	2024	
	NT$	NT$	US$
	(unaudited consolidated; in millions, except share and per share data)		
Operating revenue	511,210	568,894	17,531
Operating costs	**472,762**	**520,335**	**16,035**
Gross profit from operations	**38,448**	**48,559**	**1,496**
Less: Unrealized profit from sales	-	-	-
Add: Realized profit (loss) from sales	5	-	-
Operating expenses:			
Selling expenses	3,993	4,636	143
General and administrative expenses	4,771	5,370	165
Research and development expenses	10,544	11,647	359
Net operating income	**19,145**	**26,906**	**829**
Non-operating income and expenses:			
Interest income	5,271	5,580	173
Other income	332	385	12
Other gains and losses, net	3,147	4,458	137
Financial costs	(4,512)	(3,176)	(98)
Share of loss of associates accounted for using equity method	(23)	(20)	(1)
Profit before tax	**23,360**	**34,133**	**1,052**
Less: Tax expense	**6,474**	**6,621**	**204**
Profit	**16,886**	**27,512**	**848**
Earnings per share attributable to parent company			
Basic earnings per share (NT dollars)	4.31	7.06	0.22

	For the Six Months Ended June 30,		
	2023	2024	
	NT$	NT$	US$
	(unaudited consolidated; in millions, except share and per share data)		
Diluted earnings per share (NT dollars)	4.28	7.03	0.22

(1) After tax. For more information, please see Note 6.s of Notes to Unaudited Consolidated Financial Statements.

	As of June 30,		
	2023	2024	
	NT$	NT$	US$
	(unaudited consolidated) (in millions, except share and per share data)		
Consolidated Balance Sheet			
Total current assets	585,863	663,032	20,433
Total non-current assets	82,195	85,642	2,639
Total assets	**668,058**	**748,674**	**23,072**
Total current liabilities	486,001	539,508	16,626
Total non-current liabilities	9,794	15,699	484
Total liabilities	**495,795**	**555,207**	**17,110**
Equity attributable to owners of parent			
Share capital	38,626	38,626	1,190
Capital surplus	14,267	14,377	443
Retained earnings	112,185	127,834	3,939
Other equity	431	5,417	167
Treasury shares	(333)	(333)	(10)
Total equity attributable to owners of parent	**165,176**	**185,921**	**5,729**
Non-controlling interests	**7,087**	**7,546**	**233**
Total equity	**172,263**	**193,467**	**5,962**
Total liabilities and equity	**668,058**	**748,674**	**23,072**
Net current assets	**99,862**	**123,524**	**3,807**

RISK FACTORS

You should carefully evaluate each of the following risk factors and all of the other information set forth in this Offering Memorandum before deciding to invest in the Bonds. If any of the following risk factors and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of the Bonds or the Common Shares could decline. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum. See "Special Note Regarding Forward-looking Statements". Moreover, the risks described herein are not exhaustive, as there may be additional risks other than those described in the Offering Memorandum, and there may be additional risks that are primarily applicable for only certain of our businesses.

Risks Relating to Our Industry and Our Business

Geopolitical tensions and volatile global economic conditions may put downward pressure on demand for our products and services, as well as our business, financial condition, liquidity and results of operations.

The global economy has experienced significant volatility in recent years, including due to the global financial crisis and economic slowdown, rising interest rates, the conflicts of Russia-Ukraine and Israel-Hamas, trade tensions between the United States and the PRC, the novel coronavirus 2019 ("COVID-19") pandemic and volatility in the global stock markets, which have led to less favorable financial and economic conditions.

The uncertain nature, magnitude, and duration of hostilities stemming from the conflicts between Russia and Ukraine, the conflicts involving Hamas and Israel, and further escalation of tensions between Israel and various countries in the Middle East and North Africa, including the potential effects of sanctions limitations, retaliatory cyber-attacks on the world economy and markets, and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business and could amplify existing supply chain challenges. As a result of Russia's invasion of Ukraine, the United States, the United Kingdom and the European Union governments, among others, have developed coordinated economic and financial sanctions packages. As the invasion of Ukraine continues, there can be no certainty regarding whether such governments or other governments will impose additional sanctions, or other economic or military measures against Russia. Although we have not been materially adversely affected by the Russian-Ukraine conflicts, the impact of the invasion of Ukraine, including economic sanctions or additional war or military conflict, as well as potential responses to them by Russia, is still uncertain and they could adversely affect our business, supply chain, suppliers, customers and potential demand for our products as the current geopolitical conflicts continue, new geopolitical conflicts occur, and consequential sanctions and countermeasures develop. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, the availability and cost of raw materials, supplies, freight and labor, currency exchange rates and financial markets, all of which could impact our business, financial condition and results of operations.

There has been sustained tension between the United States and the PRC over trade policies including tariffs and barriers on imports and exports and government incentives to onshore and/or nearshore production and supply chains to favored jurisdictions. We cannot assure you that any trade-relevant regulations, rules, or measures will not have an adverse impact on our business, financial condition and results of operations. To the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, results of operations and financial condition could be materially and adversely impacted in the future.

Our business is sensitive to global economic conditions. There are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States. Central banks of some countries, including the Federal Reserve Board, have also accelerated their shifts in monetary policies and increased interest rates. There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effect or that a global economic downturn will not occur or market volatilities will not persist. In 2023, the global financial markets have experienced further turmoil with the collapse of Silicon Valley Bank, followed by Signature Bank, the crisis of Credit Suisse, and the seizure of First Republic Bank, which has resulted in the tightening of bank credit and reduced capital reduced investment activities. This could adversely affect growth rates globally and could materially and adversely affect our business, financial condition, and results of operations. The volatile global market conditions may adversely affect the demand for our products. Adverse macroeconomic conditions could exert negative impacts on our customers' capital expenditure planning, willingness to spend, and plans to pursue advanced technology. The potential decrease and slowdown in demand for such products may inflict significant downward pressure on profit margins and/or loss of market share, any of which would have a material adverse effect on our business, reputation, financial condition and results of operations.

We operate in a highly competitive environment, and we may not be able to sustain our current market position.

We operate in highly competitive and rapidly changing markets for servers, notebook PCs, and smart mobility solutions, which are characterized by rapidly changing customer demand patterns and severe industry-wide competition for market share. In addition, increased exposure to international markets further creates new areas with which we may not be familiar with and could place us in competition with new market players. Our overall competitive position depends on a number of factors, including price, quality, and performance of our products; level of customer service we provide; development of new technology; our ability to participate in emerging markets; and our customers' expectations with respect to socially responsible operations. We expect the competition to continue to intensify in the future. In order to succeed in this environment, we must successfully meet our customers' technology requirements and increase the value of our products, while also striving to reduce their overall costs and our own operating costs. If we fail to successfully manage these competitive factors, fail to successfully balance the conflicting technology with lower overall costs, or fail to address new competitive forces, our business and financial condition will be adversely affected.

Some of our competitors possess more advanced technologies and R&D know-how, stronger manufacturing capabilities, greater procurement power, a larger global footprint, and more substantial financial, technical, and other resources than we do. Our larger competitors may develop or acquire technologies and apply their significant resources, such as distribution channels and brand recognition, to acquire significant market share. Emerging companies attempting to obtain a share of the existing markets generate potential competition as well.

Many of our competitors may have competitive advantages, such as:

- deeper market penetration;
- larger scale and greater manufacturing flexibility;
- faster service times;
- stronger system integration capabilities;
- larger sales and marketing organizations and R&D teams and budgets;
- more established relationships with customers, contract manufacturers and suppliers and larger sales volume allowing for better costs;
- larger customer service and support organizations with greater geographic scope;
- a broader and more diversified array of products and services; and
- substantially greater financial, technical and other resources.

Our competitors continue to introduce products with improved price and performance characteristics, and we have to do the same to remain competitive. Increased competition could result in significant price competition, reduced revenues, lower profit margins or loss of market share, any of which would have a material adverse effect on our business, financial condition and results of operations. We cannot be certain that we will be able to compete successfully against either current or potential competitors in the future.

Any global systemic economic and financial crisis could negatively affect our business, results of operations, and financial condition.

Global economic growth in recent years has been slow and faces more uncertainty. The global economy, markets and levels of spending by businesses and consumers are influenced by many factors beyond our control. For example, health epidemics have in the past caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures may be unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures are expected to have significant impact on the targeted countries, markets and/or entities.

Any uncertainty or significant volatility in global economic conditions, including inflation, interest rates, the continuing global supply chain issue, and economic sanctions and restrictive measures in response to the Russia-Ukraine and Israel-Palestine conflicts, may negatively affect our business, results of operations, and financial condition. There have also been concerns about the economic effect of the tensions in the relationship between the PRC and the U.S. There were and could be in the future a number of domino effects from such turmoil on our business, including significant decreases in orders from our customers; supply constraints; inability of customers to obtain credit to finance purchases of our products and/or customer insolvencies; and counterparty failures negatively impacting our operations. Any systemic economic or financial crisis could cause revenues for the electronic components industry as a whole to decline dramatically and could materially and adversely affect our results of operations.

We operate in cyclical industries. Fluctuations in demand for our products or a market decline in these industries could have a material adverse effect on our results of operations.

Industry-wide fluctuations have materially adversely affected us in the past and may materially adversely affect us in the future. Different segments of the industries in which we operate have experienced significant downturns in the past, characterized by diminished product demand, overcapacity, elevated inventory level and accelerated erosion of average sales prices, rapid technological change, and evolving technical standards. From time to time, these and other factors, together with changes in general economic conditions, may cause us to experience significant declines in the average shipment volume for certain of our products and under-utilization of our production capacity.

For example, the server market has at times seen fluctuate demand due to the rapid changing of technology and new application of these products, such as cloud AI computing and edge computing. Recent volatility in cloud computing market may affect the demand of our server products. If we are unable to manage the risks related to the volatility of market demand, we may continue to experience declines in our profitability that are primarily related to industry conditions and not to our products, and our business, financial condition and results of operations could be materially adversely affected.

Our industry is subject to rapid technological change, uncertainty and shifting market opportunities, and we may be unable to adapt to technological change and develop new products.

The markets for our products are characterized by rapidly changing technology, evolving industry standards, new product introductions, changing preferences and requirements of customers and evolving methods of operations. Our success depends, in part, on our ability to define and keep pace with changes in industry trends and technological developments. Changes in industry trends and needs could adversely affect the development of, and demand for, our technology, rendering our technology currently under development obsolete and unmarketable. For example, we are actively investing in the OPEN RAN platform, increasing R&D bandwidth in Multi-access Edge Computing (MEC) related applications, while also investing in the Open Platform for NFV (OPNFV). We are also targeting private network opportunities for enterprises to launch end-to-end enterprise private network solutions, including core networks, wireless access networks, and management systems. As part of the evolution of our business, we have been making investments to develop new products and enhancements to existing products through our research and development ("R&D") efforts and cooperation with partners. Our R&D expenditure in 2023 reached a record high of approximately NT$23.3 billion, exceeding 2% of our total revenue during the same year. As of June 30, 2024, more than 50% of the employees at our Quanta Research and Development Complex (QRDC) were R&D personnel. The patents and applications comprising our portfolio have fixed terms, and, if we fail to anticipate or respond adequately to these changes through the development or acquisition of new patentable inventions, patents or other technology, we could miss a critical market opportunity, reducing or eliminating our ability to capitalize on our patents, technology solutions or both.

It is hard to predict emerging technological trends accurately. If the market for our products does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, changing market demands and changing customer needs, requirements or preferences, our products and solutions may become less competitive, and our financial performance may be impacted. We must commit significant resources, including the investments we have been making, to developing new products before knowing whether our investments will result in products and services the market will accept. If the industry does not evolve as we believe it will, or if our strategy for addressing this evolution is not successful, many of our strategic initiatives and investments may be of no or limited value and have adverse impacts on our financial condition. Similarly, our business could be harmed if we fail to develop or fail to develop in a timely fashion and cost-effective manner, offerings to address other transitions, or if the offerings addressing these other transitions that ultimately succeed are based on technology, or an approach to technology, different from ours. Failure to introduce products that meet technological trends may cause us to lose our competitive position, and our business, financial condition or results of operations could be adversely affected.

***We may not be successful in implementing our strategy to maintain profitability amid rapid technological advancements*.**

To maintain profitability, our strategy has been to focus on system integration, total solutions, and highly customized configurations to meet customer needs. This requires us to obtain and incorporate into our product range new hardware, software, communications and peripheral technologies, some of which are primarily developed by others. These newer generation products generally carry higher profit margins but require large expenditures for research and development or the acquisition of new technology. Our product strategy focuses in part on designing and producing products that comply with evolving industry performance standards, meet customer quality expectations and are available at prices appealing to our customers. We also try to mitigate the effects of price declines by reducing our input component costs, reducing inventory costs and lowering operating costs.

There can be no assurance that our strategy will be successfully implemented or that it will be effective in maintaining our profitability. Because of the pace of technological advances in the server and notebook PC industries, we must introduce new products on a timely basis that offer customers the latest competitive technologies while managing the production of our existing products. The success of any new product is dependent on several factors, including the timely completion of new product design, achieving acceptable production yields and market acceptance. Because the product design process is sometimes carried out well in advance of production and sales, we have to anticipate several factors including the expected demand for the product as well as advances in technology. In light of the foregoing, we cannot be sure that new products designed by us will gain market acceptance or will not be adversely affected by new technological changes or new product designs by our competitors. Any delay in developing new products with anticipated technological advances, in commencing commercial production of new products or in replacing existing products with new products, may have an adverse effect on our business.

Brand name PC vendors may not increasingly outsource their notebook PC manufacturing at the current rate.

Historically, we have benefited heavily from the trend of brand name PC vendors increasingly outsourcing their notebook PC manufacturing, especially to manufacturers in Taiwan. We, however, cannot assure you that this outsourcing trend will continue. A reversal of, or a slowdown in, this trend could adversely affect our business, financial condition and results of operations.

We may not be successful in executing our transition from a notebook PC-focused ODM to a company with a broader focus on servers and smart mobility solutions.

We are in the process of transforming from a notebook PC-concentrated ODM, aiming to reduce our revenue dependence on the notebook PC segment while expanding into the server and smart mobility markets. This strategic shift presents considerable risks if not managed properly, and there is no guarantee that our transition will be successful.

As we lower our reliance on the notebook PC business, there is no guarantee that we will successfully capture sufficient market share in the server and smart mobility sectors to offset any potential decline in NB revenues. The server compute and smart mobility markets are highly competitive and require substantial investment in research and development, as well as the acquisition and integration of new technologies. Our success in these markets will depend on our ability to innovate, scale our operations, and adapt to rapidly changing technological landscapes.

Furthermore, expanding into new business areas involves operational and financial risks, including the possibility of delays in product development, supply chain challenges, and the need to build new customer relationships. Failure to effectively manage these risks could lead to suboptimal performance in our new ventures and may negatively impact our overall financial performance.

In light of these challenges, we may face difficulties in achieving our strategic objectives, which could adversely affect our revenue growth and profitability. There can be no assurance that our transformation will be successful or that we will achieve the desired balance in our revenue streams.

A small number of customers accounts for a large portion of our business.

We depend on a small group of customers for a substantial portion of our sales revenue. In the aggregate, our top two customers accounted for 49% and 56% of our operating revenue in the six months ended June 30, 2024 and 2023, respectively and 56%, 58% and 50% of our operating revenue in 2023, 2022 and 2021, respectively. This concentration of our customer base may affect our business materially and adversely due to:

- the loss or cancellation of business from any of these customers;
- significant changes in scheduled deliveries to any of these customers; or
- decreases in the prices of the products sold to any of these customers.

Our ability to maintain close relationships with our customers is therefore essential to the ongoing growth and profitability of our business. In addition, these customers have in the past, and may in the future, vary order levels significantly from period to period. As a result, our customers may not maintain their sales volumes, and we may not be able to maintain or add to our existing customer base.

The inability to attract and retain qualified personnel would jeopardize our operations and future expansion plans.

Our business depends on technology and, accordingly, our success depends on our ability to attract, retain and motivate highly skilled employees, particularly experienced management, engineering and technical personnel. In 2023, approximately 47.0% of our employees held bachelor’s degrees or higher. Without sufficient numbers of skilled employees, our operations would suffer resulting in deteriorating production standards and decreasing capacity utilization. Competition for qualified executives, engineering and technical employees in Taiwan is intense, and replacement of qualified employees is difficult. If we are unable to attract, retain and motivate our technical personnel, our operations would be jeopardized, and our operating efficiency would deteriorate.

Fluctuations in exchange rates could adversely affect our business.

As we are headquartered in the ROC and require NT dollars for our daily operations, while both our products are typically sold and our procurements are usually made in US dollars, we are exposed to foreign exchange risks due to fluctuations between the US dollar and NT dollar exchange rates, and to a lesser extent, fluctuations between other currencies. These fluctuations could impact our operating revenue as well as our non-operating income. The effect of future exchange rate fluctuations on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our efforts to mitigate these adverse effects will be successful or that such fluctuations will not, in the future, have a material adverse effect on our financial performance.

Our operating results may fluctuate due to factors beyond our control.

Our operating results are affected by a wide variety of factors beyond our control that could materially affect sales revenue and profitability. These factors could also result in a significant variation in our quarterly or annual operating results. These factors include:

- economic and market conditions in the sever, notebook PC, and smart mobility solutions industries generally;
- customer demand;
- new product introductions and delays in developing the capability to produce new products;
- product obsolescence;
- input component price fluctuations;
- input component supply and availability;
- varying product mix;
- technological changes and changes in manufacturing processes;
- timing of orders and delays in shipments to customers; and
- volume of orders relative to our production capacity.

Due to the factors listed above, it is possible that in some future period our operating results or growth rate may be below the expectations of research analysts and investors. If so, the price of the Bonds and Common Shares will probably fall.

Our business depends on adequate supplies of input components, and we depend on foreign suppliers for several crucial input components.

Our production depends on obtaining adequate supplies of input components on a timely basis. See "Business—Supply Chain Management". We do not maintain large inventories of input components. Instead, we order input components on a just-in-time basis. We purchase our main input components from various third-party component manufacturers that can satisfy our quality standards and meet our volume requirements. In addition, we rely on foreign suppliers for several crucial input components such as LCDs, central processing units ("CPUs"), batteries and solid state drive ("SSDs"). Reliance on suppliers, as well as industry supply conditions, generally involve several risks that could adversely affect our operations or financial condition, including the following:

- the possibility of defective parts;
- an increase in input component costs;
- reduced control over delivery schedules;
- shortages of input components; and
- input component delivery delays.

In addition, reliance on foreign suppliers subjects us to exchange rate risks.

Certain input components critical to the production of our products, such as LCDs, CPUs, batteries and SSDs, have been subject to periodic shortages of supply in the past. We cannot assure you that this shortage will not recur in the near future. If shortages of input components occur, we cannot be sure that we will be able to obtain an adequate supply.

We may face challenges in securing raw materials and components, impacting our ability to meet customer demand and maintain profitability.

We may face limitations in our ability to effectively and efficiently respond to customer orders due to the availability, terms, and pricing of raw materials and components at any given time. If shortages, supply or demand imbalances, or delays occur, the prices of these raw materials and components may increase, or they may not be available at all. The industries in which we operate have previously experienced material shortages and delivery delays, including those resulting from the negative impact of the COVID-19 pandemic on global supply chains. We may encounter similar challenges in the future, including increased logistics costs to obtain necessary materials in a timely manner. Events such as the Shanghai lockdown due to the COVID-19 pandemic, U.S. government restrictions on selling AI chips to Chinese customers, and the high demand for NVIDIA GPU products in the AI market outpacing supply have also posed challenges in securing raw materials and components. Additionally, some of our larger competitors may have greater purchasing power, enabling them to secure raw materials and components more effectively during shortages. If we are unable to obtain sufficient raw materials or components at reasonable prices or build new products to meet customer demand, our business, results of operations, and financial condition could be adversely affected.

Our business depends on intellectual property, and intellectual property litigation and disputes may adversely affect our business.

Our success will depend in part on our ability to protect our intellectual property rights and to operate without infringing on the intellectual property rights of others. We currently rely on a combination of patents and contractual provisions to establish and protect our intellectual property rights in our products. For a more complete description of our intellectual property, see “Business—Intellectual Property”. We cannot be certain that the steps we take to protect our intellectual property will adequately protect our proprietary rights, that others will not independently develop or otherwise acquire equivalent or superior technology or that we can maintain such technology as trade secrets. In addition, other parties may hold or receive patents that could hinder or prevent the sale of our products or require us to obtain licenses on such technology, which may not be available on acceptable terms or at all.

The industries in which we operate frequently feature disputes over intellectual property. As is the case with many companies in our industry, we, including some of our subsidiaries, investee companies and affiliates, have from time to time received letters from third parties alleging infringement of intellectual property rights. See “Business—Legal Proceedings.” These disputes, and any other litigation or disputes in the future, could result in substantial costs to, and a diversion of effort by, us. An adverse determination could also force us to take specific actions, including ceasing to sell our products that use the challenged intellectual property, seeking from third parties a right to sell or use the relevant technology or redesigning those products that infringe on the intellectual property of others. There can be no assurance that any such licenses would be available on acceptable terms or at all, or that we could develop alternative technology at an acceptable cost or at all. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our diversification into the enterprise solutions, infotainment, wireless businesses and automotive solutions and our strategy of selective vertical integration may not be successful.

We are pursuing a strategy of developing new products in anticipation of future customer demand. Proceeds from sales of notebook PCs have historically accounted for a substantial portion of our net sales. To reduce the financial risks inherent in relying on primarily a single product and to capitalize on the convergence among the technologies used in the computer, communications, and consumer electronics industries, we have been seeking to expand into the enterprise solutions, infotainment, wireless businesses and automotive system solutions.

Entering into new business activities, whether related to the development of new products or investments in selected suppliers, typically involves substantial fixed costs and requires a high level of production and sales to be successful. During periods of reduced production, these fixed costs could materially and adversely impact our financial condition and results of operations. These new business activities also carry risks related to the demand for our products. We cannot be certain that there will not be an excess supply of these products in the future, and we cannot guarantee that our new business activities will be successful even if there is demand. Additionally, these activities may face risks specific to the nature of our products, which may materially and adversely impact our financial condition and results of operations.

We face risks related to natural disasters, health epidemics, outbreaks of contagious diseases and other calamities.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide our products and services.

Our business could also be adversely affected by the effects of H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, COVID-19 or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having H1N1 flu, H7N9 flu, avian flu, SARS, COVID-19 or another contagious disease or condition, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the global economy in general.

Our Chairman of the Board of Directors and Chief Executive Officer and our President have significant influence over our management and policies.

As of June 30, 2024, our Chairman and Chief Executive Officer, Mr. Barry Lam together with certain connected persons, owned approximately 25.97% of our total issued and outstanding Common Shares. This ownership includes 14.81% of the Common Shares held by Cianyu Investment Ltd., a company chaired by Mr. Lam. Additionally, Mr. Lam's spouse holds 0.29% of the Common Shares[1], and through a nominee arrangement, Mr. Lam holds a further 0.11% of the Common Shares. Mr. Lam has the power as shareholder to exercise significant influence over our management and policies. For information relating to the Common Shares held by Mr. Lam, see "Management—Directors".

Risks Relating to the ROC

Strained relations between the ROC and the PRC and political developments in the ROC could adversely affect our business and the market value of the Bonds or our Shares.

Our principal executive offices are located in Taiwan and our Shares are listed on the TWSE. Accordingly, our business, financial condition and results of operations and the market price of our Shares and the Bonds may be affected by changes in the ROC governmental policies, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC which are outside our control. Taiwan has a unique international political status. Both the governments of the PRC and the ROC assert sovereignty over Taiwan. The PRC government does not recognize the legitimacy of the government of the ROC. Relations between the PRC and the ROC have at times been strained. Strained relations could result in future military actions or economic sanctions, or other disruptive activities undertaken by either government. Past tensions between the PRC and the ROC have on occasion depressed the market price of the securities of ROC companies. There is no assurance that relations between the ROC and the PRC will not deteriorate, or that future military actions or economic sanctions or other disruptive activities will not be undertaken by either the PRC or ROC governments.

The trading price of our Shares and the Bonds may be adversely affected by the general activities of the TWSE and TPEx and the economic performance of Taiwan.

The trading price of our Shares and the Bonds may be adversely affected by the general activities of the TWSE and the TPEx and economic conditions in Taiwan. Our Shares are listed on the TWSE. The trading price of the Bonds may be affected by the trading price of our Shares on the TWSE, the general activities of the TWSE and the TPEx and the economic performance of Taiwan. The TWSE is smaller and, as a market, more volatile than the securities markets in the United States and a number of European countries. The TWSE has experienced substantial fluctuations in the prices and volumes of sales of listed securities, and there are currently limits on the range of daily price movements on the TWSE. In the past decade, the TWSE Index reached a low of 7,410.34 on August 24, 2015 and peaked at 24,390.03 on July 11, 2024. In 2023, daily closing prices of our Shares ranged from NT$71.2 to NT$273.5.

The Taiwan stock markets, including the TWSE, are particularly volatile during times of political instability. In response to past declines and volatility in the securities markets in Taiwan, and in line with similar activities by other countries in Asia, the ROC government formed the National Financial Stabilization Fund, which has purchased, and may from time to time purchase shares of ROC companies listed on the TWSE and the TPEx, to

[1] Other entitlements of shares are excluded.

support these markets. In the future, market activity by government entities, or the perception that such activity is taking place, may take place or has ceased, may cause fluctuations in the market prices and liquidity of our Shares.

Our future investment in the PRC or other countries may be restricted by the ROC laws and regulations relating to investment of ROC entities in the PRC or foreign countries. Failure to obtain, maintain or renew approvals for inbound and outbound investments may materially and adversely affect our financial condition and results of operation.

Under Taiwan Relations Between Peoples of the Taiwan Area and the Mainland Area Act (the "Act") and the regulations promulgated thereunder, any individual, juristic person, organization, or other institution of Taiwan (including the Company) may only invest in the PRC after obtaining the prior approval of the Department of Investment Review of the Ministry of Economic Affairs (the "MOEA") unless the investment amount is less than US$1,000,000. Our current investment in the PRC falls within the permitted investment category under the Act and we already obtained the qualification as an operational headquarters in Taiwan from the Industrial Development Bureau of the MOEA which is valid from September 23, 2021 to September 22, 2024, so that we are not currently subject to the limit on the PRC investment amount.

The Department of Investment Review of the MOEA has supervisory and regulatory authority for matters relating to, among other things, inbound investment in Taiwan companies by non-ROC persons and overseas ROC nationals, and outbound investments by Taiwan companies or individuals. Under current ROC law, ROC companies are required to obtain prior approval from or, within the period of time prescribed by relevant laws and regulations, a post filing with the Department of Investment Review of the MOEA for making certain investments in any other jurisdictions outside Taiwan under certain circumstances. There is no assurance that we will be able to continue to satisfy the requirements for, or otherwise obtain, permits or approvals for our current investments, or future investments that we might make outside Taiwan. Failure to obtain, maintain or renew such permits and approvals may impede or hinder our operations, expansion and adversely affect our financial condition, results of operations and business prospects.

The imposition of foreign exchange restrictions may have an adverse effect on the secondary market price of the Bonds.

According to the Foreign Exchange Control Act, the ROC government has the legal power to impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the ROC government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in Taiwan. These restrictions may restrict all or some foreign exchange settlements. There can be no assurance that these restrictions, if imposed, will not adversely affect, among other things, the secondary market price of the Bonds.

Financial reporting requirements and accounting standards in the ROC differ from those in other countries.

We are subject to financial reporting requirements in the ROC that differ in significant respects from those applicable to companies in certain other countries, including the United States. In addition, the Company's consolidated financial statements are prepared in accordance with Taiwan IFRS, and are not intended to present the financial condition, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions, including the United States, other than those in the ROC. Taiwan IFRS differs from IFRS in certain significant respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS may not be timely endorsed by the FSC. See "Summary of Certain Significant Differences between Taiwan IFRS and IFRS". In making their investment decision, potential investors should consult their own professional advisors for an understanding of such differences and how they might affect the financial information contained herein.

You may not be able to enforce a judgment of a foreign court in the ROC.

We are a company incorporated under the ROC Company Act. All of our Directors and executive officers are residents of Taiwan, and a significant portion of our assets and the assets of such persons are located in Taiwan. As a result, it may be difficult for investors to enforce judgments obtained outside Taiwan against us or such persons in Taiwan.

Your investment may be adversely affected by earthquakes in Taiwan.

On April 3, 2024, a significant earthquake with a magnitude of 7.3 on the Richter Scale struck off the coast of Hualien County in Taiwan, with the epicenter approximately 14 kilometers south of Taiwan Island. This major seismic event occurred at 7:58 AM local time, and the depth of the focus was reported to be 12 kilometers. We did not suffer any structural damage to our production facilities in Taiwan or any damage to our machinery as a result of any of the earthquakes and there was no impact on our production or operations. For information relating to our earthquake insurance, see "Business—Insurance".

Taiwan is particularly vulnerable to earthquakes because most of Taiwan is a collision zone between the Philippine Sea and the Eurasian plates. Our headquarters are located in Taiwan, and our R&D facilities as well as many of our suppliers are located in Taiwan. As a result, a major earthquake in Taiwan could result in damage to our operations and/or to facilities of our suppliers. If our suppliers are affected, it could result in shortages of input components that we require in our manufacturing operations. In addition, an earthquake could cause power outages, which may disrupt our operations. A major earthquake in Taiwan could therefore adversely affect our operations, financial results and the market price of the Bonds and our Common Shares.

Risks Relating to the PRC

We are subject to the political and economic situation and legal developments in the PRC.

Currently, some of our subsidiaries and customers are located in the PRC, where we primarily engage in production and manufacturing activities. We may make further investments in the PRC in the future. Accordingly, our results of operations, financial condition and future prospects are subject to a significant degree, on the political and economic environment and legal developments in the PRC.

Although in recent years the PRC government has implemented measures emphasizing the use of market forces for economic reform, it continues to play a significant role in regulating industrial development. It regulates the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies, according to relevant PRC laws and regulations.

While the PRC's economy has experienced significant growth in the past decades, growth has been uneven both geographically and among various sectors in the economy. The PRC government has implemented various measures to encourage economic growth and guided the allocation of resources.

Some of these measures may have a negative effect on us. For example, our business, results of operations, and financial condition may be adversely affected by governmental regulation of capital investments or changes in tax regulations.

We are subject to risks associated with the PRC legal system.

The PRC legal system is a civil law system based on written statutes. Prior court decisions in a civil law system have little precedential value and can only be used as a reference. Furthermore, the recognition and enforcement of foreign judgments are provided under the PRC Civil Procedural Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedural Law based either on treaty between the PRC and the country where the judgment is made or on reciprocity between jurisdictions, provided that the foreign judgments do not violate the basic principles of laws of the PRC or its sovereignty, security, or social and public interest. Therefore, in the case a foreign judgment is rendered by a foreign court where the country and the PRC do not have any treaties or other agreements that provide for the reciprocal recognition and enforcement of foreign judgments, such a judgment may not be enforced by a PRC court. Our activities in the PRC will be subject to administrative review and approval by various national and local agencies of the PRC government. Due to the changes occurring in the legal and regulatory structure of the PRC, we may not be able to secure the required governmental approval for our activities if we fail to consistently comply with relevant PRC laws and regulations. Failure to obtain the requisite governmental approval or to comply with the local government's policies or practices for any of our activities could adversely affect our business and operating results. We cannot predict the effects of future developments of the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the preemption of local regulations by national laws or the overturn of local governments' decisions by the central government. These factors may have a negative effect on us. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management's attention.

Although we believe that we have obtained all applicable government approvals in the PRC, additional approvals from the PRC government may be required.

We operate facilities in the PRC through our subsidiaries. Our activities in the PRC will be subject to administrative review and approval by various national and local agencies of the PRC government. We believe that we have completed all required filings and obtained all necessary PRC governmental approvals, in connection with the foreign investment in PRC entities, the establishment, capital increases, and daily operations of our PRC subsidiaries. If the PRC government takes the view that we were operating without the requisite approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, additional approval from the PRC government might be required. Due to the changes occurring in the legal and regulatory structure of the PRC, we may not be able to secure the required additional governmental approval for our activities in the PRC, if any. Failure to obtain the requisite governmental approval or to comply with the PRC government's policies or practices for any of our activities could adversely affect our business and operating results. In addition, companies with PRC business operations may be required to complete certain filings and procedures with PRC regulatory authorities, including the China Securities Regulatory Commission, or the CSRC, in connection with any securities offerings outside of the PRC. We currently plan to complete the CSRC filing after the completion of this Offering. However, we cannot guarantee timely completion of these filing procedures or compliance with other legal requirements. Additionally, new regulations in the PRC could impose further obligations on us, potentially causing a material adverse impact on our future financing activities and the trading of the Bonds.

Dividends we receive from our PRC subsidiaries may be subject to PRC withholding tax.

The PRC Enterprise Income Tax Law (the "PRC EIT Law") provides that income tax may be applicable to dividends payable to non-PRC enterprise investors that are "non-resident enterprises" to the extent such dividends are derived from sources within the PRC. The PRC State Council has reduced such rate to 10% through the implementation of the PRC EIT Law. Under the PRC EIT Law and its implementation rules, an enterprise established outside of the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income. We believe that the Company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." Non-resident shareholders and bond holders may be subject to PRC tax on dividends, interests, gains realized on the sale or other disposition of the Shares or bonds, if such income is treated as sourced from within the PRC.

Risks Relating to the Bonds and Our Common Shares

There are limitations on the Bondholders' ability to exercise Conversion Rights.

The Bondholders will not be able to exercise Conversion Rights (as defined in "Description of the Bonds") during any Closed Period (as defined in "Description of the Bonds"). Under the current ROC law and regulations, PRC persons are not permitted to convert the Bonds or to register as our shareholders unless (i) it is a qualified domestic institutional investor approved by the competent authority of the securities, insurance or banking industries in the Mainland area and registered with Taiwan Stock Exchange or Taiwan Futures Exchange ("QDII"), which will hold less than 10% of the Common Shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the Department of Investment Review of the MOEA if all the business items of the Company are within the positive list promulgated by the ROC government from time to time in the event that it will hold 10% or more (or other threshold required by the regulators) of the Common Shares after conversion of the Bonds. In addition, there are restrictions on the amount remitted to Taiwan for investments by each QDII and all QDIIs. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE might cause a Bondholder who is a PRC person to be unable to convert and hold our Shares issuable upon conversion of the Bonds. Under current ROC laws, a "PRC person" means (i) an individual with household registration in China (but not including Hong Kong and Macau), (ii) any juristic person, organization, or other institution of the PRC (but not including Hong Kong and Macau), and (iii) any corporation established outside China (including those established in Hong Kong or Macau) either (a) more than 30% of its issued share capital or total capital contribution amount is owned, directly or indirectly, by PRC person(s) or (b) which is controlled by PRC person(s).

Shares including, but not limited to any securities that may be convertible into, or exchangeable for, our Shares that are eligible for future sale by us or our current shareholders may adversely affect the value of your investment.

The market prices of the Bonds and our Shares could decline as a result of sales of a large number of our Shares or any securities that are substantially similar to our Shares including, but not limited to any securities that may be convertible into, or exchangeable for, our Shares after this Offering or the perception that such sales could occur. In connection with the Offering, we agreed to certain lock-ups, subject to certain exceptions, for a period of 90 days after the Closing Date not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the United States Securities and Exchange Commission a registration statement under the Securities Act relating to, any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Shares or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, other than the Bonds to be offered and sold hereunder and shares of Common Shares issuable upon conversion of the Bonds. Nevertheless, when the applicable restrictive period expires, we will be able to sell or otherwise dispose of our Shares, subject to legal restrictions. In addition, we cannot assure you that any of our shareholders will not sell, or otherwise dispose of, our Shares. If our shareholders sell a large number of our Shares after this Offering, the market price of the Bonds and our Shares could be depressed, and the value of your investment could substantially decrease. The market prices of our Shares and the Bonds could also decline if substantial amounts of our Shares or securities convertible or exchangeable into our Shares are sold after the closing of this Offering, or if there is a perception that these sales could occur.

A liquid market for the Bonds may not develop, and the market for our Shares may not be liquid.

Prior to this Offering, there has been no market for the Bonds. Approval in-principle has been received for the listing of the Bonds but not our Shares on the SGX-ST. An active trading market for the Bonds might not develop or could not be maintained. Holders of the Bonds may experience difficulty in reselling the Bonds or may be unable to sell them at all. If a market for the Bonds develops, it may be discontinued at any time. Although the Initial Purchasers have advised the Company that they currently intend to make a market in the Bonds, they are not obligated to do so and may discontinue market-making activity at any time without notice. The Bonds are subject to the restrictions on transfer described under “Transfer Restrictions”.

The Bonds have not been registered under the securities laws of the United States or elsewhere and cannot be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where such registration may be required. The Bonds may not be publicly offered or sold, directly or indirectly, in the ROC. Furthermore, there has been no trading market for our Shares outside the ROC, and the only trading market for our Shares is the TWSE.

Holders of the Bonds will bear the risk of fluctuations in the price of our Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of our Shares. It is impossible to predict how the price of our Shares will change. Trading prices of our Shares will be influenced by, among other things, our results of operations and political, economic, financial and other factors that affect capital markets generally. Any decline in the price of our Shares would adversely affect the market price of the Bonds.

Fluctuations in the exchange rate between the NT dollar and the US dollar may have a material adverse effect on the value of the Bonds in US dollar terms.

Although the principal amount of the Bonds is denominated in US dollars, our Shares are listed on the TWSE, which quotes and trades our Shares in NT dollars. As a result, fluctuations in the exchange rate between the NT dollar and the US dollar will affect, among other things, the market price of the Bonds and the US dollar equivalent of our Shares received upon conversion of the Bonds.

Holders of the Bonds will have no rights as shareholders until they acquire our Shares upon conversion of the Bonds.

Unless and until the holders of the Bonds acquire our Shares upon conversion of the Bonds, the holders of the Bonds will have no rights as shareholders, including any voting rights or rights to receive any dividends or other distributions with respect to our Shares. Subject to the Indenture and other applicable ROC laws, holders of the Bonds who acquire our Shares upon the exercise of their Conversion Rights will be entitled to exercise the rights of shareholders only as to actions for which the applicable record date occurs after the Conversion Date.

Non-ROC holders of the Bonds will be required to register with the TWSE and appoint several local agents in Taiwan if they convert the Bonds and become our shareholders, which may make ownership burdensome.

Under current ROC law, if a non-ROC person (other than a PRC person) wishes to convert the Bonds and hold the Common Shares, such non-ROC person will be required to register with the TWSE to obtain the Foreign Investor Investment I.D. for making investments in the ROC securities market prior to converting the Bonds into Common Shares. In addition, a non-ROC person (other than a PRC person) will be required to appoint an eligible agent in the ROC to open a securities trading account with a local brokerage firm, a Taiwan Depository & Clearing Corporation ("TDCC") book entry account and a bank account, to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as such person may designate upon conversion. In addition, a non-ROC person (other than a PRC person) will be required to appoint a custodian bank in the ROC to hold the securities in safekeeping, make confirmation, settle trades and report all relevant information. Without obtaining the Foreign Investor Investment I.D. and opening such accounts, a non-ROC person would be unable to hold or subsequently sell the Common Shares converted from the Bonds on the TWSE or otherwise. In addition, these regulations may change from time to time. There can be no assurance that a non-ROC person (other than a PRC person) will be able to register with the TWSE and open the requisite accounts in a timely manner.

When a non-ROC Bondholder exercises its conversion right with respect to the Bonds in order to receive Common Shares, that holder will be required to appoint an agent (a "Tax Guarantor") in the ROC. Such Tax Guarantor will be required to meet the qualifications set by the ROC Ministry of Finance (the "MOF") and will act as the guarantor of such holder's tax payment obligations. Generally, evidence of the appointment of a Tax Guarantor and the approval of such appointment may be required as a condition to such holder's repatriation of profits. There can be no assurance that non-ROC holders of Bonds will be able to appoint and obtain approval for a Tax Guarantor in a timely manner.

Also, if our Common Shares to be received by any non-ROC person (other than a PRC person) upon single conversion will exceed 10% of our total issued and outstanding shares, such non-ROC person must obtain the prior approval from the Department of Investment Review of the MOEA.

Under the current ROC law and regulations, except for QDIIs registered with TWSE or Taiwan Futures Exchange and obtained the QDII Investment I.D., PRC persons are not permitted to convert the Bonds and hold our Common Shares and in order to hold our Common Shares, such QDIIs are required to appoint the agent, custodian and the Tax Guarantor as required by the ROC law and regulations. If the aggregate amount of our Common Shares to be held by any QDII or our Common Shares to be received by any QDII upon single conversion will exceed 10% of our total issued and outstanding shares, such QDII must obtain the prior approval from the Department of Investment Review of the MOEA.

We should point out that these regulations may change from time to time. We cannot assure you that current ROC law will remain in effect or that future changes in ROC law will not adversely affect your ability to convert the Bonds into our Common Shares.

An account number of TDCC and the Foreign Investor Investment I.D. (or the QDII Investment I.D., if one is required) must be specified in any conversion notice.

Delivery of our Shares into which the Bonds may be converted will only be made through the book entry system maintained by the TDCC. No physical share certificates will be delivered to the converting Holder (or its designee) upon conversion. Thus, a book entry account number of TDCC maintained by the converting Holder or its designee must be specified in the conversion notice. The Conversion Agent will deem any conversion notice that does not include an account number of TDCC or the Foreign Investor Investment I.D. (or the QDII Investment I.D., if one is required) incomplete and will reject such conversion notice in accordance with the terms of the Indenture. If the non-ROC converting Holder (or its designee) does not have a TDCC book entry account, the conversion notice executed by such converting Holder will not become valid unless and until such Holder (or its designee) registers with the TWSE and obtains a Foreign Investor Investment I.D. (or the QDII Investment I.D., if one is required) and opens a TDCC account. We will deliver our Shares through the book entry system maintained by the TDCC within five Trading Days after such account being opened.

Holders of the Bonds or their designee requesting the conversion of the Bonds into our Shares may be required to provide certain information to us, and failure to provide that information may result in a delay of the conversion.

A Holder of the Bonds or its designee requesting the conversion of the Bonds into our Shares may be required to provide certain information to the Company or the Conversion Agent, including the name and nationality of the person to be registered as the shareholder, the number of Shares to be acquired by such person and the number of Shares acquired by such person in the past before the Conversion Date. Under applicable ROC laws, the Company is required to report to the FSC if the person to be registered as a shareholder (i) is a "related party" of the Company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers or (ii) will hold, immediately following such conversion, more than 10% of the total number of our Shares deliverable upon conversion of the aggregate principal amount of the Bonds at the time of issuance based on the initial Conversion Price. Failure to provide such information may result in a delay of the conversion of the Bonds.

Our public shareholders may have more difficulty in protecting their interests than they would as a shareholder of a corporation of other jurisdictions.

Our corporate affairs are governed by our Articles of Incorporation and ROC laws and regulations. The rights of our shareholders to bring shareholders' suits against our board of directors under ROC laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, our public shareholders may have more difficulty in protecting their interests in connection with actions taken against our management, members of our board of directors or major shareholders than they would as shareholders of corporations of other jurisdictions.

We may not have the ability to redeem the Bonds.

We will at maturity be required to redeem all of the Bonds and the Bondholders may require us to redeem for cash all or some of their Bonds on September 16, 2029 or upon a transaction or event constituting a change of control or delisting or otherwise as described under "Description of the Bonds". We may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. Failure to repay, repurchase or redeem tendered Bonds by us would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by us.

The Trustee may request the Holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may request Holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it will take actions on their behalf. The Trustee will not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. Further, the Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Indenture or in circumstances where there is uncertainty or dispute as to such actions' compliance with applicable laws and regulations. In such circumstances, to the extent permitted by any applicable agreements or applicable laws, it will be for the Holders of the Bonds to take such actions directly.

USE OF PROCEEDS

The gross proceeds from this Offering (before deducting combined management and underwriting commissions and selling concessions) will be US$1,000,000,000. The net proceeds to the Company from this Offering will be used for the procurement of raw materials in foreign currencies.

CAPITALIZATION

The following table sets forth under Taiwan IFRS (i) our unaudited condensed consolidated capitalization as of June 30, 2024 on an actual basis, and (ii) our unaudited condensed consolidated capitalization as of June 30, 2024, as adjusted for the issuance of the Bonds offering. This table should be read in conjunction with our financial statements, including the notes thereto, found elsewhere in this Offering Memorandum. The as adjusted basis gives effect to the issuance of the Bonds before deducting underwriting discount and concession and other offering expenses. Except as otherwise disclosed herein, there has been no material change in our capitalization and indebtedness since June 30, 2024.

	As of June 30, 2024			
	Actual		As Adjusted	
	NT$	US$[2]	NT$	US$[2]
	(unaudited unconsolidated) (in thousands)			
Total short-term debt[1]	$134,811,929	$ 4,154,451	$134,811,929	$ 4,154,451
Total long-term debt				
Long-term debt[3]	5,669,563	174,717	5,669,563	174,717
Bonds (now being issued)	—	—	32,055,000	987,827[4]
	5,669,563	174,717	37,724,563	1,162,544
Total stockholders' equity				
Common Shares, par value NT$4,600,000,000 shares authorized, 3,862,627,432 shares issued and outstanding, actual; 4,600,000,000 shares authorized, 3,862,627,432 shares issued and outstanding, as adjusted	38,626,274	1,190,332	38,626,274	1,190,332
Capital surplus	14,376,765	443,044	14,376,765	443,044
Retained earnings	127,834,465	3,939,429	127,834,465	3,939,429
Other adjustments to stockholders' equity	12,629,191	389,189	12,629,191	389,189
	193,466,695	5,961,994	193,466,695	5,961,994
Total capitalization[5]	$199,136,258	$ 6,136,711	$231,191,258	$ 7,124,538

(1) Total short-term debt consists of short-term borrowings, the current portion of convertible corporate bonds and the current portion of long-term debt.

(2) Translation of amounts from NT$ into US$ has been made at the rate prevailing on September 9, 2024 of NT$32.055=US$1.00.

(3) Excluding current portion of long-term debt.

(4) Assumes that the Representative's option to purchase additional Bonds is not exercised.

(5) Total capitalization includes total long-term debt (excluding current portion of long-term debt) and total stockholders' equity. This table does not reflect certain contingent liabilities. Please see Note 6 to the Notes to Unaudited Consolidated Financial Statements.

MARKET PRICE INFORMATION

Our Common Shares have been listed on the TWSE since January 8, 1999. The table below sets forth, for the periods indicated, the high and low closing prices (as adjusted retroactively to give effect to dividends, employee stock bonuses and rights offerings) and the highest and lowest of the daily closing values of TWSE Index. The closing price for our Common Shares on the TWSE on August 30, 2024 was NT$268.00 per share.

	Closing Price for Each Common Share(1)		Taiwan Stock Exchange Index	
	High	**Low**	**High**	**Low**
	NT$	**NT$**		
2018	65.00	47.50	11,253.11	9,478.99
2019	64.60	52.00	12,125.90	9,318.28
2020	84.30	51.70	14,760.06	8,523.63
2021	99.00	73.20	18,291.25	14,720.25
2022	95.70	66.70	18,526.35	12,666.12
2023	272.50	71.20	17,930.81	14,199.13
First Quarter	89.10	71.20	15,914.70	14,199.13
Second Quarter	152.00	81.30	17,334.98	15,370.73
Third Quarter	272.50	160.50	17,334.29	16,276.07
Fourth Quarter	254.50	188.00	17,930.81	16,001.27
2024				
First Quarter	286.50	214.00	20,294.45	17,161.79
January	253.50	214.00	18,119.63	17,161.79
February	266.50	232.00	18,966.77	17,968.11
March	286.50	237.00	20,294.45	18,935.93
Second Quarter	330.00	230.00	23,406.10	19,411.22
April	298.00	230.00	20,796.20	19,411.22
May	293.50	256.50	21,858.41	20,222.44
June	330.00	273.00	23,406.10	21,356.62
Third Quarter (as of August 30)	341.00	239.50	23,556.59	19,830.88
July	341.00	270.00	23,556.59	22,879.37
August	289.00	239.50	22,642.10	19,830.88

Source: Bloomberg L.P.

(1) The closing prices have been adjusted retroactively by Bloomberg to reflect dividends, employee stock bonuses and rights offerings.

There has been no public market outside Taiwan for the Common Shares. On April 16, 2024, there were approximately 174,156 registered holders of our Common Shares as indicated in our roster of shareholders.

The TWSE has experienced significant fluctuations in the prices of traded securities, and fluctuations in the price of stock traded on the TWSE (such as our Common Shares) are currently subject to a restriction of 10% above and below the auction reference price at market opening of the current trading session for stocks.

Fluctuations in the exchange rate between the NT dollar and the US dollar will affect the US dollar equivalent of the NT dollar price of our Common Shares on the TWSE.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

Holders of our issued and outstanding Common Shares on a dividend record date will be entitled to the full dividend declared without regard to any subsequent transfer of such Common Shares.

Pursuant to our Articles of Incorporation, where we have a profit before tax for each fiscal year, we shall first recover the loss for preceding years, if any, and then distribute not less than 2% and no more than 2% of the remaining profit to our employees and directors as remuneration, respectively, and then pay taxes, and set aside 10% of our annual net profit as legal reserve, unless the accumulated legal reserve has equaled the total paid-in capital of the Company. In addition, we must set aside special reserve or the special reserve shall be reversed in accordance with our operation needs and relevant laws or regulations. Afterwards, 10% to 100% of the balance (if any) together with accumulated and unappropriated retained earnings shall be available for distribution as dividends to shareholders. Allocation of net profits will be determined based on our financial, business, and operational status, Distributions may be made in the form of cash dividends and/or stock dividends, with a preference for cash dividends. However, the ratio of stock dividends may not exceed 50% of the total distribution. The board of directors may propose and/or approve the distribution. If the dividends are to be paid though issuing new Shares, the board of directors should seek for approval at the shareholders' general meeting. Shareholders' dividends paid by cash shall be approved by the board of directors and reported to the general shareholders' meeting. In accordance with Article 241 of the ROC Company Act, we may, pursuant to a resolution adopted by the general shareholders' meeting, distribute legal reserves and capital surplus, either partially or in full, by issuing new shares as dividend shares to original shareholders in proportion to the number of shares held or by cash. When distributing in the form of cash, the distribution must be approved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors, with a report of such distribution submitted to the general shareholders' meeting. According to our Articles of Incorporation, in line with Article 228-1 of the ROC Company Act, our surplus earnings distribution or loss offsetting proposal may be made at the close of each half fiscal year. Under ROC law, cash dividends are subject to the statute of limitations of 5 years. The stock dividends are not subject to statute of limitations under the ROC law.

For information relating to ROC withholding taxes payable on cash and stock dividends, see "Taxation—Dividends on the Shares".

Recent Dividend Distributions

On March 15, 2024, our board of directors resolved to approve the distribution of a cash dividend of NT$9.00 per share in the total amount of NT$34,763,646,888 in respect of the 2023 financial year. We paid the cash dividend on May 17, 2024.

On March 15, 2023, our board of directors resolved to approve the distribution of a cash dividend of NT$6.00 per share in the total amount of NT$23,175,764,592 in respect of the 2022 financial year. We paid this dividend on May 19, 2023.

On June 17, 2022, the shareholders approved the distribution of a cash dividend of NT$6.60 per share in the total amount of NT$25,493,341,052 in respect of the 2021 financial year. We paid this dividend on August 25, 2022.

On July 23, 2021, the shareholders approved the distribution of a cash dividend of NT$5.20 per share in the total amount of NT$20,085,662,647 in respect of the 2020 financial year. We paid this dividend on August 19, 2021.

Our historical dividends payment history is not, and should not be taken as, an indication of our potential future practice with respect to dividend payments.

BUSINESS

OVERVIEW

We are a leading provider of AI and general-purpose servers, notebook PCs, and smart mobility solutions. As one of the largest server ODMs globally, we provide an array of product offerings from board-level to rack-scale solutions for large CSPs. Each of our servers meticulously crafted to align with customers' targeted design requirements. In addition, we are also the largest ODMs of notebook PCs in the world, with 46.9 million units shipped in 2023, accounting for 28.3% of global market share, according to DigiTimes Research. Our recognized leadership in the AI and general-purpose server, notebook PC and smart mobility solutions markets positions us well to capitalize on the growing AI market.

The integration of AI features into servers and notebook PC hardware has driven a significant increase in demand for high-performance servers. According to IDC, total spending on cloud infrastructure is expected to rise from US$110 billion in 2023 to reach US$214 billion in 2028, representing a CAGR of 14.3%. The rise of generative AI has accelerated AI server adoption by CSPs, further boosting market demand. According to Statista, total spending on AI servers is expected to surge from US$31 billion in 2023 to US$330 billion by 2032, representing a CAGR of 30.1% over that time period. Similarly, AI advancements are driving growth in the smart mobility industry. According to Fortunate Business Insights, the global smart mobility market is expected to grow from a value of US$37 billion in 2023 to US$194 billion in 2032, representing a CAGR of 20.3% over that time period. We expect to continue to benefit from industry tailwinds and strengthen our market leadership in AI servers, notebook PCs, and smart mobility.

We are an early mover in multiple fields of hardware technology. Since our inception as a notebook PC manufacturer in 1988, we have expanded our focus into server products in 2000 and automotive electronics in 2007. Our substantial investment in research and development and collaboration with key partners have enabled us to stay ahead of industry trends and explore new opportunities. Our product lines now span cloud computing, information and communications, and consumer electronics, serving as a testament to our committed R&D efforts.

As a pioneer in AI server development, we have unparalleled leadership and technological expertise in the AI server industry. Our AI server solutions, built on the latest graphics processing unit (GPU) and central processing unit (CPU) platforms, are tailored for various AI applications, including training, inferencing, and machine learning. For example, our QCT POD solution, which won the "COMPUTEX 2023 Best Choice Award", offers flexible, scalable solutions with optimized modules. To meet rising demand for efficient cooling solutions, we introduced QoolRack, a liquid-to-air cooling rack that reduces power consumption by nearly 70% through smart power management and combined cooling technologies. Our innovation in hardware technology creates high entry barriers and reinforces our market dominance.

We have long-term partnerships with blue-chip customers. In the server market, we are a leader in providing integrated cloud computing solutions, and the only manufacturer serving all four of the world's largest CSPs. Our competitive strengths in innovation, R&D, customer responsiveness, product quality and efficiency, and cost-effectiveness meet diverse customer needs. Our ODM-direct business model enables us to deliver customized, optimized solutions that offer agility, elasticity, serviceability, and innovation. In the notebook PC market, we provide full market coverage to major notebook PC brands and mainstream operating systems. We have also been expanding relationships with a growing base of major automakers. Our precision marketing capabilities help us identify high-growth sectors and key customers, fostering strategic partnerships that drive growth. Our robust manufacturing capacity and execution flexibility enables us to swiftly enter into a designated sector, and meet customer needs with timely R&D, efficient scaling to volume, and rapid time to market, all while ensuring high-quality fulfillment.

As a total solutions provider and an enabler for individual customers' highly customized configurations, we have also cultivated lasting partnerships with top-tier chip suppliers, enabling us to emerge as a leader in the AI server market and strengthen our position in the notebook PC and smart mobility industries. For example, we began our partnership with Nvidia in 2016 when we initiated manufacturing of their GPU-based AI servers, enabling their solutions for CSPs. We subsequently worked with Nvidia to manufacture multiple series of AI server solutions based on their GPUs, including the H100, H200, B100, GH200 and the latest GB200 design. Our diverse ecosystem of tier-1 hardware component and software partners allows us to combine the efficiency of hyperscale hardware with infrastructure software, making us a preferred choice for new innovative products.

Our global network of facilities covers manufacturing, assembly, maintenance, repair, and logistics across Asia Pacific, the Americas, and Europe, ensuring high-quality product delivery, close customer collaboration, cost efficiency, and risk mitigation through geographical diversification.

We are led by a strong group of industry veterans with a proven track record of growing our business and developing innovative products. Our seasoned management team is led by our Chairman Mr. Barry Lam, who has more than 40 years of relevant experience in the industry and has been with us since our inception in 1988. They play an active role in directing our strategies, visions, and R&D initiatives and are a major factor contributing to our success.

Our committed management, stable market leadership, outstanding R&D capabilities, blue-chip customer and supplier base, and flexible manufacturing capabilities underpin our strong financial performance. Despite a revenue dip from NT$1,280.4 billion in 2022 to NT$1,085.6 billion in 2023 due to notebook PC market weakness, our revenue increased 11.3% from NT$511.2 billion in the six months ended June 30, 2023 to NT$568.9 billion in the six months ended June 30, 2024. Our basic earnings per share increased from NT$7.51 in 2022 to NT$10.29 in 2023, and from NT$4.31 in the first half of 2023 to NT$7.06 in the first half of 2024.

OUR COMPETITIVE STRENGTHS

Global leader in AI server, notebook PC and smart mobility solutions and well-positioned to capture the massive market opportunity presented by AI

We are a leading provider of servers, particularly AI servers, which are poised for significant growth. A first mover in the server manufacturing business, we began researching and developing servers in 2000, anticipating their crucial role in Internet and cloud infrastructure. Over time, we have evolved into an integrated server solutions provider, offering high-performance and high-capacity servers, storage solutions, network switches, and rack architecture solutions.

According to IDC, total spending on cloud infrastructure is expected to increase from $110 billion in 2023 to $214 billion by 2028, representing a CAGR of 14.3%. The increasing prevalence of generative AI technology has prompted CSPs to expedite the implementation of AI servers, further stimulating market demand. As a result, the AI server market is set to surge from $31 billion in 2023 to $330 billion by 2032, representing a CAGR of 30.1%, according to Statista.

As one of the largest server ODMs globally, we provide an array of product offerings from board-level to rack-scale solutions for large CSPs. We provide highly customized and rack solutions to all four of the world's largest CSPs. Our server product lineup includes AI servers, general-purpose servers, private cloud integrated platforms, high-performance machine learning and data analysis frameworks, software-defined storage systems, and 5G cloud solutions, each of which is meticulously crafted to align with customers' targeted design requirements. Our server product offerings continue to grow along with the strong demand for servers driven by the secular growth trend of data centers and AI computing. We aim to further capitalize on the AI server market by continuously developing and introducing new AI server products to meet evolving market demands. With our extensive range of product offerings, we enable enterprise customers to build robust cloud-based infrastructures.

In addition, we are the largest ODM of notebook PCs in the world, with total shipments of 46.9 million units in 2023, accounting for 28.3% of the global market share, according to DigiTimes Research. Our dominant position in the notebook PC ODM market generates large and stable cash flow, supporting our growth strategies in AI servers and uniquely positioning us to swiftly capture the massive market opportunity presented by AI.

We have also been devoted to the R&D and production of automotive electronics as a leading player in the smart mobility market, which is expected to grow from $37 billion in 2023 to $194 billion by 2032, representing a CAGR of 20.3%, according to Fortunate Business Insights. With 17 years of experience and relevant certifications for smart mobility products, we are acknowledged by both renowned and emerging automakers. Our robust relationships with automakers and suppliers give us a strong competitive advantage in the smart mobility solutions sector, as automakers' certification process typically requires 3-5 years of testing and qualification, representing a significant barrier to entry. Leveraging our production expertise, we are well-positioned to capture the growth potential in the smart mobility market.

Uniquely positioned in the AI ecosystem with a strong track record of technological leadership across various markets

As a pioneer in developing AI servers, we have established a strong track record of unparalleled leadership and technological expertise in the industry. Our early investments and in-depth understanding of AI server requirements have provided us with unique insights and proprietary customer know-how, enabling us to offer integrated solutions that meet our AI server customers' rapidly evolving needs. Leveraging long-term collaborations with key partners and our strength in computing technology, we are dedicated to advancing the development of AI servers.

Our focus has been on developing server solutions that optimize and streamline our customers' daily operations. In response to the surge of generative AI, we are focusing on enhancing our AI server solutions using the latest GPU and CPU platforms. We have developed a variety of specifications to cater to diverse needs in AI training, inferencing, and machine learning. For instance, we introduced the QCT POD solution, which won the "COMPUTEX 2023 Best Choice Award". This solution offers flexible and scalable systems that fulfill business needs through optimized and systematic common modules. It helps developers accelerate the development process and assists system managers in achieving fast deployment and easy management, thereby improving surveillance and management efficiency and significantly accelerating business expansion for our customers.

Additionally, we have focused on improving the cooling efficiency of our AI servers to meet the increasing demand for cooling solutions due to the surge in computing power. We introduced QoolRack, our liquid-to-air cooling rack, which executes smart power consumption management based on real workloads and efficiently reduces power consumption by nearly 70% through a combination of air and liquid cooling technologies. Our continuous innovation across multiple fields of hardware technology, including AI servers, reinforces barriers to entry and further supports our market leadership.

Beyond AI servers, we have invested substantial resources in research and development to identify key industry trends and explore untapped opportunities. As of December 31, 2023, we held more than 6,400 patents covering notebook PCs, servers, AI, big data, cloud applications, and AR/VR and have applied for more than 8,400 patents as of the same date. We believe our R&D and design capabilities will continue to drive technological breakthroughs and generate new business opportunities.

Diversified and large customer base, established relationships with blue chip customers

We are the partner of choice for the largest CSPs, leading notebook PC brands, and renowned auto manufacturers due to our competitive strengths in innovation, R&D capabilities, and responsiveness to customer demands with high-quality, cost-effective products and services. In the server market, we are pioneers in cloud computing solutions, serving all four of the world's largest CSPs. Our ODM-direct business model allows us to provide customized and optimized solutions that meet our customers' needs for agility, elasticity, serviceability, and innovation.

In the notebook PC market, we support major brands. We have also established long-term relationships with leading automakers. Our precision marketing capabilities enable us to identify promising sectors and key customers accurately. Combined with our strong manufacturing and execution flexibility, we can swiftly enter new sectors, build trust with important customers, and foster long-term strategic relationships to capitalize on growth opportunities.

Close and long-term relationships with tier-1 industry value chain suppliers

We have developed strong partnerships with leading chip suppliers, including Nvidia, Intel, AMD, and Qualcomm, which enable us to lead the AI server market and strengthen our position in the notebook PC, server and smart mobility industries. For example, we have collaborated with Nvidia on AI servers since 2016, beginning with the manufacturing of Nvidia's GPU-based AI servers. This partnership has expanded to include multiple series of AI server solutions based on Nvidia GPUs, such as the H100, H200, B100, GH200, and the latest GB200 designs. Our proven track record with leading chip suppliers has earned us widespread industry recognition, making us their first choice for innovative products.

In addition to our long-term partnerships with chip suppliers, we have built a diverse ecosystem of tier-1 hardware component and software partners. This ecosystem allows us to combine the efficiency of hyperscale hardware with infrastructure software. Close collaboration with our suppliers ensures synchronized product development, enabling us to consistently lead in product innovation. We also provide technical support to our suppliers to maintain high product quality and further strengthen our strategic relationships. Our large scale of operations provides us with substantial procurement power and ensures that we can receive the components we need even in times of tight supply.

Global manufacturing footprint supported by modularized production facilities

We are flexible in meeting customer demands by leveraging our worldwide support centers, which encompass manufacturing, assembly, maintenance, repair, and logistics facilities across Asia Pacific, the Americas, and Europe. Our global deployment strategy focuses on providing services close to our customers and markets, while assembling products with the flexibility to meet diverse customer requirements. This approach enables us to shorten production lead times, reduce transportation costs, and better align with our customers' specific needs.

Our global footprint and logistics capabilities enable us to efficiently meet customer demands and mitigate supply chain disruptions. We deliver high-quality products, services, and experiences with fast, direct, and on-time delivery. This approach fosters closer collaboration with customers during the R&D process, ensures cost efficiency and diversifies our geographical presence to alleviate geopolitical risks that could disrupt manufacturing.

Our manufacturing facilities are highly modularized and automated, supported by established Standard Operating Procedures (SOPs). This allows us to deploy production facilities in new geographies within a few months, enabling us to replicate our past expertise in new markets with lower manufacturing costs and enhanced factory efficiency. We maintain flexibility in our global deployment, adapting to business development needs to effectively control costs while fulfilling customer requirements.

Visionary management team with rich industry know-how

We are led by a group of industry veterans with a proven record of growing our business and developing innovative products. Our visionary senior management team continuously strives to strengthen and solidify our market position, capitalizing on global trends in AI servers, notebook PCs, and smart mobility solutions. Under their leadership, we have successfully expanded our business footprint worldwide and transformed ourselves into a leader in the AI industry.

Mr. Barry Lam, our Chairman, brings over 40 years of industry experience and is widely recognized for his visionary insights. He continues to play an active role in shaping our strategies, visions, and R&D initiatives. Our seasoned senior management team demonstrates long-term commitment and dedication to the Group. We believe that our management team is a major factor contributing to our success.

To help ensure the future strength and continuity of our leadership, we also established our Quanta ELITE School (QES), which offers new hires courses in five key areas—expertise, leadership, innovation, thinking, and entrepreneurship (ELITE)—allowing us to sharpen employees' skills and cultivate future leaders. Further, we introduced our Manager-To-Be program in 2020 to equip employees with essential management skills in preparation for their promotion to managerial roles and reinforcing our leadership pipeline.

OUR GROWTH STRATEGIES

Expand our innovative product portfolio to address massive growth in AI and cloud markets

We are strategically positioned to capitalize on significant growth opportunities across our core product lines: servers, notebook PCs, and smart mobility solutions. Our focus on continuous innovation and leveraging our strong expertise and partnerships enables us to stay ahead of industry trends and meet the evolving needs of our customers. By expanding our product portfolio and integrating advanced AI features, we aim to drive revenue growth and strengthen our market position in these key sectors.

Servers: We expect servers, particularly AI servers, to be one of our largest revenue growth contributors in the future. We seek to continuously develop AI servers that better cater to evolving AI applications. We plan to expand our general-purpose server, private cloud integrated platform, high-performance machine learning and data analysis framework, software-defined storage system, and 5G cloud solutions offerings to continue to meet the needs of our diverse customer base.

Notebook PCs: Our strong expertise in notebook PCs has earned us a large customer base among notebook PC brands, supporting the development of other non-notebook PC businesses. To better meet the diverse needs of our customers, enhance our relationships, and attract new customers, we aim to expand our innovative product portfolio by integrating AI features into our notebook PCs and launching AI PC products.

Smart mobility solutions: We are confident in the long-term growth trajectory of smart cars, particularly those equipped with AI technologies for safe and convenient mobility. We plan to focus on developing Advanced Driver-Assistance Systems (ADAS) solutions, leveraging our technology and R&D expertise.

Strengthen collaborative relationships with suppliers and customers

To sustain and accelerate our growth, we are focusing on strengthening strategic partnerships, expanding our customer base, and leveraging our global footprint. By enhancing collaborations with key suppliers and customers, and by increasing our reach and presence in new markets, we aim to build a robust foundation for continued innovation and market leadership. Specifically, we plan to adopt the following approaches:

Strengthen partnership with key suppliers. To drive our future growth, we plan to strengthen our partnerships with key suppliers, including Nvidia, Intel, AMD, and Qualcomm. We intend to strategically collaborate with suppliers on new product development and to extend our growth trajectory in AI servers and AI PCs.

Expand our blue-chip customer base. We plan to further diversify our customer base to capture additional growth potential. In addition to serving leading CSP customers, we are engaging with tier-2 CSPs and enterprises plan to expand collaborations and product offerings in the future.

Deepen collaboration with key customers. We plan to broaden our collaboration with our key customers by enhancing cooperation across R&D, manufacturing, and supply chain management. This approach aims to create win-win relationships with our customers.

Leverage our global platform and local presence. We are strategically positioning ourselves to capitalize on emerging business opportunities stemming from the modernization efforts of private CSPs and telecommunication operators as well as increasing demand for cloud data centers. To harness these opportunities, we have taken several proactive measures such as forming strategic partnerships with global system integrators and establishing local sales offices in the U.S., Germany, China, Japan, South Korea, and Singapore, ensuring close proximity to key markets and the ability to respond quickly to customer demands.

Expand and enhance our global manufacturing and research footprint.

To meet growing demand for AI servers, notebook PCs, and smart mobility solutions, we plan to expand our global manufacturing facilities to enhance local assembly capabilities and attract local talent. For example, aside from our sites in China and Taiwan, we are rapidly ramping up production capacity at our facilities in Thailand in response to rising demand for servers and we plan to launch the trial run of our new premises in Vietnam in the second half of 2024. Additionally, we keep expanding in the United States, Mexico, and Germany and set up facilities specializing in manufacturing servers and smart mobility solutions to meet customer needs for global diversification. We have also established local research centers overseas.

Moving forward, we aim to remain flexible in our global deployment based on business needs, allowing us to control costs effectively and better meet customer requirements. Our global footprint enables us to collaborate closely with customers during the R&D process, drive cost efficiency, and diversify our geographical presence to mitigate geopolitical risks.

Diversify into markets with untapped long-term growth potential

We have a proven track record of diversifying into various hardware markets. Starting as a notebook PC manufacturer, we began developing servers in 2000 and smart mobility solutions in 2007. Since then, we have leveraged our manufacturing capabilities and expertise to expand into adjacent industries, including augmented reality (AR), virtual reality (VR), robotic arms for smart manufacturing, and smart medicine. Moving forward, we plan to continue diversifying into high-growth potential industries where we can exert our strength in R&D and quickly replicate our manufacturing capabilities.

We also aim to seize long-term growth opportunities presented by the generative AI technology revolution. For instance, we plan to incorporate AI technology into smart medicine, dedicating R&D resources to developing applications and tools that improve the quality and accessibility of medical care. Our goal is to integrate AI with telemedicine, smart health monitoring, and related medical devices, providing precise medical diagnosis and treatment solutions. We are committed to contributing to a future of healthcare that is more efficient, convenient, precise, and humanized.

Attract, grow and retain quality talent to support our rapid growth

We are dedicated to attracting, developing, and retaining top talent. In 2012, we established QES, with the mission of providing a comprehensive learning environment for all employees. Our training programs cover cloud computing, mobile devices, AR/VR, smart mobility, smart medical, smart manufacturing, and 5G connectivity, while keeping up with the latest market trends. We also launched the Quanta AI School (QAS), offering courses on fundamental AI theory, application sharing, and advanced technical topics. This empowers our employees to effectively tackle challenges, understand trends, and adapt to changes.

Moving forward, we will continue to invest in attracting, training, and retaining talent. We are committed to offering competitive compensation, as demonstrated by our inclusion in the Taiwan Top Salary 100 Index in 2023. We will also enhance our employee training programs to support our ongoing innovation and strategic transformation. Additionally, we plan to expand our lecturer system, which featured 60% of managers serving as internal lecturers in 2023.

Expand our focus on ESG and corporate social responsibility

We believe that technology is the driving force behind societal advancement and are committed to innovating to improve lives. We actively engage with stakeholders to create a better society, fulfill our corporate citizenship responsibilities, and promote sustainable development. We maintain a robust suite of internal policies covering such pressing issues as environmental protection, energy management, greenhouse gas emissions, human rights, occupation safety, and so on. We further engage in periodic audits of our suppliers to ensure they also adhere to and demonstrate support for these standards of conduct.

Our environmental policy is “Less Air Pollution, Less Water Pollution, Less Waste, and Less Environmental Impact”. We are committed to minimizing our environmental impact by improving production processes and legally disposing of hazardous waste, in addition to ensuring full compliance with local environmental regulations on pollution control. We strive to comply with the Restriction of Hazardous Substances Directive (“RoHS”) and other international environmental regulations and fulfill our corporate goal of sustainability. We pledge to implement Science Based Targets (SBT) to reduce our carbon emissions. Our environmental protection and corporate sustainability values are shared across our leadership team and employee base. Specifically, by 2030, we aim to achieve a 42% reduction in our 2022 baseline SBT Scope 1 and 2 carbon emissions and a 25% reduction in our Scope 3 emissions. Additionally, we aim to use 50% renewable energy by 2030 and achieve carbon neutrality by 2050.

OUR PRODUCTS

Key Product Offerings

Our key product offerings encompass servers, notebook PCs, and smart mobility solutions.

Servers. Leveraging our robust R&D capabilities, high-efficiency product development and production, global logistics, agile delivery services, and economies of scale, we have positioned ourselves at the forefront of the first wave of infrastructure development for generative AI. With a strong business presence across the Asia-Pacific, the Americas, and Europe, we have emerged as a key supplier of AI-enabled cloud infrastructure and applications with global reach. As one of the largest server ODMs globally, we provide an array of product offerings from board-level to rack-scale solutions for large CSPs. We provide highly customized and rack solutions to all four of the world’s largest CSPs. As the infrastructure provider for Infrastructure as a Service (“IaaS”) and Platform as a Service (“PaaS”) in data centers, our product range includes AI servers, general-purpose servers, private cloud integrated platforms, high-performance machine learning and data analysis frameworks, software-defined storage systems, and 5G cloud solutions. Through our broad universe of product offerings, we empower customers to develop comprehensive cloud-based infrastructures. Each of our servers is meticulously engineered based on customers' targeted design parameters.

- *QuantaGrid*. The QuantaGrid series consists of high-performance single-node servers, optimized for a wide range of modern data center workloads with exceptional granularity. Many QuantaGrid models feature thoughtful engineering designs that allow for customization, adapting to the evolving compute and storage needs of enterprises and CSPs.

- *QuantaPlex*. The QuantaPlex series features a highly sophisticated multi-node design, delivering exceptional density and computing performance. This shared infrastructure solution offers the flexibility to handle diverse workloads, from large-scale data computing to data storage and mission-critical applications, while maximizing space savings, enhancing cooling and energy efficiency, and reducing total cost of ownership.

- *QuantaMicro*. The QuantaMicro is our first comprehensive microserver line, specifically designed to deliver high density, cost efficiency, energy efficiency, and low power consumption. It is the ideal solution for the increasing number of hyperscale workloads in modern data centers.

- *QuantaEdge*. The QuantaEdge series delivers a versatile range of edge servers, from on-premises to regional edge, supporting everything from Open Radio Access Network ("Open RAN")-based telco infrastructure to enterprise private networks. Quanta COTS servers are designed for high flexibility, expandability, minimal power consumption, and a compact hardware footprint—perfectly tailored for network function disaggregation and virtualization, enabling zero-touch provisioning.

- *QoolRack*. The QoolRack series is our liquid-to-air cooling rack, which executes smart power consumption management based on real workloads and efficiently reduces power consumption by nearly 70% through a combination of air and liquid cooling technologies. QoolRack delivers a flexible, scalable, and thermally optimized solution for high-power CPUs with demanding cooling requirements. Its power efficiency reduces overall PUE and lowers operating expenses, ultimately driving down total cost of ownership over the system's lifecycle compared to traditional air-cooled infrastructures.

- *QuantaMesh*. The QuantaMesh series of Ethernet and Bare Metal Switches offers low latency, low power consumption, high density, and high-port count, combined with redundant power supplies and hot-swappable fan designs. These features make QuantaMesh the ideal choice for delivering top-tier data center network solutions.

In response to the rise of generative AI, we are focused on advancing AI servers, leveraging the latest CPU and GPU platforms. Our offerings span from 1U to 7U specifications, addressing diverse needs in AI training, inferencing, and machine learning. For example, our QCT POD solution, which won the "COMPUTEX 2023 Best Choice Award", delivers flexible and scalable systems that meet business needs with optimized, systematic common modules. It accelerates development for developers, enables fast deployment and easy management for system managers, and enhances surveillance and management efficiency—ultimately driving rapid business growth for our customers.

Notebook PCs. We are the largest ODM of notebook PCs in the world, with total shipments of 46.9 million units in 2023, accounting for 28.3% of global market share, according to DigiTimes Research. We design and produce a wide range of notebook PCs, from Chromebooks to high-end PCs, according to customer specifications. Our innovative notebook PC designs have won numerous awards over the years for our customers. Leveraging our advancements in AI, we work with leading chip makers to introduce new notebook products embedded with built-in AI accelerators and high efficiency NPUs. We have introduced innovative and convenient modifications designed to optimize computing performance, including AI cameras that can identify individuals, faster refresh rates, eye protection, and flicker-free displays. Our notebook PC offerings cover portable notebooks, Chromebooks, and gaming notebooks.

Smart mobility solutions. As a leading player in smart mobility, we provide a wide universe of key module products in smart mobility, including ADAS, domain controllers, vehicle-mounted ECUs and inverters. We continually enhance our product offerings through relentless research in smart mobility technologies such as edge computing, autonomous driving, object identification, water cooling, and power design optimization. Harnessing our technological resources, we integrate AI and sensor technologies into our smart mobility solutions offerings to maximize safety and performance. Our product engagement timeframe with our smart mobility solutions is the longest among our key product offerings, with project visibility typically lasting 3-5 years.

Product Development Strategy

In response to global trends of digitization and smart technologies, we are dedicated to continuously developing core equipment and comprehensive solutions for cloud computing, as well as advancing AI applications. Our focus is on driving technological innovation and upgrading our products to deliver customized and optimized cloud computing solutions. We are also enhancing core cloud computing products with advanced technology.

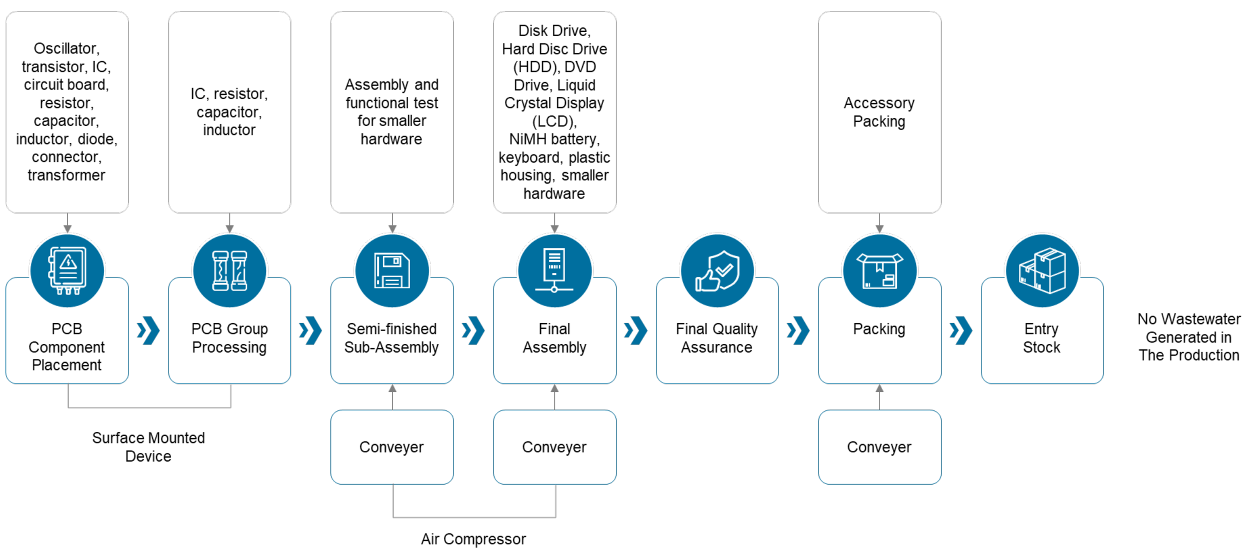
As applications for AIoT and autonomous vehicles increase, we are committed to researching and developing relevant edge computing products. Our goal is to become a total solutions provider, offering end-to-end solutions from data centers to the edge, and from infrastructure to end applications.

The rising trend of greater personalization in electronic products is increasing the diversity of product design and production. Simultaneously, the growing demand for localized services presents significant challenges for manufacturing and service delivery. To address these challenges, we are focused on enhancing product innovation and strengthening fundamental manufacturing capabilities. We are actively integrating cloud computing with manufacturing technology to develop high-end, smart, green, and service-oriented products and manufacturing practices, all aimed at achieving smart manufacturing.

PRODUCTION AND QUALITY CONTROL

Production Processes

Our production process consists primarily of design, assembly, and functional testing. The following chart illustrates a standard production process for notebook PCs:



Our production method for servers and other products and solutions generally follows a similar process, with the end-products being tailored to meet our customer's specifications.

Production and Service Facilities

We have enhanced the mobility of our local production and service capacity by diversifying production sites across Asia Pacific, the Americas, and Europe. Each site is built for high efficiency and equipped with advanced automated and intelligent processes, gradually increasing our use of automation to boost plant efficiency.

To meet growing demand for AI servers, notebook PCs, and smart mobility solutions, we plan to expand our global manufacturing facilities to enhance local assembly capabilities and attract local talent. For example, aside from our sites in China and Taiwan, we are rapidly ramping up production capacity at our facilities in Thailand in response to rising demand for servers and we plan to launch the trial run of our new premises in Vietnam in the second half of 2024. Additionally, we keep expanding in the United States, Mexico, and Germany and set up facilities specializing in manufacturing servers and smart mobility solutions to meet customer needs for global diversification.

Our manufacturing facilities are highly modularized and automated, supported by established Standard Operating Procedures (SOPs). This allows us to deploy production facilities in new geographies within a few months, enabling us to replicate our past expertise in new markets with lower manufacturing costs and enhanced factory efficiency.

Moving forward, we aim to remain flexible in our global deployment based on business needs, allowing us to control costs effectively and better meet customer requirements. Our global footprint enables us to collaborate closely with customers during the R&D process, drive cost efficiency, and diversify our geographical presence to mitigate geopolitical risks. This approach also shortens lead times and reduces transportation costs. To support medium- to long-term business growth, we plan to further invest in production and service sites in Asia Pacific, the Americas, and Europe.

The following table sets forth our major production and service facilities as of June 30, 2024:

Manufacturing Site	Location	Products
QRDC	Taoyuan, Taiwan	Server/Smart Mobility
QSMC	Shanghai, PRC	Notebook/Server/Smart Mobility
QCMC	Chongqing, PRC	Notebook
QMB	Chonburi, Thailand	Notebook/Server
QCA	CA, USA	Server
QMN	TN, USA	Server
QCG	Eschweiler, Germany	Server/Smart Mobility
QMMC	Nuevo Leon, Mexico	Smart Mobility

Quality Control

We believe that production efficiency is one of our key competitive strengths and have adopted strict quality control procedures. We appoint highly skilled research and development personnel to monitor product quality, redesign our products on a periodic basis and implement stringent design, inspection, and manufacturing controls throughout the production process. We monitor our production efficiency through our Quality Assurance Center, which provides us with daily defect and failure data.

We have established a quality assurance center which oversees quality control for our products, administers our quality assurance system, and manages customer service. The responsibility of this quality assurance center is to ensure that all products manufactured by us are subject to our quality control process and meet our high-quality standards.

RESEARCH AND DEVELOPMENT

R&D Highlights

Adhering to “Making Tools for AI” as our R&D strategy, we combine the application ecosystem of big data management to craft complete artificial intelligence solutions based on the mature technologies of the “new 3C” (Cloud Computing, Connectivity, and Client Devices), mature products, and mature business models. With these AI solutions, we offer comprehensive solutions with market advantages in areas such as consumer/commercial/industrial AIoT; smart manufacturing, autonomous vehicle technologies; smart hospitals; telemedicine and remote healthcare; and various applications in 5G networks. In addition to our continuous commitment to innovation and R&D in the above areas, we are further enhancing the development of the “3S” (Software, Service, and System Integration), to quickly respond to market demands and become an industry-leading provider of AI tools for SMART X. Our research and development policy over the past three years has been to stay ahead of the market by developing products in anticipation of future customer demand.

We have a proven track record of diversifying into various hardware markets. Starting as a notebook PC manufacturer, we began developing servers in 2000. Since then, we have leveraged our manufacturing capabilities and expertise to expand into adjacent industries, including augmented reality (AR), virtual reality (VR), robotic arms for smart manufacturing, and smart medicine. Moving forward, we plan to continue diversifying into high-growth potential industries where we can exert our strength in R&D and quickly replicate our manufacturing capabilities.

In terms of our smart mobility solutions, we began R&D and production of automotive electronics in 2007 and have accumulated relevant certifications for automotive production and manufacturing obtained, including quality certification (IATF16949) and functional safety certification (ISO 26262). In addition, we have received certifications from renowned automakers and tier-one suppliers, establishing our proven track record of success. We have also initiated the certification processes for CYS vehicle network security (ISO 21434) and quality management (VDA6.3). These efforts demonstrate our innovative capabilities in automotive products and further strengthen our relationships with our key co-development partners. Our relentless research efforts in smart mobility technologies, such as edge computing, autonomous driving, object identification, water cooling, and power design optimization, have led to numerous product innovations.

Key R&D Initiatives

We are actively investing in the OPEN RAN platform, increasing R&D bandwidth in Multi-access Edge Computing (MEC) related applications, while also investing in the Open Platform for NFV (OPNFV). Relevant products have passed verification and met the standards of the Network Function Virtualization infrastructure (NFVI) ecosystem. A variety of 5G infrastructure solutions for communications service providers and network operators have been launched. We are also targeting private network opportunities for enterprises to launch end-to-end enterprise private network solutions, including core networks, wireless access networks, and management systems. These solutions can be applied across various verticals such as smart manufacturing and smart cities.

In light of the global trend of digitization, we focus on the continuous development of the core equipment and total solutions for cloud computing, as well as the development of AI applications. We develop and promote technology innovation and product upgrades to provide customized and optimized cloud computing solutions. We continue to develop core cloud computing products with strong technological prowess. With the increasing application avenues for AIoT and autonomous vehicles, we are committed to researching relevant products in edge computing. We aim to become a total solution provider by offering complete solutions from the data center to the edge, and from infrastructure to end applications.

We also aim to seize long-term growth opportunities presented by the generative AI technology revolution. For instance, we plan to incorporate AI technology into smart medicine, dedicating R&D resources to developing applications and tools that improve the quality and accessibility of medical care. Our goal is to integrate AI with telemedicine, smart health monitoring, and related medical devices, providing precise medical diagnosis and treatment solutions. We are committed to contributing to a future of healthcare that is more efficient, convenient, precise, and humanized.

We divide product development into four stages, including maturity, growth, infancy, and seed. Strategies are formulated based on the different stages of product development. We capitalize on the potential of mature products to secure market share and maintain our leadership, while seeking profitability from growth products. We cultivate products in the infancy stage and engage in R&D and innovation for products in the seed stage. Moving forward, we will strengthen talent recruitment and continue to invest resources in innovative research and development in order to ensure our long-term competitiveness.

R&D Team

Our R&D department is organized into separate project teams. Each project team includes engineers with different areas of expertise, such as hardware, software, and mechanical engineering. The project leaders typically have more 10 years of relevant industry experience.

Our R&D facilities are centered around the Quanta Research and Development Complex (QRDC) and Quanta Research Institute, which plan the direction of new product development and provide the necessary support to bring new products to market, while strengthening talent recruitment and cultivation. As of June 30, 2024, more than 50%

of QRDC's total employees were R&D personnel. We believe our R&D and design capabilities will continue to drive technological breakthroughs and generate new business opportunities.

INTELLECTUAL PROPERTY

As of June 30, 2024, we owned approximately 6,740 patents covering notebook PCs, servers, AI, big data, cloud applications, and AR/VR in Taiwan, the United States, China, Japan, Korea and the European Union. In addition, we had approximately 554 patent applications pending in Taiwan, the United States, China, Japan, Korea, and the European Union.

In addition, we have registered our major trademarks, including "Quanta", our corporate logo and several trademarks for our products, in Taiwan, China, Singapore and other countries.

CUSTOMERS AND SALES

Major Customers

We are the partner of choice for the largest CSPs, leading notebook PC brands, and renowned automakers due to our innovation, R&D capabilities, and responsiveness to customer demands with high-quality products and services. Our competitive strengths in innovation, R&D, customer responsiveness, product quality, efficiency, and cost-effectiveness drive this success. In the server market, we are pioneers in cloud computing solutions, serving all four of the world's largest CSPs. Our ODM-direct business model allows us to provide customized and optimized solutions that meet our customers' needs for agility, elasticity, serviceability, and innovation.

We categorize our customer base into four key sectors: server, notebook PC, smart mobility solutions, and others. Within each segment, we serve nearly all of the leading international customers in the respective industry. We secure customer contracts through competitive RFI/RFQ processes, after which customers provide us with annual estimates and rolling forecasts of order volumes, enabling us to effectively plan and meet their demands.

Our largest customer accounted for approximately 25% and 20% of our revenue in the six months ended June 30, 2024, and the same period in 2023, respectively, and 32%, 46%, and 50% of our revenue in 2023, 2022, and 2021, respectively.

In addition to seeking increased orders for our product offerings from our existing customers, we continuously seek opportunities to work with new top-tier customers. Because we attempt to develop long-term relationships with our customers, we strategically identify potential new customers by evaluating the customer's potential for growth as well as its existing and new product lines. We target new customers whom we believe have product lines that fit our growth strategy and to whom we believe we can add value through our competitive strengths.

Sales and Marketing

We maintain distinct sales teams within each of our business units, strategically located across Taiwan, China, and other key manufacturing sites to support our operations. Our sales and marketing teams work closely with our R&D team, ensuring that product development is closely aligned with our business growth strategies. This collaboration is designed to drive innovation and meet the evolving needs of our customers, positioning us for sustained success.

Our marketing strategy actively engages potential customers through a variety of channels. We conduct direct visits to prospective clients, leverage referrals from our established customer base across diverse sectors, and attract inquiries through our website. We also participate in industry exhibitions to showcase our offerings and maintain strong relationships with long-standing customers, who, in turn, recommend our services to others. These efforts are integral to expanding our reach and driving business growth.

Sales by Region

Our products are sold worldwide to a diverse portfolio of customers, with the United States being our largest export market, followed by China.

The following table sets forth, for the periods indicated, the percentage breakdown of our sales from products shipped to destinations outside Taiwan, categorized by geographic segments:

Region	For the year ended December 31, 2022	For the year ended December 31, 2023	For the six months ended June 30, 2023	For the six months ended June 30, 2024
United States	53.2%	57.2%	54.3%	61.9%
China	9.1%	9.3%	9.5%	6.9%
Netherlands	6.2%	4.0%	4.3%	3.0%
Japan	4.7%	5.0%	6.0%	4.6%
Other Regions	26.8%	24.5%	25.9%	23.6%
Total	100.0%	100.0%	100.0%	100.0%

SUPPLY CHAIN MANAGEMENT

We are committed to supply chain management and aim to develop long-term trusted relationships with our partners. Suppliers who fail to comply with our ESG standards or who violate labor ethics, occupational safety, environmental protection, or responsible procurement practices may face contract termination. Additionally, we encourage suppliers to undergo RBA-Verified audit process (VAP) audits and conduct on-site audits to ensure compliance with the RBA's code of conduct.

Providing products with the best price-to-performance is our commitment to customers and consumers. Therefore, we strengthen partnerships with important suppliers and leverage the strength of our R&D capability to develop core technologies and components with suppliers, in order to develop cost-competitive products with high added values. In addition to our long-term partnerships with chip suppliers, we have built a diverse ecosystem of tier-1 hardware component and software partners. This ecosystem allows us to combine the efficiency of hyperscale hardware with infrastructure software. Close collaboration with our suppliers ensures synchronized product development, enabling us to consistently lead in product innovation. We also provide technical support to our suppliers to maintain high product quality and further strengthen our strategic relationships. Our large scale of operations affords us substantial procurement power and ensures that we can receive the components we need even in times of tight supply.

Our supply chain is composed of more than 2,000 companies located across Taiwan, the United States, Japan, South Korea, China, Thailand, Mexico and Europe. Electronic and mechanical input components generally comprise the largest single cost for all of our key products. Our products typically use some combination of LCDs, HDDs, CPUs, and battery inputs. To ensure a stable supply of input components at competitive prices, we aim to source each major input component from at least two suppliers. Due to our large-scale operations, we are generally able to procure our input components from a variety of suppliers even in times of tight supply.

The following table sets forth our current principal suppliers for each of our key input components.

Key Input Components	Principal Suppliers
LCDs	AU Optronics, InnoLux, LGD, BOE
Batteries	Simplo Technology, Desay, Dynapack, Sunwoda, Cosmx
CPUs	INTEL, AMD, Qualcomm, MediaTek
Solid State Drives (SSDs)	Samsung, Micron, Hynix, Western Digital, Kioxia

Our customers in some cases specify the suppliers of components for the products that we manufacture for them. In other cases, we select from a group of suppliers that have been approved by our customers. In selecting suppliers, we consider their production capacity and technological capabilities as well as their prices. We have a flexible procurement policy and periodically monitor the quality of our suppliers through vendor surveys, random inspections and monthly reports from our materials quality and control department. In addition, we also work closely with many of our key input component suppliers, assisting them in the testing of their new products. We believe that this assists us in selecting the best input components for our products and strengthens our relationships with those suppliers.

COMPETITION

The markets in which we operate are highly competitive, rapidly evolving, and subject to continuous technological developments, changing customer needs, and frequent new product introductions.

The principal competitive factors in the markets in which we operate include the following:

- New emerging technologies;
- High product performance, efficiency, and reliability;
- Early engagement and integrated partnership with customers;
- Collaborative and longstanding relationships with suppliers;
- Capacity management;
- Cost-effectiveness;
- Interoperability of products;
- Scalability;
- Localized and responsive customer support on a worldwide basis; and
- Working capital management.

We believe that we will be able to maintain our competitive advantage for various reasons. We have an established reputation for selling to prominent and growing customers, which we believe will assist us in attracting new customers. We have developed expertise in new application technologies which allows us to offer an expanded product range to existing and new customers. We believe that we have also increased customer loyalty through the joint development of products with our customers along with a solid track record of enabling customer success. In addition, we have an experienced and dedicated management team with extensive experience in our industry, and we have a large number of experienced research and development personnel.

EMPLOYEES

As of June 30, 2024, we had over 60,471 full-time employees, including 17.9% in Taiwan, 60.4% in China, 11.2% in Thailand. and 10.5% in other locations. As of December 31, 2023, more than 45% of our workforce held bachelor’s degrees or higher. The table below sets forth our employees by geographical location and by function as of June 30, 2024:

Location	Percentage of Employees
Taiwan	17.9%
China	60.4%
Thailand	11.2%
Others	10.5%
Total	100.0%

Function	Percentage of Employees
R&D[(1)]	24.5%
Production	62.7%
Others	12.8%
Total	100.0%

(1) R&D personnel make up 55% of the headcount of QRDC, the headquarters and center of our R&D initiatives.

We believe our wages are competitive compared with other Taiwanese companies in our industry, as demonstrated by our inclusion in the Taiwan Top Salary 100 Index in 2023. In addition, we provide our employees with benefits such as health subsidies, welfare, and training programs. In compliance with ROC law, we also provide health benefits to our employees in the ROC under the National Universal Health Plan and the Labor Health Plan. In 2012, we established QES, with the mission of providing a comprehensive learning environment for all employees. Our training programs cover cloud computing, mobile devices, AR/VR, smart mobility, smart medical, smart manufacturing, and 5G connectivity, while keeping up with the latest market trends. We also launched QAS, offering courses on fundamental AI theory, application sharing, and advanced technical topics. This empowers our employees to effectively tackle challenges, understand trends, and adapt to changes.

INSURANCE

We maintain property insurance policies with reputable insurance companies covering our facilities and inventories. Our insurance policies provide coverage for losses due to fire, earthquake, flood, and other natural disasters. We also maintain insurance policies for directors' and officers' liabilities. We believe that our insurance policies are adequate and consistent with industry norms in the ROC.

PRIVACY AND DATA SECURITY

Our Information Security Center is our designated information security unit, which reports directly to the CEO or his designated agent and calls Proprietary Information Security (PIS) committee meetings. Our Information Security Center consists of an Information Security Management Division and an Information Security Technology Division. The Information Security Center regularly reports relevant IT risks, issues and the progress of information security implementation to the Board of Directors at least once every year.

We established our Information Security Management Policy and Information Security Risk Management Framework in 2009. We have invested in information security insurance from internationally known insurance companies since 2008 and are ISO 27001 certified. Specifically, we have increased our insurance premium in response to rising awareness of information security issues and stakeholders' expectation. We have increased coverage by purchasing supplemental insurance on Social Engineering and Network Interruption-System Failure, to transfer and diversify contingent risks.

Moreover, considering the difficulty of implementing boarder information security control, we have further extended our insurance coverage to include all major operation sites around the world. The determination of relevant insurance expenditures and insurees is based on financial status and actual needs.

In response to information security incidents, we have implemented an information security incident response procedure. We conduct drills each year on the reporting of information security incidents. We also conduct self-assessments regularly. We also generally require our employees to sign non-disclosure agreements prohibiting the disclosure of trade secrets.

We actively participate in domestic and foreign security response organizations to stay informed about the latest threat intelligence and keep up to date on various investigation techniques on security incidents. Additionally, we continuously work to expand our multi-layered security framework and optimize protective measures in order to strengthen our security defenses and implement comprehensive security monitoring.

ENVIRONMENTAL, SAFETY AND HEALTH MATTERS

Our environmental policy is "Less Air Pollution, Less Water Pollution, Less Waste, and Less Environmental Impact". We are committed to minimizing our environmental impact by improving production processes and legally disposing of hazardous waste, in addition to ensuring full compliance with local environmental regulations on pollution control. We strive to comply with the RoHS and other international environmental regulations and fulfill our corporate goal of sustainability. We aim to achieve a 42% reduction in our 2022 baseline SBT Scope 1 and 2 carbon emissions and a 25% reduction in our Scope 3 emissions, respectively, by 2030, and to achieve 50% renewable energy by 2030 and carbon neutrality by 2050.

We are committed to environmental protection and allocate an environmental protection budget each year. In 2023, the environmental protection expenditure at the Taiwan headquarters and manufacturing sites in China was NT$40 million and RMB12.8 million, respectively, and the majority of our investment was in energy conservation projects and equipment. We expect that the main environmental protection expenses and projects in the future will include expenses for the replacement and upgrading of existing energy saving equipment, operating costs of such equipment, waste disposal fees, and environmental monitoring fees. In addition, we and our subsidiaries have invested in green energy related industries through separate installments to contribute to the environment. Our total investment as of December 31, 2023 amounted to US$28.2 million.

We have introduced the Environmental Management System as a tool for environmental management within our company. We have established an Environmental Health & Safety (EHS) management organization that is responsible for improving the EHS performance throughout our company; planning, promoting, and implementing organizational EHS and risk management policies, solutions, and plans; establishing EHS improvement mechanisms; and implementing EHS plans and related matters. To achieve full participation and strengthen communication, we have established an EHS Management Committee in addition to the EHS Department to review and decide on our overall EHS strategies and proposals. The EHS Management Committee holds monthly committee meetings to review our EHS performance.

Based on the Plan-Do-Check-Action (PDCA) cycle of the Environmental Management System, we systematically manage environmental issues, including risk consideration and assessment of various EHS issues; effective raw material management including assessing substitution methods to reduce our raw material usage; pollution control and reduction; effective management of pollutant disposal; and the reuse of recyclable products.

To conserve water resources and to reduce consumption, we have been reviewing water-conservation solutions and water usage equipment annually. Measures implemented to date include the installation of sensor-operated taps with water-saving controls to regulate water flow in restrooms at QRDC and the installation of rainfall sensors in our peripheral green belt irrigation system to prevent unnecessary water waste. We have begun to implement the "Zero Waste to Landfill Program" at each of our production sites by adopting UL Zero Waste to Landfill Verification (UL ECVP 2799).

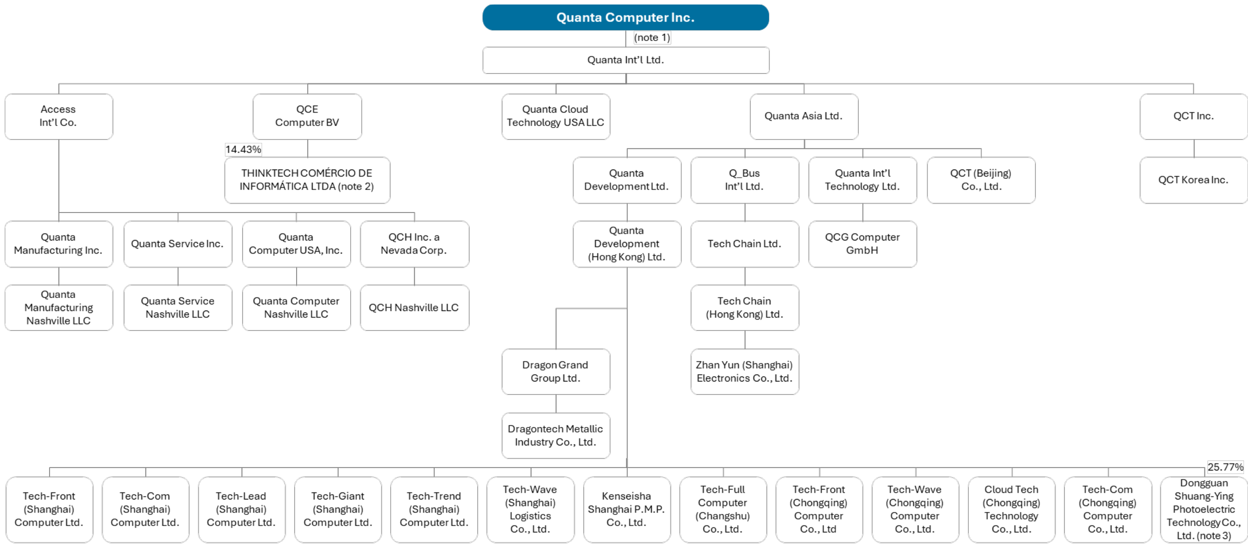
LEGAL PROCEEDINGS

We may from time to time be subject to various complaints, allegations, or lawsuits claiming in the ordinary course of business. Such complaints, allegations, or lawsuit claiming, whether or not they have merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. The outcome of any claims, investigations, and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming.

As of the date of this Offering Memorandum, we were not involved in any legal, arbitral, or administrative proceedings which could have a material adverse effect on our operations or financial condition, and we were not aware of any material pending or threatened legal, arbitral, or administrative proceedings against us or any of our directors which could have a material adverse effect on our operations or financial condition.

CORPORATE STRUCTURE AND SUBSIDIARIES

Set forth below is an organizational chart depicting our principal subsidiaries as of the date of this Offering Memorandum:



Note 1: Ownership is 100% unless otherwise specified.

Note 2: The liquidation process of THINKTECH COMÉRCIO DE INFORMÁTICA LTDA was completed in May 2023.

Note 3: Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. was established in March 2023.

MANAGEMENT

Directors

Our board of directors has ultimate responsibility for the management of our business and affairs. The current board of directors is composed of seven directors (including three independent directors), all of whom are high-caliber professionals equipped with extensive experiences as well as the ability to lead, ability to make policy decisions, ability to conduct management administration, ability to make operational judgments, ability to conduct crisis management, knowledge of the industry, and an international market perspective. Three independent directors are experts of finance and accounting, science and technology, and business administration, and four directors have expertise in business, science and technology, and industry knowledge. The following table sets forth certain information relating to our directors as of the date of this Offering Memorandum.

The present members of the Board of Directors took office on June 17, 2022 for three-year terms expiring on June 16, 2025. The following table shows certain specified information with respect to each Director as of April 16, 2024.

Name	Position	Position held since[2]	Number of Common Shares Held Directly	Number of Common Shares Held through Spouse and Minor Children	Percentage of Total Common Shares Issued and Outstanding[3]
Barry Lam[1]	Chairman	June 17, 2022	415,738,138	11,157,506[4]	11.05[4]
C.C. Leung[1]	Vice Chairman	June 17, 2022	82,645,736	-	2.14
C. T. Huang	Director	June 17, 2022	5,163,197	4,236,311	0.24
Elton Yang	Director	June 17, 2022	16,504	-	0.00
Hung Ching Lee	Independent Director	June 17, 2022	-	-	-
Dr. Pisin Chen	Independent Director	June 17, 2022	18,000	-	0.00
Su-Pi Shen	Independent Director	June 17, 2022	-	-	-

(1) As of June 30, 2024, these numbers remained the same.

(2) The date represents the date of commencement of their current term.

(3) Calculated by adding the number of Common Shares held directly by such person and the number of Common Shares held through such person's spouse and/or minor children and dividing by the total issued and outstanding Common Shares in each case as of April 16, 2024.

(4) In addition, Cianyu Investment Ltd., a company of which Mr. Barry Lam is the chairman and controlling shareholder, held 572,401,374 shares of our Common Shares (representing 14.81% of the total issued and outstanding Common Shares) as of April 16, 2024. As of June 30, 2024, these numbers remained the same.

Chairman

Mr. Barry Lam

Mr. Barry Lam has served as Chairman of Quanta since May 5, 1988. He also serves as the director of Quanta International Limited, Quanta Asia Ltd., Quanta Manufacturing Incorporation, Quanta Service Incorporation, QCT Inc., and Lung Yingtai Cultural Foundation, and is the chairman of Quanta Venture Capital Co., Ltd., Quanta Computer Technology Investment Corp., Quanta Cloud Technology Inc., Access International Company, Quanta Computer USA, Inc., QCH, Inc., CIANYU Investment Ltd., Quanta Culture & Education Foundation, Quanta Arts Foundation, and Quanta AI Medical Foundation, and the managing director of SINOCON Industrial Standards Foundation. Mr. Lam also serves as member of the council of Chinese National Association of Industry and Commerce, and the director and vice president of the Institute for Biotechnology and Medicine Industry. He holds a master's degree in electronic engineering from the National Taiwan University.

Vice Chairman

Mr. C.C. Leung

Mr. C.C. Leung has served as President of Quanta since December 1, 1993. He served as vice president of Compal Electronics, Inc. and Kinpo Electronic Inc. before joining Quanta in 1988. Mr. Leung is also the chairman of Quanta Microsystem Inc., Quanta Manufacturing Incorporation, Quanta Service Incorporation, Quanta Manufacturing Nashville LLC, Quanta Service Nashville LLC, Quanta Computer Nashville LLC, QCH Nashville LLC, QADC Corporation and Quanta Cloud Technology Japan K.K., the director of Quanta Cloud Technology Inc., RoyalTek Company Ltd., Access International Company, Quanta Computer USA, Inc., QCJ Co., Ltd., QCG Computer GmbH, Quanta Cloud Technology Germany GmbH, QMB Co., Ltd., Quanta Cloud Technology Singapore Pte. Ltd., Quanta Development Ltd., Quanta International Technology Ltd., Q_Bus International Limited, Tech Chain Ltd., Quanta Development (Hong Kong) Limited and Tech Chain (Hong Kong) Limited and the director and president of QCH, Inc. He received a bachelor's degree in physics from the National Taiwan University in Taiwan.

Director

Mr. C. T. Huang

Mr. C. T. Huang has served as executive vice president of Quanta. He received a degree in electronic engineering from the Chung Yuan Christian University. He is also a chairman of Tech-Front (Shanghai) Computer Co., Ltd., Tech-Com (Shanghai) Computer Co., Ltd., Tech-Wave (Shanghai) Logistics Co., Ltd., Tech-Lead (Shanghai) Computer Co., Ltd., Tech-Giant (Shanghai) Computer Co., Ltd., Tech-Trend (Shanghai) Computer Co., Ltd., Tech-Full Computer (Changshu) Co., Ltd., Tech-Front (Chongqing) Computer Co., Ltd., Tech-Wave (Chongqing) Logistics Co., Ltd., Zhan Yun (Shanghai) Electronics Co., Ltd., Cloud-Tech (Chongqing) Technology Co., Ltd., Tech-Com (Chongqing) Computer Co., Ltd., Quanta Storage (Shanghai), Ltd., QCT (Beijing) Co., Ltd., and Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. and QMH Computer Co. Ltd., a director of QMB Co., Ltd. and Quanta Storage Inc.

Mr. Elton Yang

Mr. Elton Yang has served as the Senior Vice President and Chief Financial Officer of Quanta since November 2006. He received a bachelor's degree in international business from the National Taiwan University in Taiwan. He is also the director of Quanta Storage Inc., RoyalTek Company Ltd., QMB Co., Ltd., QCE Computer B.V., Dragon Grand Group Limited, Kenseisha Shanghai P.M.P. Co., Ltd., Dragontech Metallic Industry Co., Ltd., Dongguan Shuang-Ying Photoelectric Technology Co., Ltd., CDIB BioScience Venture I, Inc., CDIB Capital Innovation Accelerator Co., Ltd. and Quanta Culture & Education Foundation, the director and president of Tech-Front (Shanghai) Computer Co., Ltd., Tech-Com (Shanghai) Computer Co., Ltd., Tech-Wave (Shanghai) Logistics Co., Ltd., Tech-Lead (Shanghai) Computer Co., Ltd., Tech-Giant (Shanghai) Computer Co., Ltd., Tech-Trend (Shanghai) Computer Co., Ltd., Zhan Yun (Shanghai) Electronics Co., Ltd., Tech-Full Computer (Changshu) Co., Ltd., Tech-Front(Chongqing) Computer Co., Ltd., Tech-Wave(Chongqing) Logistics Co., Ltd., Cloud-Tech (Chongqing) Technology Co., Ltd., Tech-Com (Chongqing) Computer Co., Ltd. and QCT (Beijing) Co., Ltd.

Independent Director

Mr. Hung Ching Lee

Mr. Hung Ching Lee serves as the chairman of Kayee International Group Co., Ltd. He received a master's degree in finance and law from the Chung Yuan Christian University.

Dr. Pisin Chen

Dr. Pisin Chen is also the chair professor at the Leung Center for Cosmology and Particle Astrophysics, National Taiwan University, and a permanent member at the Kavli Institute for Particle Astrophysics and Cosmology (KIPAC) at Stanford University. He received a doctoral degree in theoretical particle physics at the University of California, Los Angeles.

Ms. Su-Pi Shen

Ms. Su-Pi Shen served as assistant vice president of KPMG and assistant vice president of accounting office at Quanta Display Inc. prior to joining Quanta. She received her bachelor's degree of accounting at National Chengchi University.

The business address of the Directors is our registered office.

Audit Committee

Our audit committee consists of Hung Ching Lee, Dr. Pisin Chen, and Su-Pi Shen. Our audit committee is responsible for, among other things:

(i) Establishment or amendment of an internal control system in accordance with Article 14-1 of the Taiwan Securities and Exchange Act;

(ii) Evaluation of the internal control system;

(iii) Establishment or amendment of operating procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others in accordance with Article 36-1 of the Taiwan Securities and Exchange Act;

(iv) Matters involving the personal interest of a director;

(v) Transactions of material assets or derivatives;

(vi) A material monetary loan, endorsement, or provision of guarantee;

(vii) The offering, issuance, or private placement of any equity-type securities;

(viii) The appointment or dismissal of CPAs, or their compensation;

(ix) The appointment or discharge of financial, accounting, or internal auditing officers;

(x) Annual financial statements or biannual financial statements;

(xi) Any other material matters specified by the Company or competent authorities; and

(xii) Business report, proposals for surplus earning distribution or loss off-setting.

Compensation Committee

Our compensation committee consists of Hung Ching Lee, Su-Pi Shen and Samuel Lee. Our remuneration committee is responsible for, among other things:

(i) On a regular basis, evaluating and recommending on the Company's policies, institutions, standards, and structure of the annual and long-term performance targets and compensation for directors, and managers; and

(ii) Evaluating and recommending on the level of performance of the Company's directors, and managers, and the nature and amount of their compensation.

Executive Officers

The following table sets forth certain information as of June 30, 2024 relating to our executive officers.

Name	Position	Years with Quanta
Barry Lam	Chief Executive Officer	36
C.C. Leung	President	36
C.T. Huang	Executive Vice President	36
Alan Tsai	Executive Vice President	23
C.S. Yang	Senior Vice President	32
Alan Chai	Senior Vice President	22
Mike Yang	Senior Vice President	26
Elton Yang	Senior Vice President, Chief Financial Officer	18
Steve Cheng	Vice President	30
Brand Chang	Vice President	29
J.J. Wei	Vice President	18
Danny Lin	Vice President	36
Terrisa Chung	Vice President	25
Ted Chang	Vice President	24
Thomas Tsou	Vice President	35
James Jau	Vice President	14
Roger Huang	Vice President	35
W.L. Sung	Vice President	34
J.C. Tzeng	Vice President	28
Bruce Wu	Vice President	33
Jonny Hsu	Vice President	32
Peter Hsieh	Vice President	25
Michael Wu	Vice President	17
Robin Chou	Vice President	21
Frank Chuang	Vice President	16
Vincent Yuan	Vice President	5
Bryan Chen	Vice President, Chief Information Security Officer	2
Michael Yang	Vice President	20
S.W. Lee	Vice President	6
Tracy Li	Internal Audit Officer	24

For Mr. Barry Lam's experience, please see "Directors" in this section.

For Mr. C.C. Leung's experience, please see "Directors" in this section.

For Mr. C.T. Huang's experience, please see "Directors" in this section.

For Mr. Elton Yang's experience, please see "Directors" in this section.

Mr. Alan Tsai has served as an executive vice president of Quanta. He received a Master of Science from the Institute of Computer Science and Decision at National Tsing Hua University and a Bachelor of Science from the Department of Computer Engineering at National Chiao Tung University. He also serves as senior vice president & group general manager of the business group of mobile computing at First International Computer Inc. He is also a director of Quanta Storage Inc.

Mr. C.S. Yang has served as a senior vice president of Quanta. He earned a Bachelor of Science in industrial management from National Cheng Kung University. He previously served as the director of procurement at Wang Computer Inc. He is currently the chairman & president of Kenseisha Shanghai P.M.P. Co., Ltd. He is also the chairman of Dragontech Metallic Industry Co., Ltd. and a director of Dragon Grand Group Limited.

Mr. Alan Chai has served as a senior vice president of Quanta. He earned an MBA and a Bachelor of Science in electrical engineering from Chung Yuan Christian University. He previously served as vice president of General

Photonics Inc. in Chino, USA. He was also the president of ADI System Inc. in San Jose, USA, and managing director of ADI System (UK) Limited in the UK.

Mr. Mike Yang has served as a senior vice president of Quanta. He received a Master of Science in electrical engineering from Arizona State University. He previously served as assistant vice president of procurement at A.D.I. Corporation. He is currently the director & president of Quanta Cloud Technology Inc. He is also the managing director of QCG Computer GmbH and Quanta Cloud Technology Germany GmbH and a director of Quanta Cloud Technology Japan Inc., QCT Korea Inc., Quanta Cloud Technology Singapore Pte. Ltd., Quanta Cloud Technology USA LLC, Guangsheng (Tianjin) Technology Co. Ltd., and LIONS Taiwan Technology Inc. He also serves as an independent director and member of various committees at LITE-ON Technology Corp.

Mr. Steve Cheng is a vice president of Quanta. He received an MBA from the University of Southern California. He previously served as the director of the design department at SYSTEX Corp. and as assistant vice president at Xandar International Corp.

Mr. Brand Chang is a vice president of Quanta. He earned a Bachelor of Science in industrial design from Feng Chia University. He previously served as manager of procurement at In-Chia Electronics Inc.

Mr. J.J. Wei is a vice president of Quanta. He received a Master of Management Science from National Chao-Tung University. He previously served as CQO & president of the NB OEM business unit at ASUSTek Computer Inc. He was also the general plant manager at Wistron Corporation and assistant vice president of the quality assurance center at Arima Computer.

Mr. Danny Lin has served as a vice president of Quanta. He received an MBA from the University of South Australia and an associate degree in technology from the Department of Industrial Engineering at the National Taipei University. He previously served as deputy chief of the material control section at Compal Electronics Inc. and as a material planner at Cal-Comp Electronics Inc.

Ms. Terrisa Chung has served as a vice president of Quanta. She received a Bachelor of Industrial Engineering from the National Tsing Hua University. She previously served as a sales manager at ADI Corporation.

Mr. Ted Chang has served as a vice president of Quanta. He received a Ph.D. from the Institute of Aeronautics and Astronautics Engineering at National Cheng Kung University. He previously served as project director of the Quanta-MIT T-Party and Qmulus Projects and as manager & PEM of the local vehicle team at Ford Lio Ho Motor Company. He is currently a representative of the APEC Business Advisory Council (ABAC) for Chinese Taipei and holds several academic and board positions in Taiwan.

Mr. Thomas Tsou has served as a vice president of Quanta. He received an MBA from the University of South Australia.

Mr. James Jau has served as a vice president of Quanta. He received a Bachelor of Science in nuclear engineering and science from Taiwan Tsing Hua University and a Master of Science in electrical engineering from Oklahoma State University. He previously served as a senior engineer at Wang Computer Inc. and as assistant vice president at HTC Corp. He was also the president of Atrust Computer Corp.

Mr. Roger Huang has served as a vice president of Quanta. He received a Bachelor of Science in computer science from Tam Kang University. He previously served as an engineer at Compal Electronics Inc. He is currently a director of Plenty Link Technology Co. Ltd., EBN Technology Ltd., and Dongguan Shuang-Ying Photoelectric Technology Co. Ltd.

Mr. W.L. Sung has served as a vice president of Quanta. He received an associate degree in electronics from the MingHsin Institute of Technology. He previously served as an R&D specialist at A.D.I. Corporation.

Mr. J.C. Tzeng has served as a vice president of Quanta. He received a Master of Mechanical (manufacturing) engineering from Syracuse University.

Mr. Bruce Wu has served as a vice president of Quanta. He received a Doctor of Business Administration from Victoria University and an associate degree in electrical engineering from MingHsin Institute of Technology.

Mr. Jonny Hsu has served as a vice president of Quanta. He received a Bachelor of Science in electric engineering from Chung Yuan Christian University.

Mr. Peter Hsieh has served as a vice president of Quanta. He received a Bachelor of Science in electrical engineering from Feng Chia University. He previously served as manager of OEM sales and manager of procurement at Philips Taiwan.

Mr. Michael Wu has served as a vice president of Quanta. He received an EMBA from Shanghai Jiaotong University, a Master of Electrical Engineering from Taiwan Tsing Hua University, and a Bachelor of Science in electrical engineering from Taiwan Tsing Hua University. He is currently a director of QCJ Co., Ltd.

Mr. Robin Chou has served as a vice president of Quanta. He received a Master of Electrical Engineering from Taiwan Tsing Hua University. He previously served as a field application engineer at Broadcom Inc.

Mr. Frank Chuang has served as a vice president of Quanta. He received a master of automatic control engineering and a Bachelor of Science in electrical engineering from Feng Chia University. He previously served as director of Product Value Labs at Acer Inc.

Mr. Vincent Yuan has served as a vice president of Quanta. He received a Master of Science in electrical engineering from California State University-Fullerton and a Master of Science in computer science from Northrop University. He previously served as president of Evergreat Computer Inc., vice president at HonHai Precision Corp., and vice president at Celestica Corp. Canada. He was also the chief operations officer of Shanghai Unimax Inc.

Mr. Bryan Chen has served as a vice president and chief information security officer of Quanta. He received a Master of Science in computer and information science from the University of Pennsylvania and a Bachelor of Mechanical Engineering from National Yang Ming Chiao Tung University. He is currently the chief information security officer at Taiwan Mobile Co. Ltd. and vice president & chief information security officer at 104 Corporation.

Mr. Michael Yang has served as a vice president of Quanta. He received an MBA from National Chung Hsing University and a Bachelor of Science in international business from National Chang Chin University. He previously served as a manager at First International Computer (FIC).

Mr. S.W. Lee has served as a vice president of Quanta. He received an MA and MSCE from the University of Massachusetts Lowell and a Bachelor of Science in electrical engineering from Chinese Culture University. He previously served as head of R&D for the notebook PC division at Philips.

Ms. Tracy Li has served as the internal audit officer of Quanta. She received an LL.M. in intellectual property from Franklin Pierce Law Center and an LL.B. from National Taiwan University. She previously served as section manager of legal and intellectual property rights at the Department of Computer and Communication Research Lab Industry Technology Research Institute. She is also an attorney at law and a member of the New York Bar.

The business address of the executive officers is our registered office.

Compensation of Directors and Executives Officers

The remuneration and benefits in kind granted to Directors in 2023 was approximately NT$14 million, and there was no renumeration and benefits in kind granted to executive officers (not including Directors) in 2023. We currently do not provide any loans or guarantees to or for the benefit of any member of our administrative, management or supervisory personnel.

Interests of Management in the Company and Certain Transactions

Certain of our Directors and executive officers own our Common Shares. See “Principal Shareholders” for the total number of our Common Shares held by our Directors and executive officers. We currently do not have any option scheme for our Directors, executive officers or other employees.

Certain of our Directors and executive officers also serve as directors or executive officers of companies with which we do business. These companies include our affiliates. See “Principal Shareholders”, “Related Party

Transactions” and Note 7 of Notes to Audited Consolidated Financial Statements and Unaudited Consolidated Financial Statements, respectively. We conduct these transactions on an arms’ length commercial basis.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information as of April 16, 2024 with respect to the Common Shares, the top ten shareholders owning the largest number of our Common Shares, according to our records, and by all Directors, and executive officers as a group. Such beneficial ownership includes ownership by such person's spouse, minor children and other connected persons.

Name of Shareholder	Number of Common Shares	Percentage of Total Issued and Outstanding Common Shares
Cianyu Investment Ltd. [(1)] [(2)]	572,401,374	14.81
Barry Lam[(2)]	415,738,138	10.76
New Labor Pension Fund	129,777,600	3.36
C.C. Leung[(2)]	82,645,736	2.14
Government of Singapore	67,570,023	1.75
Cathay Life Insurance Co., Ltd.	59,679,447	1.55
Yi Chia Xin Investment Company Ltd.	56,682,804	1.47
Xin Ming Investment Company Limited	49,409,414	1.28
Fubon Life Insurance Co. Ltd	45,168,000	1.17
Xin Ming Leung	44,524,973	1.15

(1) Controlled by Mr. Barry Lam, who is the chairman of Cianyu Investment Ltd.

(2) As of June 30, 2024, these numbers remained the same.

RELATED PARTY TRANSACTIONS

We have from time to time, in the course of ordinary business operations, engaged in business transactions with our subsidiaries or affiliates. For information on our related party transactions presented on a consolidated basis, see notes 7 and 13 to the audited consolidated financial statements as of and for the year ended December 31, 2021, 2022 and 2023, and notes 7 and 13 to the unaudited consolidated financial statements as of and for the six months ended June 30, 2023 and 2024. The transactions among us and our subsidiaries were eliminated during the consolidation process. Except as otherwise disclosed elsewhere in this Offering Memorandum, we conduct transactions with such entities on terms comparable to an arm's-length transaction with unrelated parties, in compliance with the relevant ROC laws and regulations applicable to our Company.

Sales and Purchases of Goods

In 2021, 2022 and 2023, and for the six months ended June 30, 2023 and 2024, we mainly purchased raw materials from our related parties in the aggregate amount of NT$0.019 million, NT$0.76 million, NT$0.014 million, NT$0.014 million, and NT$0.013 million, respectively.

In 2021, 2022 and 2023, and for the six months ended June 30, 2023 and 2024, we mainly sold electronic products to our related parties in the aggregate amount of NT$7,022.969 million, NT$3,585.840 million, NT$1,448.239 million, NT$1,145.781 million, and NT$290.803 million, respectively.

Receivables and Payables

Due to our transactions with our related parties, we generated certain receivables and payables.

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, accounts receivable generated from our sales to the related parties amounted to NT$966.869 million, NT$262.229 million, NT$81.256 million, NT$600.687 million, and NT$97.341 million, respectively.

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, accounts payable generated from our purchases from the related parties amounted to NT$0.006 million, NT$0.003 million, NT$0 million, NT$0 million, and NT$0 million, respectively.

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, other receivables due from our related parties amounted to NT$7.670 million, NT$2.409 million, NT$3.978 million, NT$2.655 million, and NT$1.800 million, respectively.

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, other payables due to our related parties amounted to NT$56.363 million, NT$49.071 million, NT$35.368 million, NT$40.058 million, and NT$50.394 million, respectively.

Prepayments and Unearned revenue

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, prepayments for business facilities to our related parties amounted to NT$0.585 million, NT$0 million, NT$0 million, NT$0 million, and NT$0 million, respectively.

As of December 31, 2021, 2022 and 2023, and June 30, 2023 and 2024, contract liabilities due to our related parties amounted to NT$1.226 million, NT$5.097 million, NT$4.449 million, NT$6.284 million, and NT$0.423 million, respectively.

Acquisitions of Assets

In 2022, we acquired assets that amounted to NT$1.17 million from related parties.

Others

In 2021, 2022 and 2023, and for the six months ended June 30, 2023 and 2024, we paid operating expenses and other losses to our related parties for employee benefits, donation expenses and other losses, etc., the aggregate amount of which was NT$666.952 million, NT$695.895 million, NT$526.486 million, NT$218.767 million, and NT$273.111 million, respectively.

In 2021, 2022 and 2023, and for the six months ended June 30, 2023 and 2024, we received other income to our related parties for rental income and other income, etc., the aggregate amount of which was NT$31.361 million, NT$31.862 million, NT$33.945 million, NT$15.061 million, and NT$9.370 million, respectively.

DESCRIPTION OF THE BONDS

The following summary of the terms and conditions of the Bonds does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Indenture (as defined below), including the definitions of certain terms therein. In the event of any inconsistency between the following summary and the provisions of the Indenture, the provisions of the Indenture shall prevail.

The Bonds are being sold outside the United States in reliance on Regulation S and will be available for purchase in the denominations specified in this Offering Memorandum only in book-entry form as beneficial interests in the Global Certificate (as defined below). Your rights as a holder of a beneficial interest in the Global Certificate will be subject to the rules and procedures of Euroclear or Clearstream.

The Bonds are to be issued under an indenture, to be dated as of September 16, 2024 (the "Indenture"), between Quanta Computer Inc. and Citicorp International Limited, in its capacity as trustee (the "Trustee", which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Indenture). The following summary of certain provisions of the Bonds and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Bonds and Indenture, including the definitions of certain terms therein. Whenever particular Sections or defined terms of the Indenture not otherwise defined herein are referred to, such Sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection by any Holder (as defined below) on or after the Closing Date (as defined below) at the office of the Trustee on any weekday (excluding public holidays) at all reasonable times during normal office hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time)) upon prior written request and satisfactory proof of holding and identity to the satisfaction of the Trustee.

General

Except in certain limited circumstances, the Bonds will only be issued in book-entry form.

The Bonds will be issued on or about September 16, 2024 (the "Closing Date") as direct, unconditional, unsecured and unsubordinated obligations of the Issuer limited in aggregate principal amount to US$1,000,000,000 and will be redeemed on September 16, 2029 (the "Maturity Date") unless earlier redeemed, repurchased and canceled or converted pursuant to the terms thereof and of the Indenture.

The Bonds will not bear interest.

Each Bond will be convertible into the Common Shares (as defined below), subject to compliance with certain conditions and procedures (see *"— Conversion — Procedures; Conversion Notice; Taxes and Duties*" below), at the Holder's election on any Business Day (as defined below) during the period (the "Conversion Period") commencing on December 17, 2024 (the next day immediately after the end of a three-month period following the Closing Date) and ending at the close of business in the location of the Conversion Agent (as defined below) on (i) September 6, 2029 (the 10th day prior to the Maturity Date), or (ii) the fifth (5th) Business Day prior to the applicable Purchase Date (as defined below) of such Bond or the applicable Redemption Date (as defined bellow) (other than the Maturity Date) of such Bond. The Conversion Period shall not include any Closed Period (as defined below).

The principal of and other amounts on the Bonds will be payable in US Dollars by the Issuer pursuant to the Indenture, and the Bonds may be presented for registration of transfer or conversion, at the office or agency of the Issuer maintained for such purpose located at c/o Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland (being the office of Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, acting as paying agent (the "Paying Agent"), as conversion agent (the "Conversion Agent") and as transfer agent (the "Transfer Agent") with regard to the Bonds).

The Issuer reserves the right, subject to the provisions of the Indenture and the Paying Agent and Registrar Appointment Letter, at any time to vary or terminate the appointment of any Paying Agent and to appoint further or other Paying Agents. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will be given promptly by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under "— *Notices*".

The Bonds will be issued only in fully registered form, without interest coupons, in denominations of US$200,000 per Bond or in any integral multiples thereof. See "*— Book Entry; Delivery and Form*" below. No service charge will be payable for any registration of transfer or exchange of the Bonds, for the conversion thereof or for the charges of the Paying Agents in connection therewith, but the Issuer may require payment by a Holder of a sum sufficient to cover any transfer or stamp tax or other similar governmental charge payable in connection therewith.

The Issuer and its Affiliates (as defined below) may at any time, subject to applicable law, purchase the Bonds in the open market, or otherwise, at any price. The Bonds which are purchased by the Issuer (including purchase in the open market), early redeemed, repurchased and repaid when due, converted or sold back by the Holders will be canceled and will not be re-issued. A Bond does not cease to be outstanding because any of the Issuer's Affiliates holds such Bond; provided, however, any Bonds owned by any Affiliate of the Issuer will be deemed not to be outstanding in determining whether the Holders of the requisite principal amount of Bonds have given or concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture.

Book Entry; Delivery and Form

The Bonds will only be represented by a global certificate in fully registered book-entry form (the "Global Bond") and will be deposited with a common depositary (the "Common Depositary") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") and registered in the name of a nominee of the Common Depositary. If (i) at any time, the Common Depositary advises the Issuer in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed by the Issuer within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an Event of Default has occurred with respect to the Bonds and the Trustee notifies the Issuer in writing that any of the Bonds have become immediately due and payable pursuant to the Indenture, the Issuer shall issue individual certificated bonds in registered form in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond. The Bonds will have minimum denominations of US$200,000 or in any integral multiples thereof.

The Bonds are not issuable in bearer form.

Ranking

The Bonds will (i) be direct, unconditional, unsecured and unsubordinated obligations of the Issuer, (ii) rank *pari passu* without any preference or priority among themselves and with all other direct, unconditional, unsecured and unsubordinated Debt (as defined below) of the Issuer now or hereafter outstanding (except to the extent that such other Debt (x) ranks above such obligation solely by reason of Liens (as defined below) permitted under the Indenture or (y) is preferred by mandatory provisions of law), and (iii) be senior in right of payment to all Debts of the Issuer that is expressed to be subordinated in right of payment to the Bonds.

The Bonds will be effectively subordinated to all secured obligations but subject to the negative pledge as described in "*Certain Covenants — Negative Pledge*" of the Issuer with respect to claims against the assets securing such obligations ("Secured Debt") and structurally subordinated to all liabilities of the Subsidiaries of the Company. As of June 30, 2024, the Issuer had no outstanding Secured Debt.

Sinking Fund

The Bonds will not be entitled to the benefit of a sinking fund.

Transfer of Certificated Bonds and Delivery of New Certificated Bonds

In the event Certificated Bonds (as defined below) are issued, the following provisions will apply:

(i) Transfer of Certificated Bonds

A Certificated Bond may be transferred upon the surrender at the office of the Registrar or at the office of the Transfer Agent, together with the form of transfer endorsed thereon (the "Form of Transfer") duly completed and executed and any other evidence that such transfer agent or the registrar may reasonably require. In the case of a transfer of only part of a holding of Certificated Bonds, a new Certificated Bond shall be issued to the transferee in respect of the part transferred and a further new Certificated Bond in respect of the balance of the holding not transferred shall be issued to the transferor.

(ii) Delivery of New Certificated Bonds

Each new Certificated Bond shall be available for delivery upon receipt by the Transfer Agent at its specified office of the relevant Certificated Bond and the Form of Transfer. Delivery of the new Certificated Bonds shall be made at the specified office of the Transfer Agent to whom the relevant Certificated Bond and the Form of Transfer shall have been surrendered or delivered or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant Form of Transfer or otherwise in writing, be sent by uninsured post at the risk of the Holder entitled to the new Certificated Bond to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify.

(iii) Formalities Free from Charge

Transfers of the Certificated Bonds will be effected without charge by or on behalf of the Issuer, but only upon confirmation of payment (or the giving of such indemnity and/or security and/or pre-funding as the Transfer Agent may require in respect) of any tax or other governmental charges which may be imposed in relation thereto.

(iv) Restricted Transfer Periods

No Holder may require the transfer of a Certificated Bond to be registered (i) during the period of 15 days preceding a Redemption Date (as defined below), (ii) after such Bond has been selected by the Issuer for redemption, pursuant to the terms of the Indenture or (iii) after such Holder has exercised its Conversion Right (as defined below).

Payments

All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Indenture from or against the Issuer shall be payable and settled in US Dollars only.

Interest

The Bonds will not bear interest.

In any case where the date of the payment of the principal of the Bonds or the date fixed for redemption of the Bonds is not a Business Day (as defined below), then payment of such principal or the Early Redemption Amount (as defined below) shall be made on the next succeeding Business Day, with the same force and effect as if made on the Maturity Date or the date fixed for redemption, as the case may be, and no interest shall accrue for the period after such date.

Additional Amounts

All payments of the principal of and other amounts on the Bonds and all deliveries of Common Shares (as defined below) made on conversion of the Bonds are to be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other governmental charges ("Taxes") imposed, levied, collected, withheld or assessed by or within the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or Taxing Authority (as defined below) thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer will pay such additional amounts on the Bonds (all such additional amounts being referred to herein as "Additional Amounts") as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable for or on account of:

(i) any Taxes that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder of such Bond and the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes, other than merely holding such Bond or receiving payments or enforcing rights thereunder, including such Holder being or having been a national, domiciliary or resident of or treated as a resident thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(B) the presentation of such Bond (if presentation is required) more than 30 days after the later of the date on which the payment of the principal of or other amounts on such Bond became due and payable pursuant to the terms thereof or the date that such payment was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Bond for payment on any date within such 30 day period;

(C) the failure of the holder or beneficial owner to comply with a timely request from us or any successor, addressed to the Holder, to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the relevant jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the relevant jurisdiction in order to reduce or eliminate any withholding or deduction as to which additional amounts would have otherwise been payable; or

(D) the presentation of such Bond (if presentation is required) for payment in the ROC, unless such Bond could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, stamp, personal property or similar tax, assessment or other governmental charge;

(iii) any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding from payments or deliveries under or with respect to the Bonds;

(iv) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(v) any combination of Taxes referred to in the preceding clauses (i), (ii), (iii) and/or (iv).

The Issuer will not pay Additional Amounts if the registered Holder of the Bond is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that the beneficiary, partner or settler with respect to such fiduciary, partnership or person, or the beneficial owner of that payment, would not have been entitled to the Additional Amounts if it had been the registered Holder of the Bonds.

Whenever there is mentioned, in any context, (i) the payment of the principal of and other amounts on any Bond, or (ii) the delivery of Common Shares or cash payments (if any) on conversion of any Bond, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect thereto.

Subject to certain exceptions, the Issuer will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the issue, initial delivery or registration of the Bonds or any other document or instrument referred to herein, including those resulting from or required to be paid in connection with, the enforcement of the Bonds or any other document or instrument following the occurrence of any Event of Default with respect to the Bonds and excluding those payable upon issue and delivery of Bonds to the order of a person other than a Holder.

Neither the Trustee nor any Agent shall be responsible for paying any Additional Amounts or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Holders or any other person to pay such Additional Amounts or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, assessments, withholding or other payment imposed by or in any jurisdiction.

Redemption of the Bonds

Redemption for Taxation Reasons

The Bonds may be redeemed, in whole but not in part (subject to the provision of the paragraph below), at the option of the Issuer, at any time, upon giving not less than 30 nor more than 60 days' written notice to the Holders (which notice shall be irrevocable) and to the Trustee and Agents, at the Settlement Equivalent of the applicable Early Redemption Amount on the Redemption Date (as defined below), if the Issuer determines and certifies to the Trustee in an officer's certificate immediately prior to the giving of such notice that, as a result of any change in, or amendment to the laws (including any regulations or rulings promulgated thereunder) of the ROC or such other jurisdiction in which the Issuer is then organized or resident for tax purposes (or any political subdivision or Taxing Authority thereof or therein), affecting taxation, or any change in official position regarding the application, interpretation or administration of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application, interpretation or administration is proposed and becomes effective on or after the Closing Date (or, in the case of any jurisdiction other than the ROC, the date (if later than the Closing Date) on which the Issuer first becomes organized or resident for tax purposes in or subject to such other jurisdiction) with respect to any payment due or to become due on the Bonds, the Issuer is required to pay Additional Amounts in connection therewith and such requirement to pay Additional Amounts cannot be avoided by the taking of reasonable measures by the Issuer; provided that such right cannot be exercised earlier than 45 days prior to the first date on which the Issuer would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Prior to the giving of any such notice of redemption, the Issuer is required to deliver to the Trustee and Agents (i) an officer's certificate stating that such change or amendment has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures and (ii) an opinion of counsel or written advice of a qualified tax expert that the circumstances referred to in the preceding sentence exist as a result of such change, amendment, application, interpretation or administration. The Trustee and Agents shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificates and opinions (without further investigation or enquiry and without liability to any Holder, the Issuer or any other person) described in clauses (i) and (ii) of the preceding sentence as sufficient evidence of the satisfaction of the conditions precedent described above, in which event, the same shall be conclusive and binding on the Holders. The Trustee and Agents shall be protected and will not be responsible for any loss occasioned by accepting and acting in reliance on such certificate and/or opinion, and is not obligated to investigate or verify any information in such certificate or opinion.

Notwithstanding the foregoing, if the Issuer has given a redemption notice for taxation reasons in accordance with the paragraph above and if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, each Holder of the Bonds will have the right to elect, and the redemption notice will state that each Holder will have the right to elect, that all or a portion of its Bonds should not be redeemed. Upon the exercise of such right by the Holder, the provisions set forth in "— *Additional Amounts*" will not apply to any payment in respect of such Bonds that is due after the relevant Redemption Date, and such payment will be made subject to the deduction of any ROC tax (or tax of such other jurisdiction in which the Issuer is then organized or resident for tax purposes) required to be withheld or deducted. To exercise such right the Holder must give notice to the Issuer in the manner set out in the Indenture no later than 15 days prior to the relevant Redemption Date.

Redemption at the Option of the Issuer

At any time after September 16, 2027 and prior to the Maturity Date, the Issuer may, on not less than 30 nor more than 60 days' written notice to the Holders (which notice shall be irrevocable) and to the Trustee and the Agents, redeem the Bonds, in whole or in part, at the Settlement Equivalent of the applicable Early Redemption Amount; provided, however, that no such redemption may be made unless:

(1) the Closing Price of the Common Shares for 20 Trading Days (whether or not consecutive) out of the 30 consecutive Trading Days (the "Calculation Period") immediately prior to the date upon which notice of

such redemption was given, is at least 130% of the quotient of the Early Redemption Amount divided by US$200,000, and then multiplied by the Conversion Price (as defined below); and

(2) the applicable Redemption Date does not fall within a Closed Period (as defined below).

If there shall occur an event giving rise to a change in the Conversion Price during any Calculation Period, appropriate adjustments for the relevant days, determined by an opinion of an Independent Investment Bank, shall be made for the purpose of calculating the Closing Price for such days. Notice of any such adjustments in the Conversion Price will be given promptly by the Issuer to the Trustee and the Agents.

Notwithstanding the foregoing, the Issuer may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days' notice, at the Settlement Equivalent of the applicable Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period (as defined below).

Notice of any such redemption will be given by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under "— Notices".

Redemption at Maturity

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, the Issuer will redeem the Bonds on the Maturity Date at the Settlement Equivalent of a redemption price equal to 100% of the outstanding principal amount thereof. The Bonds may be redeemed prior to the Maturity Date only as described herein.

Redemption Procedures

Payment of the relevant redemption price for a Certificated Bond is conditioned upon delivery of such Bond (together with necessary endorsements) to any Paying Agent. Payment of the relevant redemption price for any Bond will be made on the Redemption Date or, if such Bond is a Certificated Bond and has not been so delivered on or prior to the Redemption Date, at the time of delivery of such Bond. If the Paying Agent holds, in accordance with the terms of the Indenture, cash sufficient to pay the relevant redemption price of such Bond on the Redemption Date, then, immediately after such Redemption Date, such Bond will cease to be outstanding, whether or not such Bond is delivered to a Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the relevant redemption price).

In the case of any redemption other than on the Maturity Date, notice of redemption to each Holder shall specify the outstanding principal amount of each Bond held by such holder to be redeemed, the Redemption Date, the price at which such Bonds will be redeemed and the place or places of payment and that payment will be made upon presentation and surrender of the Bonds to be redeemed. Such notice shall also specify the Conversion Price then in effect and the date on which the right to convert such Bonds or the portions thereof to be redeemed will expire. Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned above has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption hereunder and none of them shall be liable to the Holders or the Issuer or any other person for not doing so.

Repurchase of the Bonds

Repurchase at the Option of the Holder

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right (the "Holder's Put Right"), at such Holder's option, to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiples thereof), such Holder's Bonds, on September 16, 2027 (the "Bondholder's Put Option Date") at a price equal to the Settlement Equivalent of 100% of the principal amount in US Dollars with respect to such Holder's Bonds to be repurchased (the "Holder's Put Price").

Repurchase in the Event of Delisting

In the event that the Common Shares cease to be listed or admitted to trading on the TWSE (a "Delisting"), each Holder shall have the right (the "Delisting Put Right"), at such Holder's option to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiples thereof), such Holder's Bonds on the date set by the Issuer for such repurchase (the "Delisting Put Date"), which shall not be less than 30 nor more than 60 days following the date on which the Trustee sends to each Holder a notice after receiving relevant information in writing from the Issuer regarding the Delisting referred to under "— *Repurchase Procedures*" below at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder's Bonds to be repurchased on the Delisting Put Date (the "Delisting Put Price").

Repurchase in the Event of Change of Control

If a Change of Control (as defined below) occurs with respect to the Issuer, each Holder shall have the right (the "Change of Control Put Right"), at such Holder's option, to require the Issuer to repurchase, in whole or in part (being US$200,000 in principal amount or any integral multiples thereof), such Holder's Bonds on the date set by the Issuer for such repurchase (the "Change of Control Put Date"), which shall be not less than 30 nor more than 60 days following the date on which the Issuer notifies the Trustee, the Paying Agent and the Holders in writing of the Change of Control, at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder's Bonds to be repurchased on the Change of Control Put Date (the "Change of Control Put Price").

Repurchase Procedures

Not less than 30 nor more than 60 days prior to the Bondholder's Put Option Date and not less than 30 nor more than 60 days promptly after becoming aware of a Delisting or Change of Control, the Issuer will provide sufficient information to the Trustee and the Paying Agent in sufficient time (including such notice to be provided to Holders) to permit the Trustee and the Paying Agent to provide to each Holder a notice regarding such Holder's Put Right, Delisting Put Right or Change of Control Put Right, as the case may be, which notice shall state, as appropriate:

(A) the Bondholder's Put Option Date, the Delisting Put Date or the Change of Control Put Date, as the case may be (each, a "Purchase Date");

(B) in the case of a Delisting, the date of such Delisting and, briefly, the events causing such Delisting;

(C) in the case of a Change of Control, the date of such Change of Control and, briefly, the events causing such Change of Control;

(D) the date by which the Holder Purchase Notice (as defined below) must be given;

(E) the Holder's Put Price, the Delisting Put Price or the Change of Control Put Price, as the case may be, and the method by which such amount will be paid;

(F) the names and addresses of all Paying Agents;

(G) briefly, the Conversion Right (as defined below) of the Holders and the then current Conversion Price and the date on which the right to convert such Bond will expire;

(H) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise their repurchase rights and/or Conversion Right; and

(I) that a Holder Purchase Notice, once validly given, may not be withdrawn.

To exercise its right to require the Issuer to repurchase its Bonds, the Holder must deliver a written irrevocable notice of the exercise of such right (a "Holder Purchase Notice") to any Paying Agent on any Business Day prior to the close of business at the location of such Paying Agent on such day and which day is not less than ten (10) Business Days prior to the Purchase Date.

Payment of the Holder's Put Price upon exercise of the Holder's Put Right, Delisting Put Price upon exercise of the Delisting Put Right or Change of Control Put Price upon exercise of the Change of Control Put Right for any

Certificated Bond for which a Holder Purchase Notice has been delivered is conditioned upon delivery of such Certificated Bond (together with any necessary endorsements) to any Paying Agent on any Business Day together with the delivery of such Holder Purchase Notice and will be made promptly following the later of the Purchase Date and the time of delivery of such Certificated Bond. If the Paying Agent holds on the Purchase Date money sufficient to pay the Holder's Put Price, Delisting Put Price or the Change of Control Put Price, as the case may be, of Bonds for which Holder Purchase Notices have been delivered in accordance with the provisions of the Indenture upon exercise of such right, then, whether or not such Bond is delivered to the Paying Agent, on and after such Purchase Date, (i) such Bond will cease to be outstanding, (ii) such Bond will be deemed paid, and (iii) all other rights of the Holder shall terminate (other than the right to receive the Holder's Put Price, the Delisting Put Price or the Change of Control Put Price, as the case may be).

Neither the Trustee nor any Agent shall be required to monitor or to take any steps to ascertain whether a Change of Control, Delisting or any event which could lead to a Change of Control or Delisting has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer and none of them shall have any obligation or duty to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with a Change of Control or Delisting and none of them shall be liable to the Holders, the Issuer or any other person for any loss arising from their not doing any of the foregoing. Neither the Trustee nor any Agent shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or Holder Purchase Notice and none of them shall be liable to the Holders or the Issuer or any other person for not doing so.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Affiliate*" means, with respect to any Person (the "Specified Person"), (i) any Person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Specified Person or (ii) any Person who is a director or executive officer (A) of the Specified Person, (B) of any Subsidiary of such Specified Person or (C) of any Person described in clause (i) above. For purposes of this definition, the term "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"*Agents*" means the Registrar, Paying Agent, Transfer Agent and Conversion Agent, including any successor registrar, paying agent, transfer agent and conversion agent; an "*Agent*" means any of them.

"*Business Day*" means any day except a Saturday, Sunday or other day on which commercial banks in Taipei, Hong Kong, London and the City of New York (or, if applicable, in the city where the relevant Paying Agent is located) are authorized by law to close or are otherwise not open for business.

"*Capital Stock*" means, with respect to any Person, any and all shares, ownership interests, participation or other equivalents (however designated), including all common stock and all preferred stock, of such Person.

"*Certificated Bonds*" means the individual certificated Bonds executed and delivered by the Issuer and authenticated by or to the order of the Trustee, which may be delivered in exchange for the Global Bond in certain circumstances.

"*Change of Control*" occurs when:

(1) any Person or Persons (as defined below) acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, control of the Issuer on the Closing Date;

(2) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or any successor entity; or

(3) one or more other Persons acquire the legal or beneficial ownership of all or substantially all of the Issuer's Capital Stock.

"*Closing Price*" means for any Trading Day (a) with respect to the Common Shares, the closing price of the Common Shares on the TWSE on such day or, if no reported sales take place on such day, the average of the reported closing bid and offered prices, in either case as reported by the TWSE for such day as furnished by an Independent Investment Bank, and (b) with respect to Capital Stock of the Issuer (other than Common Shares), the closing price for such Capital Stock (other than Common Shares) on the Selected Exchange (as defined under "Trading Day" below); provided that for the purpose of determining the Closing Price used in "*— Redemption at the Option of the Issuer*" above for all Trading Days on or between the ex-rights or ex-dividends date and the record date for the determination of the shareholders entitled to receive such rights or dividends, the Closing Price shall be adjusted upwards to include the value of such rights or dividends.

"*Common Shares*" means shares of the common stock of the Issuer, with a par value of NT$10.0 per share.

"*Control*" means (i) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (ii) the acquisition or control of more than 50% of the voting rights of the issued share capital of the Issuer.

"*Conversion Price*" means the initial conversion price of NT$356.25 per Common Share set forth on the cover of this Offering Memorandum, subject to adjustment in the manner provided in "*— Conversion — Adjustments to the Conversion Price*" below.

"*Debt*" means, with respect to any Person at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of trading, (iv) all obligations of such Person as lessee which are capitalized in accordance with the generally accepted accounting principles applicable to such Person, (v) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person, (vi) all obligations of such Person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument and (viii) all Debt of others guaranteed by such Person.

"*Default*" means any condition or event which, with the giving of notice or lapse of time or both, would become an Event of Default (as defined below).

"*Early Redemption Amount*" means, for each US$200,000 in principal amount of the Bonds, the amount calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards:

Early Redemption Amount = I × (1 + r/2) d/180

where:

I = Issue price (100% of principal amount) of the Bonds.

r = 0.00% expressed as a decimal.

d = number of days from, and including, September 16, 2024 to, but excluding, the date for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

Semi-Annual Date	Early Redemption Amount
	(in US Dollars)
March 16, 2025	$200,000
September 16, 2025	$200,000

Semi-Annual Date	Early Redemption Amount
	(in US Dollars)
March 16, 2026	$200,000
September 16, 2026	$200,000
March 16, 2027	$200,000
September 16, 2027	$200,000
March 16, 2028	$200,000
September 16, 2028	$200,000
March 16, 2029	$200,000

"*FSC*" means the Financial Supervisory Commission of the ROC.

"*Fixed Exchange Rate*" means the fixed rate of US$1.00=NT$32.055.

"*Holder*", "*holder*" and "*Bondholder*" in relation to a Bond means the person in whose name a Bond is registered in the Bond register.

"*Independent Investment Bank*" means (i) an independent investment bank of international repute or (ii) leading independent securities company or bank in the ROC (in each case of (i) and (ii), acting as an expert) selected by the Issuer at the expense of the Issuer and notified in writing to the Trustee and the Agents.

"*Lien*" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property or asset, including, without limitation, the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom prior to any general creditor of the owner thereof.

"*Market Value*" means (i) in the case of Common Shares, the average of the Closing Prices of the Common Shares for the most recent 30 Trading Days, (ii) in the case of Capital Stock (other than Common Shares) which is listed on the Selected Exchange, the average of the Closing Prices of such Capital Stock (other than Common Shares) for the most recent 30 Trading Days and (iii) in the case the market value cannot be determined pursuant to the procedures above, the market value determined by an opinion of an Independent Investment Bank.

"*NT Dollars*" *or "N.T. dollars"* or "*NT$*" means the lawful currency for the time being of the ROC.

"*Person*" means any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity), limited liability company, government or political subdivision or agency or instrumentality thereof, or any other entity or organization; provided that in the context of a Change of Control, a Person does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries.

"*Prevailing Rate*" for each Rate Calculation Date, means a rate determined by the Issuer in good faith as follows:

(a) the fixing rate at 11:00 a.m., expressed as the number of NT Dollars per one US Dollar, quoted by Taipei Forex Inc.;

(b) if no such rate is available under sub-paragraph (a), the prevailing rate determined by the Issuer in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and

(c) if fewer than two quotations are provided under sub-paragraph (b), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the prevailing rate under sub-paragraph (b), the Issuer will request the Taipei office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer's experience in the foreign exchange market for NT Dollars and general activity in such market on the Rate Calculation Date. The quotations used to determine the Prevailing Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 3:30 p.m. (Taipei time) on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

As soon as practicable and no later than one Business Day after the Prevailing Rate has been determined, the Issuer will notify the Trustee and Agents in writing of the Prevailing Rate and the applicable Settlement Equivalent on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of determining the Prevailing Rate, whether by the Reference Dealers (or any of them), the Issuer or the Independent Investment Bank, will (in the absence of fraud, willful misconduct or gross negligence) be binding on the Issuer and all Bondholders, and for administrative purpose only (without assuming any liability) on the Trustee and Agents.

"*Principal Subsidiary*" means any consolidated Subsidiary (1) whose revenues, as shown by the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary, are at least 10% of the consolidated revenues as shown in the latest audited consolidated accounts of the Issuer or (2) whose total assets, as shown in the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary are at least 10% of the consolidated total assets of the Issuer as shown in the latest audited consolidated accounts of the Issuer, including any such Subsidiary as may be acquired or formed from time to time during the term of the Bonds; provided, however, for the purposes of calculation of consolidated assets of the Issuer under (2) only, the interests of the minority shareholders of the Issuer and of its consolidated Subsidiaries shall be excluded, and "*Principal Subsidiaries*" means those companies collectively. An officer's certificate delivered to Trustee and Holders stating that in the Issuer's opinion, a consolidated Subsidiary is or is not or was or was not at a specified date a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"*Purchase Date*" has the meaning specified under the caption "— Repurchase Procedures" above.

"*Rate Calculation Date*" means the day which is fifth Business Days before the due date of the relevant amount.

"*Redemption Date*" means, with respect to any Bond, (i) the date fixed for redemption of such Bond pursuant to a notice of redemption given by the Issuer in accordance with the provisions of the Indenture; or (ii) the Maturity Date of such Bond if such Bond has not been redeemed, repurchased and canceled or converted in accordance with its terms prior to the Maturity Date.

"*Reference Dealers*" means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer.

"*Settlement Equivalent*" for the relevant Rate Calculation Date in respect of any US Dollar-denominated amount payable in respect of the Bonds, means such US Dollar amount converted into NT Dollar amount using the Fixed Exchange Rate, and then converted back to US Dollar amount using the applicable Prevailing Rate on such date.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Subsidiary*" means, with respect to any Person, (a) any entity which is controlled or of which more than 50% of its Capital Stock is owned directly or indirectly by such Person, or (b) any entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person.

"*Taxing Authority*" means any government or political subdivision or any authority or agency thereof, having the legal power and authority to levy a mandatorily payable charge, assessment or tax.

"*Trading Day*" means (a) with respect to the Common Shares, a day when the TWSE is open for business, *provided*, *however*, if no transaction price or closing bid and offered prices are reported by the TWSE in respect of the Common Shares for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days and (b) with respect to Capital Stock of the Issuer (other than Common Shares), a day on which any securities exchange or quotation system selected by the Issuer and notified to the Paying Agent for this purpose (the "Selected Exchange") on which shares of such Capital Stock (other than Common Shares) are quoted or traded is open for trading or quotation; *provided*, *however*, if no bid price is reported by the Selected Exchange in respect of such Capital Stock (other than Common Shares) for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days.

"*TWSE*" means the Taiwan Stock Exchange Corporation.

"*US Dollars*", "*U.S. Dollars*" or "*US$*" means the lawful currency for the time being of the United States of America.

Certain Covenants

Negative Pledge

So long as any Bond remains outstanding (as defined in the Indenture), the Issuer shall not, and shall ensure that none of its Principal Subsidiaries will, create or permit to subsist any Lien on any of its or, as the case may be, such Principal Subsidiary's, property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined below) (i) payment of any sum owing in respect of any such International Investment Securities, (ii) any payment under any guarantee of any such International Investment Securities or (iii) any payment under any indemnity or other like obligation relating to any such International Investment Securities, unless (a) contemporaneously therewith effective provision is made to secure the Bonds equally and ratably with such International Investment Securities with a similar Lien on the same property, assets or revenues securing such International Investment Securities for so long as such International Investment Securities are secured by such Lien or (b) with such other security, guarantee, indemnity or other arrangement as shall be approved by Holders holding not less than 50% of the principal amount of the outstanding Bonds.

As used herein, "International Investment Securities" means bonds, debentures, notes or other similar investment securities of the Issuer or any other person evidencing indebtedness, with a maturity of not less than one year from the issue date thereof, or any guarantees thereof, which (i) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than NT Dollars or (B) are denominated in NT Dollars and more than 50% of the aggregate principal amount thereof is initially distributed outside the ROC by or with the consent of the Issuer and (ii) are for the time being, or are intended to be or capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market outside the ROC.

Consolidation, Amalgamation or Merger

The Issuer shall not consolidate with, merge or amalgamate into or transfer or convey all or substantially all of its properties and assets to, any Person (the consummation of any such event, a "Merger"), unless:

(i) the corporation formed by such Merger or the Person that acquired such properties and assets shall expressly assume, by an indenture supplemental to the Indenture, all obligations of the Issuer under the Indenture and the performance of every covenant and agreement applicable to it contained therein;

(ii) immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom;

(iii) the Issuer at least 20 Business Days prior to the Merger has delivered to the Trustee an officer's certificate stating that such Merger complies with the provisions of the Indenture relating to this matter and that all conditions precedent therein provided for or relating to such Merger have been complied with;

(iv) the corporation formed by such Merger, or the Person that acquired such properties and assets, shall expressly agree to (A) indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal of and other amounts on the Bonds and (B) if organized under the laws of a jurisdiction other than the ROC, deliver a substitute undertaking to the Trustee to pay any additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds, after any withholding or deduction of any such tax, assessment or other governmental charge shall equal the respective amounts of the principal of and Additional Amounts on the Bonds, which would have been receivable in respect of the Bonds in the absence of such Merger. No successor corporation or other Person shall have the right to redeem the Bonds unless the Issuer would have been entitled to redeem the Bonds pursuant to the Indenture in the absence of the Merger; and

(v) the Issuer shall as soon as practicable on or prior to the Merger, deliver to the Trustee an opinion satisfactory to the Trustee of counsel(s) of recognized standing as to the legality and validity of the Merger.

In the event of any such Merger, the provisions described under "— *Additional Amounts*" and "— *Redemption for Taxation Reasons*" above will be applicable to the corporation formed by such Merger or the Person acquiring such properties and assets as appropriate, and any reference to the Issuer shall be read to include such successor person.

Conversion

Conversion Right

Each Holder will have the right (the "Conversion Right") during the Conversion Period to convert its Bonds (being US$200,000 in principal amount or any integral multiples thereof), at the option of such converting Holder, upon delivery of an irrevocable notice (the "Conversion Notice") at the office of the Conversion Agent, on any Business Day at all reasonable times during normal office hours (being between 9.00 a.m. and 3.00 p.m. (London time)) at the location of the Conversion Agent to which such Conversion Notice is delivered, into Common Shares; *provided*, *however*, that the Conversion Right during any Closed Period shall be suspended and the Conversion Period shall not include any such Closed Period. "Closed Period" means (i) the 60-day period immediately prior to the date of any of the Issuer's annual general shareholders' meetings; (ii) the 30-day period immediately prior to the date of any of the Issuer's extraordinary general shareholders' meetings; (iii) the period from the fifteenth (15th) Trading Day prior to the record date for the determination of the shareholders entitled to the receipt of dividends in cash or shares, or subscription of new Common Shares due to capital increase to such record date; (iv) the period from the record date for the determination of the shareholders participating in any capital reduction to one day prior to the first Trading Day on which the Common Shares are reissued after such capital reduction; (v) the period beginning from one Trading Day before the Issuer's application with the Ministry of Economic Affairs of the ROC for a change of par value of the Common Shares to one day prior to the first Trading Day of the Common Shares reissued after the change of par value; and (vi) such other periods during which the Issuer may be required to close its stock transfer books under ROC applicable laws and regulations and the rules of the TWSE from time to time. The Issuer shall procure that Holders (the Trustee, the Paying Agent and other applicable parties) are given at least 10 days' but not more than 60 days' prior notice of any Closed Period in accordance with the provisions of the Indenture, provided that seven (7) days prior notice shall be sufficient in the event of any Closed Period of the type described in clause (iii) above.

The number of Common Shares to be issued upon conversion will be determined by dividing the aggregate principal amount of all the Bonds to be converted by such Holder (translated into NT Dollars at the Fixed Exchange Rate) by the Conversion Price in effect on the Conversion Date (as defined below). Fractions of Common Shares will not be issued on conversion, and the Issuer will pay in US Dollars for any fraction of a Common Share not issued as aforesaid, net of remittance fee and processing fees, rounding to one US Dollar with US$0.50 being rounded upwards.

The Conversion Price shall at all times be subject to Anti-dilution Adjustment (as defined below). The Issuer shall not take any action that would reduce the Conversion Price below a level that may be prescribed by applicable laws and regulations from time to time (if any).

On the Conversion Date, the Paying Agent shall be entitled to write down and cancel the relevant Bonds subject to such exercised Conversion Right with no further liability. The Trustee and the Paying Agent shall not be required to monitor or assist with the delivery of Common Shares or cash for any registration that may arise pursuant to an exercise of a Conversion Right.

Restrictions on Shareholdings by PRC Persons

Under current ROC laws and regulations, PRC persons are not permitted to convert the Bonds or to register as our shareholders unless (i) it is a QDII, which will hold less than 10% of the Common Shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the Department of Investment Review (formerly Investment Commission) of the MOEA if all the business items of the Company are within the positive list promulgated by the ROC government from time to time in the event that it will hold 10% or more (or other threshold required by the regulators) of the Common Shares after conversion of the Bonds. In addition, there are restrictions on the amount remitted to Taiwan for investments by each QDII and all QDIIs. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC might cause a Bondholder who is a PRC person to be unable to convert and hold the Common Shares issuable upon conversion of the Bonds. Under current ROC laws, a "PRC person" means (i) an individual with household registration in China (but not including Hong Kong and Macau), (ii) any juristic person, organization, or other institution of the PRC (but not including Hong Kong and Macau), and (iii) any corporation established outside China (including those established in Hong Kong or Macau) either (a) more than 30% of its issued share capital or total capital contribution amount is owned, directly or indirectly, by PRC person(s) or (b) which is controlled by PRC person(s).

ROC Procedures for Foreign Persons Holding Common Shares

Under current ROC law, a non-ROC converting Holder who is not a PRC person, before exercising the Conversion Right, is required to register with the TWSE to obtain the Foreign Investor Investment I.D. for making investments in the ROC securities market. In addition, a non-ROC person (other than a PRC person) will be required to appoint an eligible agent in the ROC to open a securities trading account with a local brokerage firm and a TDCC book entry account and a bank account, to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as such person may designate upon conversion. In addition, a non-ROC person (other than a PRC person) will be required to appoint a custodian bank in the ROC to hold the securities in safekeeping, make confirmation, settle trades and report all relevant information. Without obtaining the Foreign Investor Investment I.D. and opening such accounts, a non-ROC person would be unable to hold or subsequently sell the Common Shares converted from the Bonds on the TWSE or otherwise. In addition, these regulations may change from time to time.

When a non-ROC Bondholder exercises its conversion right with respect to the Bonds in order to receive Common Shares, that holder will be required to appoint an agent (a "Tax Guarantor") in the ROC. Such Tax Guarantor will be required to meet the qualifications set by the ROC MOF and will act as the guarantor of such holder's tax payment obligations. Generally, evidence of the appointment of a Tax Guarantor and the approval of such appointment may be required as a condition to such holder's repatriation of profits.

Also, if our Common Shares to be received by any non-ROC person (other than a PRC person) upon single conversion will exceed 10% of our total issued and outstanding shares, such non-ROC person must obtain the prior approval from the Department of Investment Review of the MOEA.

Without meeting such requirements, such non-ROC converting Holder would not be able to hold or sell or otherwise transfer Common Shares into which the Bonds may be converted on the TWSE or otherwise. For more details, see "Certain ROC Legal Requirements relating to the Bonds".

Delivery of Common Shares upon Conversion

Converting Holders will not be deemed to be holders of Common Shares until the Conversion Date. The price at which such Bonds will be converted will be the Conversion Price in effect on the Conversion Date.

Subject to any applicable limitations then imposed by ROC laws and regulations (including obtaining the Foreign Investor Investment I.D. or QDII Investment I.D., if one is required), we will as promptly as practicable, and in any event within five Trading Days after the Conversion Date, deliver to the TDCC book-entry account specified by the Holder in the Conversion Notice the number of Common Shares such Holder is entitled to receive upon conversion.

The Issuer's delivery to the Bondholder of the number of Common Shares into which the Bonds are convertible, together with any cash payment for any fraction of Common Shares, will be deemed to satisfy the Issuer's obligation to pay the principal of and other amounts on such Bonds.

See "*Risk Factors — Risks Relating to the Bonds and the Shares — A liquid market for the Bonds may not develop, and the market for our Shares may not be liquid*".

Procedures; Conversion Notice; Taxes and Duties

In order to effect a conversion, each Holder must complete, execute and deliver at such Holder's expense during the Conversion Period to the office of the Conversion Agent on any Business Day at all reasonable times during normal office hours (being between 9.00 a.m. and 3.00 p.m. (London time)) at the location of the Conversion Agent, a Conversion Notice, in substantially the form then obtainable from the office of the Conversion Agent, together, in the case of Certificated Bonds, with the certificate representing the Bonds to be converted, and any certificates and other documents as may be required under applicable law and any expenses or other payments required to be paid by the Holder pursuant to the terms of the Indenture. The Conversion Notice shall contain the required information, inter alia, for a non-ROC Holder, an appointment of a local agent and a custodian by such converting Holder and the name and address of such local agent and custodian and information relating to such Holder's Foreign Investor Investment I.D. (or the QDII Investment I.D. if one is required) and TDCC account number. Holders of the Bonds who are unable to make the representations set forth in the Conversion Notice will not be able to receive Common Shares issuable upon conversion of the Bonds. The Conversion Agent will deem any Conversion Notice that does not include a TDCC account number or the Foreign Investor Investment I.D. or QDII Investment I.D. (if one is required) incomplete or incorrect and reject such Conversion Notice.

As conditions precedent to conversion, the Holder must undertake to the Issuer that all stamp, issue, registration and similar taxes and duties (if any) arising on conversion in the country in which the Bond is deposited for conversion, or payable in any jurisdiction consequent upon the issue and delivery of Common Shares or any other property or cash upon conversion to or to the order of a person other than the converting Bondholder have been paid to the relevant authority. Except as aforesaid, the Issuer will pay the expenses arising in the ROC on the issue of Common Shares on conversion of Bonds and all charges of the Conversion Agent in connection therewith as provided in the Indenture.

The date on which any Bond and the Conversion Notice relating thereto, together with any certificates and other documents as may be required under applicable law, are deposited with the Conversion Agent and the payments, if any, required to be paid by the Bondholder are made, whichever is later, is hereinafter referred to as the "Deposit Date". The "Conversion Date" applicable to a Bond shall mean the next Business Day following the Deposit Date (or the first Business Day which is a Trading Day following the last day of a Closed Period if the Deposit Date was during such Closed Period), which day must be a Trading Day and must fall within the Conversion Period. The Holder must therefore satisfy all such conditions on or before the Business Day prior to the end of the Conversion Period.

Upon receipt of such Conversion Notices, the Conversion Agent shall process and transmit such Conversion Notices to the Issuer and notify the Issuer the Deposit Date.

A Conversion Notice once so delivered may not be withdrawn without the consent in writing of the Issuer. Holders who deposit a Conversion Notice during a Closed Period will not be permitted to convert their Bonds until the first Business Day which is a Trading Day following the last day of that Closed Period which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds. The price at which such Bonds will be converted will be the Conversion Price in effect on the Conversion Date.

With effect from the opening of business in the ROC on the Conversion Date, the Issuer will deem the person designated in the Conversion Notice as the person in whose name the Common Shares to be issued upon such conversion are to be registered as the holder of record of the number of Common Shares (disregarding any retroactive adjustment of the Conversion Price referred to below prior to the time such retroactive adjustment shall have become effective), and at such time the rights of such converting Holder as a Holder with respect to the Bonds deposited for conversion shall cease.

On the Conversion Date, the Issuer will deem and treat the converting Holder (or its designee) as the holder of record of the number of Common Shares to be issued upon conversion of such Bonds and, subject to any applicable limitations then imposed by ROC laws and regulations, according to the request made in the relevant Conversion Notice, procure that, as soon as practicable, and in any event within five Trading Days after the Conversion Date (subject to changes to ROC laws and regulations), there be delivered to the TDCC book-entry account specified by the Holder in the Conversion Notice, together with any cash payment for any fraction of Common Shares. No physical certificates will be delivered to the converting Holder (or its designee) upon conversion.

Neither the Trustee nor any of the Agents shall have any responsibility or liability to pay or determine whether a Bondholder is liable to pay any such stamp duty, income, transfer and registration tax or any other duties and taxes or any brokers' commissions or other stock exchange transaction costs or brokers' commissions, together with any value added or other tax thereon, arising in any jurisdiction and shall not be liable to any Bondholder or any other person for not doing so.

Adjustments to the Conversion Price

Anti-dilution. The Conversion Price will be subject to adjustment ("Anti-dilution Adjustment") in the circumstances described below:

(i) If the Issuer shall issue Common Shares as a dividend in Common Shares or make a free distribution or bonus issue of Common Shares which is treated as a capitalization issue for accounting purposes (including but not limited to capitalization of retained earnings or capital reserves), then the Conversion Price in effect on the record date for the determination of the shareholders entitled to receive such dividend and/or distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[N/_{(N+n)} \right]$$

where:

NCP	=	the Conversion Price after such adjustment.
OCP	=	the Conversion Price before such adjustment.
N	=	the number of Common Shares outstanding on the day before the record date for the determination of shareholders entitled to receive such dividend and/or distribution.
n	=	the number of Common Shares to be distributed to the shareholders as a dividend and/or distribution.

(ii) If the Issuer shall (a) subdivide its outstanding Common Shares, (b) combine its outstanding Common Shares into a smaller number of Common Shares, or (c) re-classify any of its Common Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the Holder, in respect of the Conversion Date which occurs after the coming into effect of the adjustment described in this subsection (ii), shall be entitled to receive the number of Common Shares and/or other securities of the Issuer which it would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of the shareholders entitled to receive any such securities issued upon any such subdivision, combination or reclassification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

(iii) If the Issuer shall grant, issue or offer to the holders of Common Shares rights entitling them to subscribe for or purchase Common Shares, which expression shall include those Common Shares which are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer, at a consideration per Common Share receivable by the Issuer which is fixed:

(a) on or prior to the record date mentioned below and is less than the Market Value per Common Share on such record date; or

(b) after the record date mentioned below and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in the case of (a) above) on the record date for the determination of the shareholders entitled to receive such rights or (in the case of (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[{}^{(N+v)}\big/_{(N+n)}\right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding (in the case of (a) above) on the day before such record date or (in the case of (b) above) on the date the Issuer fixes the said consideration.

n = the number of Common Shares to be issued in connection with such rights issue at the said consideration.

v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value specified in (a) or, as the case may be, (b) above.

Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications of such Common Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to the record date mentioned above.

For the avoidance of doubt, if, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any Common Shares which are not subscribed for or purchased by the persons entitled thereto are purchased by other persons after the latest date for the submission of applications for such Common Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any such Common Shares which are not subscribed for or purchased by such other persons as referred to above or by the persons entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Common Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

(iv) If the Issuer shall grant, issue or offer to the holders of Common Shares warrants entitling them to subscribe for or purchase Common Shares at a consideration per Common Share receivable by the Issuer which is fixed:

(a) on or prior to the record date for the determination of the shareholders entitled to receive such warrants and is less than the Market Value per Common Share at such record date; or

(b) after the record date mentioned above and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of the shareholders entitled to receive such warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[{}^{(N + v)}\!\big/_{(N + n)} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding (in the case of (a) above) on the day before such record date or (in the case of (b) above) on the date the Issuer fixes the said consideration.

n = the number of Common Shares initially to be issued upon exercise of such warrants at the said consideration where no applications by shareholders entitled to such warrants are required. Where applications by shareholders entitled to such warrants are required, n equals the number of such Common Shares that equals (A) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, and (B) the number of warrants for which applications are received from shareholders as referred to below except to the extent already adjusted for under (A).

v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value per Common Share specified in (a) or, as the case may be, (b) above.

Subject as provided below, such adjustment shall become effective, where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are purchased by other persons after the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any such warrants which are not subscribed for or purchased by such other persons as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

(v) In case the Issuer or any Subsidiary of the Issuer shall distribute to all holders of Common Shares, any shares of Capital Stock of the Issuer other than Common Shares, evidences of indebtedness or other assets (other than cash distributions described below) of the Issuer, or rights or warrants to subscribe for or purchase any Capital Stock of the Issuer (other than Common Shares) at less than the Market Value of such indebtedness, assets or Capital Stock, determined as of the date on which the board of directors of the Issuer approves such distribution (the "Grant Date"), then in each such case the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[{}^{(M - fmv)}\!\big/_{M} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

M = the Market Value per Common Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the Fair Market Value on the Grant Date (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee and the Paying Agent) of the portion of Capital Stock other than Common Shares, evidences of indebtedness or other assets so distributed applicable to one Common Share less any consideration payable for the same by the relevant Shareholder.

Such adjustment shall become effective immediately on the record date for the determination of the shareholders entitled to receive such distribution, provided that the Issuer may elect to defer the effectiveness of such adjustment (but in no event until a date later than the effective date of the event giving rise to such adjustment), in which case the Issuer shall, with respect to any Bond converted after such record date and before such adjustment shall have become effective, (i) defer issuing to the Holder of such Bond the number of Common Shares issuable upon such conversion in excess of the number of Common Shares, or issuable thereupon only on the basis of the Conversion Price prior to adjustment, and (ii) not later than 20 days after such adjustment shall have become effective, issue to such Holder the additional Common Shares, issuable on such conversion.

If any of such rights or warrants expire prior to exercise, the Conversion Price shall be readjusted to reflect the actual rights or warrants exercised.

(vi) In case the Issuer shall, by dividend or otherwise, distribute to all holders of Common Shares cash then, in such case, the Conversion Price shall be adjusted downward, not upward (with such adjustment to be effective on the record date for the determination of the shareholders entitled to receive such distribution) in accordance with the following formula and rounded to the nearest cent of a NT Dollar:

$$NCP = OCP \times \left[1 - {}^{C}/_{M}\right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

C = the amount of cash so distributed applicable to one Common Share.

M = the Market Value per Common Share on such record date.

If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been approved.

(vii) (a) If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and does not distribute any cash in connection with such share capital reduction, then the Conversion Price in effect on the record date for the determination of the shareholders participating in such capital reduction shall be adjusted in accordance with the following formula:

$$NCP = OCP \times {}^{N}/_{n}$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding immediately prior to such capital reduction.

n = the number of Common Shares outstanding immediately after such capital reduction.

For the avoidance of doubt, no adjustment to the Conversion Price under this subsection will be required if the Issuer cancels any Common Shares repurchased for the purpose of holding such Common Shares in treasury.

(b) If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and shall distribute cash in connection with such share capital reduction, the Conversion Price then in effect on the record date for the determination of the shareholders participating in such capital reduction shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\left(1 - {}^{C}/_{c}\right) \times {}^{N}/_{n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N and n have the meanings ascribed thereto in clause (a) of this subsection above.

C = the amount of cash distributed per Common Share.

c = the Closing Price on the last Trading Day prior to such capital reduction.

For the avoidance of doubt, no adjustment to the Conversion Price under this subsection will be required if the Issuer cancels any Common Shares repurchased for the purpose of holding such Common Shares in treasury.

(c) Effective date of adjustment: Such adjustment shall become effective immediately on the record date for the determination of the shareholders participating in such capital reduction.

(viii) In case a tender or exchange offer made by the Issuer or any Subsidiary of the Issuer for all or any portion of the Common Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Common Share having a Fair Market Value (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee) at the last time (the "Expiration Date") tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Market Value per Common Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[{}^{(N \times M)}\Big/_{(a + [(N - n) \times M)]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding (including any tendered or exchanged Common Shares) at the close of business on the Expiration Date.

M = Market Value per Common Share as of the Expiration Date.

a = the Fair Market Value of the aggregate consideration payable to the holders of Common Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Common Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Common Shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

n = the number of Purchased Shares.

such reduction to become retroactively effective immediately prior to the opening of business on the Trading Day following the Expiration Date.

If the Issuer is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

(ix) In case the Issuer issues Common Shares (other than (A) Common Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer; (B) Common Shares issued upon exercise of any rights or warrants granted, offered or issued by the Issuer; (C) issuance of employee stock bonus; or (D) Common Shares issued in any of the circumstances described in subsections (i) and (ii)) or the Issuer or any Subsidiary of the Issuer shall issue any securities initially convertible into or exchangeable for Common Shares at a price per Common Share less than the Market Value per Common Share determined as of the date on which the board of directors or shareholders' meeting of the Issuer or such Subsidiary, if applicable, approves such issuance, the Conversion Price in effect immediately prior to the date of issue of such Common Shares or convertible or exchangeable securities shall be adjusted and become effective in accordance with the following formula:

$$NCP = OCP \times \left[{}^{(N+v)}\!/_{(N+n)}\right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding on the date immediately prior to issuance of such Common Shares or initially convertible or exchangeable securities.

n = the number of Common Shares issued or issuable upon conversion or exchange of such initially convertible or exchangeable securities.

v = the number of Common Shares which the aggregate consideration issue price of the total amount of Common Shares would purchase at Market Value; in the case of convertible or exchangeable securities, the number of Common Shares which the conversion price or exchange price of the newly issued securities multiply by "n" would purchase at Market Value; provided that if the new Common Shares are issued by the Issuer to exchange for the total outstanding shares of an entity to be consolidated with, merged or amalgamated into the Issuer, such "aggregate consideration issue price of the total amount of Common Shares" shall mean the aggregate amount of the fair value per common share of such entity multiplied by "n" and further multiplied by the applicable share swap ratio under such consolidation, merger or amalgamation. The fair value per common share of such entity shall be the net asset value per share of such entity based on the latest audited or reviewed financial statements of such entity prior to the record date set for such consolidation, merger or amalgamation, times the share swap ratio.

If the conversion or exchange right of any such convertible or exchangeable securities expires prior to exercise, the Conversion Price shall be readjusted to reflect the actual securities converted or exchanged.

(x) In case the Issuer reissues the Common Shares to change the par value of the Common Shares, then the Conversion Price in effect on the record date for the determination of the shareholders participating in such change of the par value of the Common Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left({}^{N}\!/_{n}\right)$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (a) above.

N = the number of Common Shares outstanding immediately prior to such change of par value of the Common Shares.

n = the number of Common Shares outstanding immediately after such change of par value of the Common Shares.

Such adjustment shall become effective immediately on the record date for the determination of the shareholders participating in such change of the par value of the Common Shares.

(xi) If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Common Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

A. the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to subsections (iii) or (iv) above;

B. the day immediately before the date of issue of any securities convertible into or exchangeable for Common Shares which requires an adjustment of the Conversion Price pursuant to subsection (ix) above;

C. the day immediately before the date of a distribution which requires an adjustment of the Conversion Price pursuant to subsection (v) above;

D. the record date for distribution of cash which requires an adjustment of the Conversion Price pursuant to subsection (vi) above;

E. the record date for the determination of the shareholders participating in capital reduction which requires an adjustment of the Conversion Price pursuant to subsection (vii) above;

F. the Expiration Date with respect to any tender or exchange offer which requires an adjustment to the Conversion Price pursuant to subsection (viii) above; or

G. the relevant date for an analogous event or circumstance which requires an adjustment to the Conversion Price;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under subsections (i) or (ii) above) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under the relevant subsections, but in lieu thereof an adjustment shall be made (A) under subsections (iii), (iv) or (ix) above, as applicable, by including in the denominator of the fraction described therein the aggregate number of Common Shares to be issued pursuant to such dividend, bonus issue or free distribution and (B) under subsections (v), (vi), (vii) and (viii) above, as applicable, by multiplying the Conversion Price after the adjustment under such subsections by a fraction the numerator of which is the number of Common Shares outstanding on the record date and the denominator of which is the sum of such number of Common Shares outstanding and the aggregate number of Common Shares to be issued pursuant to such dividends, bonus issue or free distribution.

(xii) In case of a Merger of the Issuer, each Bond then outstanding shall, without the consent of any Bondholders, become convertible only into the kind and amount of securities, cash and other property receivable upon such Merger by a holder of the number of Common Shares, into which such Bonds could have been converted immediately prior to such Merger. The corporation formed by such Merger or the Person that acquired such properties and assets shall enter into a supplemental indenture with the Trustee to provide for the continuation of the Conversion Rights to continue after such Merger and such supplemental indenture shall provide for adjustments to the Conversion Price which shall be as nearly equivalent as practicable to the adjustments provided in the Indenture *provided* that where there has been a Change of Control pursuant to such a Merger, a Holder may exercise its Change of Control Put Right as set forth in "*— Repurchase in the Event of Change of Control*".

If any event or circumstance analogous to the events and circumstances described in subsections (i) through (x) occur, the Conversion Price shall be adjusted as set forth in the analogous subsection in the Indenture.

Provisions Applicable to All Conversions and Adjustments of Conversion Price

No adjustment of the Conversion Price will be required to be made until cumulative adjustments, required to be made in the circumstances set forth above, amount to 1.0% or more of the Conversion Price as last adjusted. However, any adjustment, required to be made in the circumstances set forth above, which is not made because of failure to meet the 1.0% threshold, will be carried forward. Except as otherwise described below, the Conversion Price may at any time be reduced by the Issuer.

All calculations relating to conversion, including adjustments of the Conversion Price, will be made to the lower 0.001 of a share of securities or other property or nearest NT$0.01 with NT$0.005 being rounded upwards, as the case may be.

Whenever the Conversion Price is adjusted, the Issuer will promptly file with the Trustee and the Agent an officer's certificate setting forth the date on which such adjustment became effective, the Conversion Price after such adjustment and prior to such adjustment and setting forth a brief statement of the facts requiring such adjustment. The Issuer shall give notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price, the Conversion Price prior to such adjustment, a brief statement of the facts requiring such adjustment and the date on which such adjustment became effective and shall give such notice of such adjustment of the Conversion Price to each Holder of a Bond.

Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so or for any delay by the Issuer in making a determination or any erroneous determination in connection with the Conversion Price. The Trustee and the Agents shall be entitled to rely conclusively without liability to any Bondholder on any report or certificate of a director of the Company in connection therewith.

Events of Default; Notice and Waiver

The Indenture provides that, if one or more of the following events or conditions (each an "Event of Default") shall have occurred, the Trustee at its sole and absolute discretion may, and if so requested in writing by Holders of not less than 25% in aggregate principal amount of the Bonds then outstanding or if so directed by a resolution of Bondholders' meeting shall, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), declare the Bonds to be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. In the case of certain events of bankruptcy or insolvency, the Bonds shall automatically become and be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. Under certain circumstances, the Holders of a majority in aggregate principal amount of the outstanding Bonds may rescind any such acceleration with respect to the Bonds and its consequences.

Under the Indenture, Events of Default include:

(i) a default that occurs and continues for more than seven Business Days in payment of the principal in respect of any Bond when due and payable;

(ii) default in the payment of Additional Amounts upon any Bond as and when the same becomes due and payable, and continuance of such default for seven Business Days;

(iii) failure by the Issuer to deliver the Common Shares as and when such Common Shares are required to be delivered following conversion of a Bond in accordance with the Indenture, which failure continues for more than five Business Days;

(iv) failure on the part of the Issuer duly to observe or perform any of the covenants or agreements provided in the Bonds or the Indenture (other than those referred to in clauses (i) or (ii) above) which failure cannot be remedied or, if such failure is capable of being remedied, is not remedied within 30 days after the date on which written notice thereof requiring the Issuer to remedy the same shall have been given to the Issuer by the Trustee (acting on instructions of the Holders);

(v) there shall have been entered against the Issuer or any of its Principal Subsidiaries a final judgment, decree or order by a court of competent jurisdiction for the payment of money in excess of US$100 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) as a result of which (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days or (ii) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(vi) (A) the Issuer or any of its Principal Subsidiaries shall fail to make any payment with respect to present or future Debt (other than the Bonds) in an aggregate principal amount in excess of US$100 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) when and as the same shall become due and payable, if such failure shall continue for more than the period of grace, if any, originally applicable thereto or (B) the Issuer or any of its Principal Subsidiaries shall fail to perform or observe any covenant or agreement to be performed or observed by the Issuer or any of its Principal Subsidiaries contained in any agreement or instrument evidencing Debt (other than the Bonds) in an aggregate principal amount in excess of US$100 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) and such failure results in the acceleration of the maturity of any amount owing thereunder;

(vii) a decree or order by a court having jurisdiction shall have been entered under any applicable bankruptcy, insolvency, reorganization or other similar law (A) adjudging the Issuer as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer, (B) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or its property or (C) ordering the winding up or liquidation of the affairs of the Issuer and in any such case such decree or order shall have continued undischarged and unstayed for a period of 60 days; or

(viii) the Issuer shall voluntarily commence proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the filing of a bankruptcy or insolvency proceeding against it, or shall file a petition or answer or consent seeking reorganization under any applicable bankruptcy, insolvency, reorganization or other similar law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make an assignment for the benefit of creditors.

If an Event of Default shall have occurred and be continuing, interest shall accrue on the overdue sum at the rate of 2.00% per annum from the due date and ending on the date on which payment is made to the Holders in respect thereof (both dates inclusive). Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year consisting of 12 months of 30 days each.

The Holders of a majority in aggregate principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; *provided* that such direction shall not be in conflict with any law or the Indenture and subject to certain other limitations. The Trustee may refuse to follow any direction that conflicts with any law or the Indenture or is unduly prejudicial to the rights of other Bondholders (it being understood that the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holders) or would involve the Trustee in personal liability. The Trustee may also refuse to perform any duty, exercise any right or power, extend or risk its own funds or otherwise incur any financial liability, unless it receives indemnity and/or security and/or pre-funding satisfactory to it against any loss, liability or expense. No Holder will have the right to pursue any remedy with respect to the Indenture or the Bonds, unless:

(i) such Holder shall have previously given the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in aggregate principal amount of the outstanding Bonds shall have made a written request to the Trustee to pursue such remedy;

(iii) such Holder or Holders shall have offered to the Trustee security and/or indemnity and/or pre- funding against any loss, liability or expense satisfactory to it;

(iv) the Trustee shall have failed to comply with the request within 60 days after receipt of such notice, request and offer of security or indemnity and/or pre-funding; and

(v) the Holders of a majority in aggregate principal amount of the outstanding Bonds shall not have given the Trustee a direction inconsistent with such request within 60 days after receipt of such request.

The right of any Holder (i) to receive payment of the principal of and other amounts on the Bonds, Additional Amounts, the Holder's Put Price upon exercise of the Holder's Put Right, the Delisting Put Price upon exercise of the Delisting Put Right or the Change of Control Put Price upon exercise of the Change of Control Put Right, or to receive Common Shares on or after any Redemption Date, Purchase Date or Conversion Date, as the case may be, (ii) to convert its Bonds or (iii) to bring suit for the enforcement of any such right, shall not be materially impaired or materially adversely affected without such Holder's consent.

The Holders of a majority in aggregate principal amount of Bonds at the time outstanding may waive any existing Default and its consequences, except (i) any default in any payment on the Bonds, (ii) any default with respect to the Conversion Rights of Holders or (iii) any default with respect to certain covenants or provisions in the Indenture which may not be modified without the consent of the Holder as described in "— *Meeting of Bondholders; Modification and Waiver*" below. When a Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Default or an Event of Default or any event which could lead to the occurrence of a Default or an Event of Default has occurred and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. The Trustee or the Agents shall be entitled to assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Bonds until they have received written notice to the contrary from the Issuer. The Trustee is entitled to rely conclusively on any opinion of counsel or officer's certificate regarding whether a Default or an Event of Default has occurred.

The Issuer will be required to furnish to the Trustee, within 14 days of its annual audited financial statements (as described in "— *Provision of Financial Statements and Reports*" above) being made available to its shareholders and also within 14 days after any request by the Trustee, a company's certificate concerning the performance and observance of its obligations under the Bonds or the Indenture (on which the Trustee may rely conclusively on as to such compliance and shall not be liable to any Bondholder or any other person for such reliance). In addition, the Issuer is required to file promptly with the Trustee a company's certificate of the occurrence of any Default or Event of Default by not later than 14 days following the first day on which it becomes aware of the occurrence of such Default or Event of Default, specifying each such default and the nature and status thereof.

Prescription

Claims in respect of payment of the principal of or other amounts on the Bonds will be prescribed unless made within a period of six years from the relevant due date of payment in respect thereof.

Under ROC laws, claims in respect of the payment of (a) principal and (b) interest (inclusive of redemption premium) would become unenforceable after 15 years and 5 years, respectively from the relevant due date of payment in respect thereof.

Meeting of Bondholders; Modification and Waiver

The Indenture contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the approval of certain amendments or modifications of the Bonds or the provisions of the Indenture upon either the written consent of the Holders of a majority in aggregate principal amount of the outstanding Bonds or the approval at a meeting of the Holders duly called by persons entitled to vote a majority in principal amount of the outstanding Bonds. The quorum at any such meeting shall be two or more persons entitled to vote a majority in principal amount of the outstanding Bonds.

Modifications and amendments of the Indenture or the Bonds may be made by the Issuer and the Trustee with the written consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Bonds; provided that no such modification or amendment may, without the consent of each Holder of the Bonds affected thereby:

(i) change the Maturity Date;

(ii) change the Bondholder's Put Option Date;

(iii) reduce the principal of or other amounts on any Bond or Settlement Equivalent payable in respect of the Bonds, or change the method of calculation of the Settlement Equivalent;

(iv) increase the then current Conversion Price (except as required by the anti-dilution provisions of the Indenture);

(v) change the place or currency of payment of the principal of or other amounts on any Bond or the method of calculating any such payment;

(vi) impair the right to institute suit for the enforcement of any payment on or after the Maturity Date (or, in the case of a redemption, on or after the Redemption Date) of any Bond;

(vii) alter the obligations of the Issuer under "— *Certain Covenants — Negative Pledge*", "— *Certain Covenants — Consolidation, Amalgamation or Merger*" or "— *Additional Amounts*" above;

(viii) materially adversely affect the Conversion Right, the Holder's Put Right, the Delisting Put Right or the Change of Control Put Right;

(ix) modify the obligations of the Issuer to maintain an agency (including without limitation the Paying Agent, the Conversion Agent or the Transfer Agent) in Dublin, Ireland or London, England;

(x) reduce the above-stated percentage of outstanding Bonds the consent of whose Holders is necessary to modify or amend the Indenture;

(xi) reduce the percentage or aggregate principal amount of outstanding Bonds the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain Defaults;

(xii) modify any of the percentage voting and quorum provisions described under "*—Meeting of Bondholders; Modification and Waiver*"; or

(xiii) release the Issuer from any obligation under the Indenture other than in accordance with the provisions of the Indenture, or amend or modify any provision relating to such release in a manner that materially adversely affects the rights of the Holders.

Neither the Issuer nor any of its Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Bonds, unless such consideration is offered to be paid or agreed to be paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

Without the consent of any Holder, the Issuer together with the Trustee may amend the Indenture to:

(i) cure any ambiguity, manifest errors, defect or inconsistency in the Indenture or the Bonds;

(ii) provide for the assumption of the Issuer's obligations under the Bonds and the Indenture by the surviving Person in a Merger effected in accordance with the provisions of the Indenture described under "— *Certain Covenants — Consolidation, Amalgamation or Merger*" above;

(iii) make any other change that does not materially adversely affect the rights of any Holder;

(iv) make any change necessary to comply with applicable ROC laws and regulations; or

(v) add to the covenants or obligations of the Issuer under the Indenture or decrease the Conversion Price at the discretion of the Issuer or surrender any right, power or option conferred by the Indenture on the Issuer.

Notices

Whenever the Indenture provides for notice to be given to Holders, such notice will be validly given (except as otherwise expressly provided) if in writing and sent, first-class postage prepaid, to each Holder entitled thereto, at such Holder's last address as it appears on the Bond register. Any such notice shall be deemed to have been given on the seventh day after being so sent. Notwithstanding the foregoing, so long as the Bonds are represented by the Global Bonds and the Global Bonds are held on behalf of Euroclear and Clearstream, notice to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream or their successor clearing systems for communication by them to entitled accountholders in substitution for notification as required by the foregoing sentence.

Concerning the Trustee

Citicorp International Limited has been appointed as Trustee under the Indenture with regard to the Bonds, and Citibank, N.A., London Branch has been appointed as Paying Agent, as Conversion Agent, as registrar (the "Registrar") and as Transfer Agent with regard to the Bonds. The Indenture provides that, prior to the occurrence of an Event of Default, the Trustee will not be liable except for the performance of such duties as are specifically set forth in such Indenture, and no implied covenant, duty or obligation shall be read into the Indenture, the Bonds or any documents to which the Trustee is a party against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be obligated to use the same degree of care and skill as a prudent person in its exercise of the rights and powers vested in it under the Indenture. The Trustee will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from their exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the Holders. Whenever in the Indenture, the Bonds or by law, the Trustee shall have discretion or permissive power it may decline to exercise the same in the absence of approval by the Holders. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Issuer and is entitled to rely exclusively and conclusively on the certification contained therein, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer in the fulfillment of its obligations under the Indenture and the Bonds. Furthermore, the Trustee shall not be deemed to have any actual or constructive knowledge of any Default or Event of Default unless it has been actually notified in writing of such event.

The Trustee shall not be responsible for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders.

The Trustee is entitled to rely conclusively on all instructions, notices, declarations and certifications or any translations thereof received pursuant to the Indenture or the Bonds without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications or any translations thereof.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Issuer or any other persons unless otherwise specified in the Indenture, or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Holders or any other person for not doing so.

Pursuant to the terms of the Indenture and the Bonds, the Issuer will reimburse the Trustee and the Agents for all properly incurred expenses, and advances properly made, by the Trustee and each predecessor Trustee except to the extent that any such expense was as a result of the Trustee's gross negligence or willful misconduct.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and its associated entities are permitted to engage in other transactions with the Issuer and its Affiliates and shall not be obligated to account for any profits therefrom. Without prejudice to the foregoing, the Trustee is permitted to deal (whether on their own or their customers' account) in, or advise on, securities of such other customers and that such dealing or giving of advice will not constitute a conflict of interest for the purposes of the Bonds or the Indenture.

The Trustee will not be under any obligation to exercise and have absolute and unfettered discretion as to exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have instructed the Trustee in writing and offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expense. Furthermore, each Holder, by accepting the Bonds will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Disclosure Obligations

The Indenture provides that the Issuer may have certain disclosure obligations and reporting obligations under ROC law if:

(i) the person to be registered as a shareholder of the Issuer is a "related party" of the Issuer under the Guidelines Governing the Preparation of Financial Report by Securities Issuers of the ROC and such person beneficially owns Common Shares converted from the Bonds; or

(ii) the person to be registered as a shareholder owns Common Shares issued upon conversion of the Bonds and the Common Shares so issued on conversion exceed 10% of the total number of Common Shares expected to be issued upon conversion of the Bonds based on the conversion price at the time of issue of the Bonds.

Due to these obligations, the converting Holders are required to disclose the name of the person to be registered as the shareholder and to provide proof of identity and genuineness of any signature and other information and documents before it will convert the Bonds. The conversion of Bonds may be delayed until the Conversion Agent receives the requested information and satisfactory evidence of the compliance with all laws and regulations by the Holders. The information the Holder is required to provide may include the name and nationality of the person to be registered as a shareholder of the Issuer and the total number of Common Shares such person is converting or has converted in the past.

Governing Law and Jurisdiction

The Indenture and the Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York. In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Bonds, the Issuer has in the Indenture irrevocably and unconditionally submitted to the non-exclusive jurisdiction of the New York State and United States Federal courts sitting in the Borough of Manhattan, The City of New York. The Issuer has appointed Cogency Global Inc., now located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as its agent for service of process.

Bondholders should note that exercise of a Conversion Right is subject not only to the provisions of the Indenture but also to the applicable ROC laws and regulations.

DESCRIPTION OF THE COMMON SHARES

Set forth below is certain information relating to our share capital, including brief summaries of certain provisions of our Articles of Incorporation, the ROC Securities and Exchange Act, the regulations promulgated under the ROC Securities and Exchange Act and the ROC Company Act as at the date of this offering memorandum.

General

As of the date of this Offering Memorandum, our authorized share capital registered with the MOEA was NT$46,000,000,000, and our paid-in share capital was NT$38,626,274,320, divided into 3,862,627,432 Common Shares with a par value of NT$10.00 per share. Any change in the authorized share capital of a public company limited by shares, such as us, requires an amendment to our Articles of Incorporation (which requires approval at a shareholders' meeting).

Authorized but unissued shares may also be issued at such times and, subject to the provisions of the applicable laws and the approval of, or registration with, the MOEA and the FSC, upon terms that our board of directors may determine.

Dividends and Distributions

Dividend payments and distributions are generally governed by the ROC Company Act as well as our Articles of Incorporation. Under the ROC law, cash dividends are subject to the statute of limitations of 5 years. The stock dividends are not subject to statute of limitations under the ROC law.

Except in limited circumstances, we are not permitted to distribute dividends or make other distributions to shareholders for any year in which we do not have current or retained earnings (excluding reserves). Pursuant to our Articles of Incorporation, where we have a profit before tax for each fiscal year, we shall first recover the loss for preceding years, if any, and then distribute no less than 2% and no more than 2% of the remaining profit to our employees and directors as remuneration, respectively, and then pay taxes, and set aside 10% of our annual net profit as legal reserve, unless the accumulated legal reserve has equaled the total paid in capital of the Company. In addition, we must set aside special reserve or the special reserve shall be reversed in accordance with our operation needs and relevant laws or regulations. Afterwards, the balance (if any) together with accumulated and unappropriated retained earnings shall be available for distribution as dividends to shareholders.

We will decide the dividend distribution based on the Company's financial, business and operation status. Distribution amount shall not be lower than 10% of the distributable retained earnings. Such distribution may be made in ways of cash dividend and/or stock dividend, and preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided that stock dividend may not exceed 50% of the total dividend distribution.

The board of directors may propose and/or approve the distribution. If the dividends are to be paid though issuing new Shares, the board of directors should seek for approval at the shareholders' general meeting. Shareholders' dividends paid by cash shall be approved by the board of directors and reported to the shareholders' meeting.

In addition to permitting dividends to be paid out of accumulated earnings after deducting losses, the ROC Company Act permits that we can make distributions in cash or in the form of additional common shares to our shareholders from the legal reserve and capital surplus of premium from issuing shares and earnings from gifts received. However, the portion payable out of our legal reserve is limited to the portion that the accumulated legal reserve exceeds 25% of our paid-in capital.

Pursuant to our Articles of Incorporation, the employees' remuneration may be distributed in the form of shares or cash but the directors' remuneration shall be distributed in the form of cash.

Preemptive Rights

According to the ROC Company Act, when a company issues new common shares for cash, 10% to 15% of the issue must be offered to its employees. In addition, under the ROC Securities and Exchange Act, if a public company listed on the TWSE or whose shares are traded on the TPEx intends to offer new shares for cash, at least

10% of the issue must be offered to the public. This percentage can be increased by a resolution passed at a shareholders' meeting, thereby reducing the number of new shares subject to the preemptive rights of existing shareholders. Unless the percentage of shares to be offered to the public is increased by the shareholders, existing shareholders who are listed on the shareholders' register as of the record date have a preemptive right to acquire the remaining 75% to 80% of the issue. The shares not subscribed for by the employees and shareholders at the expiration of the period for the exercise of their rights may be sold to the public or specified persons at the direction of our board of directors. The preemptive rights provisions will not apply to offering of new shares through a private placement approved at a shareholders' meeting.

Meetings of Shareholders

Meetings of our shareholders may be annual general shareholders' meeting or extraordinary shareholders' meeting. Annual general meetings of our shareholders shall be duly convened within six months following the end of each fiscal year. Any shareholder who holds 1% or more of our issued and outstanding Common Shares may submit one written proposal for discussion at our annual general shareholders' meeting. Our directors may convene an extraordinary shareholders' meeting whenever they think fit, and they must do so if requested in writing by shareholders holding not less than 3% of our paid-in share capital who have held their shares for more than a year. In addition, any member of our audit committee may convene a shareholders' meeting under certain circumstances. For a public company in Taiwan, such as our company, at least 15 days' advance written notice must be given of every extraordinary shareholders' meeting and at least 30 days' advance written notice must be given of every annual general shareholders' meeting.

The notice shall state the reason for the convening. The notice of convening a shareholders' meeting may be given by means of electronic transmission with the consent from the recipient(s) thereof.

Electronic copies of meeting notice, the form of proxy, and materials of all proposals shall be posted on the MOPS no less than 30 days before the annual general shareholders' meetings and no less than 15 days before the extraordinary shareholders' meeting.

Unless otherwise required by law or by our Articles of Incorporation, voting for an ordinary resolution requires an affirmative vote of a simple majority of those present and voting. An acknowledgement of financial statements and business report would be an example of an act requiring an ordinary resolution. A special resolution may be adopted in a meeting of shareholders convened with a quorum of holders of at least two thirds of our total outstanding shares at which the holders of at least a majority of our shares represented at the meeting vote in favor thereof. A special resolution is necessary for various matters under ROC law, including:

- any amendment to our Articles of Incorporation;
- our dissolution or amalgamation;
- a merger or spin-off;
- transfers of the whole or a substantial part of our business or properties;
- the acquisition of the entire business or properties of another company which would have a significant impact on our operations;
- execution, modification or termination of any contracts regarding leasing of all business or joint operations or mandate of our business to other persons;
- the distribution of any stock dividend; or
- the removal of directors.

However, in the case of a public company such as our company, a special resolution may be adopted by holders of at least two thirds of the shares represented at a meeting of shareholders at which holders of at least a majority of the total outstanding shares are present.

Voting Rights

Our Articles of Incorporation provide that holders of Common Shares have one vote for each Share. However, (i) treasury shares or (ii) our Common Shares held by an entity in which our company owns more than 50% of the voting shares or paid-in capital, or a "Controlled Entity", or by a third entity in which our company and a Controlled Entity jointly own, directly or indirectly, more than 50% of the voting shares or paid-in capital, cannot be voted. There is cumulative voting for the election of directors. In all other matters, shareholders must cast all their votes the same way on any resolution provided that shareholders holding shares on behalf of others are permitted to split votes when exercising voting rights. Voting rights attached to our Common Shares may be exercised by personal attendance or proxy through written or electronic ballot.

If any shareholder is represented at a general or extraordinary shareholders' meeting by proxy, a valid proxy form must be delivered to us five days before the commencement of the general or extraordinary shareholders' meeting. Voting rights attached to our shares that are exercised by our shareholders' proxy are subject to ROC proxy regulations. Any shareholder who has a personal interest in a matter to be discussed at our shareholders' meeting, the outcome of which may impair our interests, is not permitted to vote or exercise voting rights nor vote or exercise voting rights on behalf of another shareholder on such matter.

Except for trust enterprises or share transfer agents approved by the FSC, where one person is appointed as proxy by two or more shareholders who together hold more than 3% of our shares, the votes of those shareholders in excess of 3% of our total issued shares will not be counted.

According to our Articles of Incorporation, the directors (including independent directors) shall be nominated by adopting the candidate nomination system specified in the ROC Company Act. In an election of directors, the holders of Common Shares shall elect directors from the list of nominated candidates.

Registration of Shareholders

With respect to shareholders who have opened book-entry accounts at TDCC, our register of such shareholders is maintained by the database of TDCC. With respect to shareholders who have not opened TDCC book-entry accounts, the register of our shareholders is maintained by our stock transfer agent, CTBC Bank, Co., Ltd.

For the purpose of determining certain rights, including right to dividends attached to the Shares, the registration for transfer of Shares shall be suspended for a period of sixty days immediately before the date of annual general shareholders' meeting, thirty days immediately before the date of extraordinary shareholders' meeting, and five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company. Under the ROC law, we are required to set a record date for the determination of the shareholders entitled to the receipt of dividends in cash or shares, or subscription of new Common Shares due to capital increase.

Annual Financial Statements

Within three months after the end of each fiscal year, we must post our annual audited financial statements under Taiwan IFRS on the MOPS, for inspection by our shareholders. The shareholders may bring their lawyers or certified public accountants for such an inspection. According to the regulations of the FSC, we are required to publish our annual and quarterly financial statements on a consolidated basis.

Transfer of Shares

The transfer of shares in registered form is effected by endorsement and delivery of the related share certificates. However, settlement of trading of share of a listed company, such as our company, is generally carried out on the book-entry system maintain by TDCC. In order to assert shareholder's rights against us, the transferee must have its name and address registered on our register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with our share registrar.

Repurchase of Shares by Us

With minor exceptions, we cannot acquire our own Shares under the ROC Company Act.

Under the ROC Securities and Exchange Act, we may, by resolution adopted by a majority of our board of directors at a meeting where more than two-thirds of the directors are present, repurchase the Shares on the TWSE or by a tender offer in accordance with the procedures prescribed by the FSC for the following purposes:

- for delivery upon conversion of bonds with warrants, preferred shares with warrants, convertible bonds and convertible preferred shares or certificates of warrants issued by us into capital stock;
- to transfer to our employees; or
- if necessary, to maintain our credit and shareholders' equity, provided that the Shares so repurchased shall be canceled thereafter.

The total Shares repurchased us may not exceed 10% of our total issued and outstanding Shares. In addition, the total cost of the purchased Shares may not exceed the aggregate amount of our retained earnings, any premium from share issuance and the realized portion of our capital reserve. Shares repurchased in the first two instances mentioned above are to be transferred to the intended transferees within five years from the repurchase, failing which they will be canceled and we are required to complete an amended registration for the cancelation. In the third instance mentioned above, the Shares repurchased by us must be canceled, and we shall complete an amended registration for such cancelation within six months after the repurchase. The Shares repurchased by us may not be pledged or hypothecated. In addition, we may not exercise any of the shareholder's rights attached to these Shares. Our affiliates, as defined in Article 369-1 of the ROC Company Act, directors, managers and shareholders holding more than 10% of our issued and outstanding shares and their respective spouse and minor children and/or nominees, which we refer to as insiders, are prohibited from selling the Shares held by the insiders until our repurchase period has lapsed.

Liquidation Rights

Pursuant to the ROC Company Act, in the event of our liquidation, the remaining assets after payment of all debts, liquidation expenses, taxes and distribution to holders of preferred shares, if any, will be distributed *pro rata* to the holders of Common Shares in accordance with the relevant provisions of the ROC Company Act.

Substantial Shareholders and Transfer Restrictions

Insiders are required to report to us, on a monthly basis, any changes in their shareholding in our Company. The number of Shares that they may sell or transfer on the TWSE on any given trading day is limited by ROC laws. In addition, they may only sell or transfer such Shares on the TWSE at least three days after they have filed a notification with the TWSE/FSC in connection with such sale or transfer, provided that such notification is not required if the number of Shares to be sold or transferred does not exceed 10,000. A person who individually or together with other persons (as defined under the FSC regulations) acquires more than 5% of our issued and outstanding shares shall file the substantial shareholder disclosure report with the TWSE and make a public announcement via MOPS, within ten days after the holding is over such 5% threshold. Such substantial shareholder disclosure report shall include the acquisition purpose, funding sources and other information required by the FSC.

Rights to Bring Shareholder Suits

Under the ROC Company Act, a shareholder may bring a suit against us in the following events:

- Within 30 days after the date of the shareholders' meeting, any shareholder has the right to annul any resolution adopted at a shareholders' meeting where the procedures or the method of resolution were or was legally defective. However, if the court is of the opinion that such violation is not material and does not affect the result of the resolution, the court may reject or dismiss the shareholder's lawsuit.
- If the substance of a resolution adopted at a shareholders' meeting contradicts any applicable law or regulation or our Articles of Incorporation, a shareholder may bring a suit to determine the validity of such resolution.

Shareholders may bring suit against our directors under the following circumstances:

- Shareholders who have continuously held 1% or more of the total number of issued and outstanding shares for a period of six months or longer may request in writing that an audit committee member institute an action against a director on our behalf. In case the audit committee member fails to institute an action within 30 days after receiving such request, the shareholders may institute an action on our behalf. In the event that shareholders institute an action, a court may, upon application of the defendant, order such shareholders to furnish appropriate security.

- Shareholders holding 3% or more of the total number of issued and outstanding shares may institute an action with a court to remove a director who has materially violated the applicable laws or our Articles of Incorporation or has materially damaged our interests if a resolution for removal on such grounds has first been voted on and rejected by the shareholders and such suit is filed within 30 days of such shareholders' vote.

- In the event that any director, manager or shareholder holding more than 10% of the issued and outstanding shares and their respective spouse and minor children and/or nominees sells shares within six months after the acquisition of such shares, or repurchases the shares within six months after the sale, we may make a claim for recovery of any profits realized from the sale and purchase. If our board of directors or our audit committee fails to make a claim for recovery, any shareholder may request our board of directors or our audit committee to make such claim within 30 days. After such 30-day period, the requesting shareholder will have the right to make a claim for such recovery, and our directors or our audit committee will be jointly and severally liable for damages suffered by us as a result of their failure to exercise the right of claim.

Other Rights of Shareholders

Under the ROC Company Act, dissenting shareholders are entitled to appraisal rights in the event of merger, spin-off and various other major corporate actions. A dissenting shareholder may request us to redeem all of the shares owned by such shareholder at a fair price to be determined by mutual agreement. If an agreement cannot be reached, the valuation will be determined by a court order.

CHANGES IN ISSUED SHARE CAPITAL

As of the date of this Offering Memorandum, our authorized share capital registered with the MOEA was NT$46,000,000,000, and our paid-in share capital was NT$38,626,274,320, divided into 3,862,627,432 Common Shares with a par value of NT$10.0 per share. All issued Shares are in registered form. During the past three years and up to the date of this Offering Memorandum, there was no change of our issued and outstanding Shares.

TAXATION

We are incorporated in the ROC, and our principal operating subsidiaries are located in Taiwan and China. Prospective investors should consult their own advisors concerning the tax consequences of an investment in the Bonds or Shares.

Taiwan Taxation of Non-Residents

The following is a summary under present Taiwan law of the principal tax consequences of the ownership and disposal of the Shares or Bonds by a Non-Taiwan Resident Individual or Non-Taiwan Resident Entity (each a "Non-Taiwan Holder"). As used in the preceding sentence, a "Non-Taiwan Resident Individual" is a foreign national individual who owns Shares or Bonds and is not physically present in Taiwan for 183 days or more during any calendar year and a "Non-Taiwan Resident Entity" is a corporation or a non-corporate body that owns Shares or Bonds and is organized under the laws of a jurisdiction other than Taiwan and has no fixed place of business or business agent in Taiwan.

You should consult your tax advisors concerning the Taiwan tax consequences of owning the Shares or Bonds and the laws of any relevant taxing jurisdiction to which you are subject.

Payments on the Bonds

Payments of principal on the Bonds made by the Issuer will not be subject to Taiwan withholding tax.

Payments of interest (including premium) (if any ever becomes payable on the Bonds) to a Non-Taiwan Holder constitute interest income and, therefore, are subject to Taiwan withholding tax, currently at the rate of 15%. We have agreed to pay Additional Amounts in respect of such withholding tax on the payments of interest (if any). See "Description of the Bonds — Additional Amounts". In addition, should withholding tax be payable, we will be responsible for withholding such taxes at source.

Conversion of Bonds

The conversion of the Bonds into Shares is not subject to Taiwan tax. However, securities transaction tax, gift tax and/or income tax may be imposed in relation to the converting holder's designation of other person to be the holder of Common Shares upon conversion of the Bonds.

Capital Gains from the sale or disposal of the Shares

Currently, capital gains realized upon the sale or other disposition of the Shares are exempt from ROC income tax.

Capital gains from the sale or disposal of the Bonds

Under current Taiwan law, capital gains in transactions of corporate bonds issued by Taiwan companies are exempt from income tax. This exemption applies to capital gains derived from the sale of the Bonds.

Dividends on the Shares

Dividends (whether in cash or Common Shares) distributed by the Company out of retained earnings and paid out to Non-Taiwan Holders of Common Shares are normally subject to ROC income tax collected by way of withholding at the time of distribution. The current rate of withholding for Non-Taiwan Holders of Common Shares is 21% of the amount of the distribution unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-Taiwan Holder is a resident.

Distributions made by the Company out of capital reserves in the form of cash or stock are not subject to withholding tax, except under limited circumstances.

In accordance with the ROC Income Tax Act, a 5% undistributed earnings tax was imposed on an ROC company for its after-tax earnings generated after January 1, 1998 which were not distributed in the following year. The retained earnings tax so paid will further reduce the retained earnings available for future distribution.

Securities Transaction Tax

Securities Transaction Tax, currently levied at 0.3% of the transaction price, will be withheld by a securities broker upon a sale of the Shares. A transfer or a conversion of the Bonds, however, is not subject to the securities transaction tax.

Stamp Duty

There is no stamp duty, issue or registration tax in Taiwan imposed on the delivery of Shares upon conversion of the Bonds.

Estate Tax and Gift Tax

Taiwan estate tax is payable on any property within the Taiwan of a deceased Non-Taiwan Resident Individual, and Taiwan gift tax is payable on any property within Taiwan donated by a Non-Taiwan Resident Individual. Estate tax and gift tax are currently imposed at progressive rates of 10%, 15% and 20%. Under Taiwan estate and gift tax laws, the Bonds and Common Shares are deemed located in the ROC without regard to the location of the owner.

Tax Treaties

At present, Taiwan has entered into double taxation treaties with Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Eswatini, France, Gambia, Germany, Hungary, India, Indonesia, Israel, Italy, Japan, Kiribati, Luxembourg, North Macedonia, Malaysia, the Netherlands, New Zealand, Paraguay, Poland, Singapore, South Africa, the United Kingdom, Vietnam, Senegal, Slovakia, Sweden, Switzerland, Thailand, Saudi Arabia and Korea, which generally have reduced the rate of withholding tax on dividends and interest paid by Taiwan companies to residents of these countries. Holders of the Bonds or Shares who are otherwise entitled to the benefit of a treaty should consult their own tax advisers concerning eligibility for benefit under the treaty with respect to the Bonds or Shares and shall cooperate with and provide necessary information regarding the benefit under the applicable treaty to the Company.

PLAN OF DISTRIBUTION

Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited are the joint bookrunners (the "**Joint Bookrunners**") and the initial purchasers (the "**Initial Purchasers**") of this offering.

Subject to the terms and conditions stated in a purchase agreement, dated as of September 9, 2024, entered into between us and the Initial Purchasers, the Initial Purchasers have agreed to purchase, and we have agreed to sell to the Initial Purchasers, the following principal amounts of the Bonds:

Initial Purchasers	Principal Amount
	(US$)
Citigroup Global Markets Limited	800,000,000
The Hongkong and Shanghai Banking Corporation Limited.	200,000,000
Total	1,000,000,000

The address of Citigroup Global Markets Limited is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom; and the address of The Hongkong and Shanghai Banking Corporation Limited is 1 Queen's Road Central, Hong Kong. The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Bonds included in this offering are subject to certain conditions, including receipt of certain legal opinions, and entitles the Initial Purchasers to terminate it in certain circumstances prior to payment being made to us.

The Initial Purchasers or their affiliates may purchase the Bonds for its own account and enter into transactions, including (i) credit derivatives including asset swaps, repackaging and credit default swaps relating to the Bonds and/or our securities or (ii) equity derivatives and stock loan transactions relating to the Common Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counter-parties and separately from any existing sale or resale of the Bonds to which this Offering Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Initial Purchasers or their affiliates may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes and not with a view to distribution. The Initial Purchasers or their affiliates are not expected to disclose such transactions or the extent of any such investment, except as required by any legal or regulatory obligation to do so. These transactions may involve a substantial portion of the Bonds.

The Bonds and the Shares (to be delivered upon conversion of the Bonds) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions". The Bonds will not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Approval in-principle has been received for the listing of the Bonds on the SGX-ST. However, we cannot assure you that the prices at which the Bonds will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Bonds will develop and continue after this offering.

For a period of 90 days after the Closing Date, without the prior written consent of the Initial Purchasers of this Offering, we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Shares or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, other than the Bonds to be offered and sold hereunder and shares of Common Shares issuable upon conversion of the Bonds.

In addition, Barry Lam and Cianyu Investment Ltd. (the "Relevant Parties") have each agreed that, for a period of 90 days after the Closing Date, without the prior written consent of the Initial Purchasers of this offering, the Relevant Parties will not, nor will any person acting on their behalf, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the United States Securities and Exchange

Commission a registration statement under the Securities Act relating to, any shares of Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares (the "Lock-up Securities") beneficially owned by the Relevant Parties, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Lock-up Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of any Lock-up Securities, in cash or otherwise.

The Initial Purchasers have performed commercial banking, investment banking and advisory services for us from time to time for which it has received customary fees and reimbursement of expenses. The Initial Purchasers may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business for which it may receive customary fees and reimbursement of expenses.

Hong Kong

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain initial purchasers, are "capital market intermediaries" (the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI(s) may also be acting as "overall coordinator(s)" (the "**OC(s)**") for this offering and are subject to additional requirements under the SFC Code.

Paragraph 21.3.3(c) of the SFC Code requires that a CMI should take all reasonable steps to identify whether its investor clients may have any associations with the Issuer, a CMI or a company in the same group of companies as the CMI and provide sufficient information to the OC to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language (if applicable) set out elsewhere in this Offering Memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private Banks who disclose that they are placing their order other than on a "principal" basis (i.e., they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the SFC Code. Private Banks should be aware that if any of their group companies is a CMI of this Offering, placing an order on a "principal" basis may require the Initial Purchasers to apply the "proprietary orders" of the SFC Code to such order and will require the Initial Purchasers to apply the "rebates" requirements of the SFC Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the Offering. The Initial Purchasers may be asked to demonstrate compliance with its obligations under the SFC Code and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Initial Purchasers with such evidence within the timeline requested.

Republic of China

Each of the Initial Purchasers has agreed that, as part of the distribution of the Bonds, it has not offered or sold, and will not offer or sell, any Bond directly or indirectly in the ROC or to, or for the account or benefit of, any ROC person; each of the Initial Purchasers also understands and has acknowledged that the Bonds may not be sold to any related person of us (as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers) or any person listed in Article 36 of the Chinese Securities Association Regulations Governing Underwriting and Resale of Securities by Securities Firms.

Prohibition of Sales to EEA Retail Investors

Each Initial Purchasers represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Offering Memorandum in relation thereto and any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Initial Purchasers has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

Each Initial Purchasers represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Hong Kong

Each of the Initial Purchasers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up an Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each of the Initial Purchasers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each of the Initial Purchasers has acknowledged that this Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Initial Purchasers has represented and agreed that it has not offered or sold any Bonds and/or Shares or caused the Bonds and/or the Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds and/or Shares or cause the Bonds and/or the Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds and/or the Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or, (ii) to an accredited investor (as defined in

Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Investors should note that there may be restrictions on the secondary sale of the Bonds and/or the Shares under Section 276 of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

PRC

This Offering Memorandum is not intended to constitute a public offer of the Bonds, whether by way of sale or subscription, in the PRC. The Bonds are not being offered, and may not be offered or sold, directly or indirectly, in the PRC to, or for the benefit of, legal or natural persons of the PRC, except to QDIIs in the PRC. Pursuant to the Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors, and subject to applicable laws and regulations, the Bonds may only be offered or sold to non-PRC natural or legal persons in any country other than the PRC, with the exception of QDIIs in the PRC.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult your legal advisor prior to making any offer, resale, pledge or other transfer of the Bonds offered and sold in reliance on Regulation S, or the shares issuable upon conversion of the Bonds. Terms used in this section are defined in Regulation S under the Securities Act.

The Bonds, and the Shares issuable upon conversion of the Bonds, have not been offered in the United States and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, an offering or sale of the Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants.

Each purchaser of our Bonds in this Offering, by accepting delivery of this Offering Memorandum and those Bonds, will be deemed to have represented, agreed and acknowledged, for the benefit of the Issuer and the Initial Purchasers, that:

(1) It acknowledges and agrees that the Bonds (and shares issuable upon conversion of the Bonds, to the extent offered and sold), are being offered, sold and delivered to such purchaser outside the United States in an "offshore transaction" within the meaning of and in reliance on Regulation S under the Securities Act.

(2) It understands that the Bonds in the Offering and the shares issuable upon conversion of the Bonds, have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and that it will not offer, sell, pledge or otherwise transfer any interest in such Bonds or in the shares issuable upon conversion of the Bonds within the United States except as permitted by the applicable U.S. securities laws and the securities laws of any State of the U.S.

(3) We and the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(4) The Bonds will bear legends to the following effect, which restrictions we will observe unless we determine otherwise in compliance with applicable law:

THE CURRENCY-LINKED ZERO COUPON CONVERTIBLE BONDS DUE 2029 (THE "BONDS") AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THE BONDS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

Each purchaser of our Bonds in the Offering will be deemed to have represented and agreed that (a) it is relying on this Offering Memorandum and not on any other information or representation concerning us or our Bonds, and none of us, nor any other person will be responsible for this Offering Memorandum or any part of it, nor the Initial Purchasers will have any liability for any such other information or representation; and (b)(i) it is able to fend for itself in the transactions contemplated by this Offering Memorandum, (ii) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Bonds, and (iii) it has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

CERTAIN ROC LEGAL REQUIREMENTS RELATING TO THE BONDS

Payments

Unless otherwise limited by the Central Bank of the Republic of China (Taiwan) (the "CBC"), we may, without obtaining further approvals from the CBC or any other government authority of the ROC, convert NT dollars to other non-ROC currencies, including US dollars, for making payments in respect of redemption of the Bonds or repayment of principal of and interest (if any) on the Bonds.

Conversion

Under current ROC law and regulation, PRC persons (other than QDIIs) are not permitted to convert the Bonds or to register as our shareholders. Under current ROC law, a "PRC person" (other than QDIIs) means (i) an individual with household registration in China (but not including Hong Kong and Macau), (ii) any juristic person, organization, or other institution of the PRC (but not including Hong Kong and Macau), and (iii) any corporation established outside China (including those established in Hong Kong or Macau) either (a) more than 30% of its issued share capital or total capital contribution amount is owned, directly or indirectly, by PRC person(s) or (b) which is controlled by PRC person(s).

Delivery of the Common Shares into which the Bonds may be converted will only be made through the book-entry system maintained by TDCC. No physical share certificates will be delivered to the converting Holder (or its designee) upon conversion.

Under current ROC law, a non-ROC converting Holder (or its designee) (other than a PRC person) when exercising its Conversion Right to convert its Bonds into Common Shares is required to obtain a Foreign Investor Investment I.D. A non-ROC converting Holder is also required to appoint an agent and a custodian in the ROC. Such agent and custodian will open a securities trading account with a local brokerage firm, an account with TDCC, handle the conversion application, act as custodian for the securities, make confirmation and settlement, remit funds, exercise shareholders' rights and perform such other matters as may be designated by such converting Holder (or its designee), on behalf of and as agent for such converting Holder (or its designee). Under existing ROC laws and regulations, without obtaining a Foreign Investor Investment I.D. and opening such securities trading account with a local brokerage firm and opening an account with TDCC, a non-ROC converting Holder would not be able to receive and hold Common Shares or sell or otherwise transfer the Common Shares into which the Bonds may have been converted on the TWSE or otherwise. Also, if our Common Shares to be received by any non-ROC person (other than a PRC person) upon single conversion will exceed 10% of our total issued and outstanding shares, such non-ROC person must obtain the prior approval from the Department of Investment Review of the MOEA.

Pursuant to the current ROC laws and regulations, except for QDIIs, PRC persons are not permitted to convert the Bonds and hold our Common Shares and in order to hold our Common Shares, such QDIIs are required to appoint the agent and custodian as required by the ROC law and regulations. If the aggregate amount of our Common Shares to be held by any QDII or our Common Shares to be received by any QDII upon single conversion will exceed 10% of our total issued and outstanding shares, such QDII must obtain the prior approval from the Department of Investment Review of the MOEA.

Repatriation of Profits

Under current ROC law, a non-ROC (and a QDII) converting Holder will be required to appoint an agent in the ROC for filing tax returns and making tax payments (a "Tax Guarantor"), whose qualifications are set by the ROC MOF. The Tax Guarantor will act as the guarantor of the converting Holder's tax payment obligations.

Under current ROC law, subject to certain limited exceptions, repatriation of profits by a non-ROC (and a QDII) converting Holder is subject to the submission of evidence of the appointment of a Tax Guarantor to, and approval thereof by, the ROC tax authorities. There can be no assurance that a non-ROC (and a QDII) converting Holder would be able to appoint a Tax Guarantor and obtain approval by the tax authorities in a timely manner.

A non-ROC converting Holder or a QDII converting Holder, after obtaining a Foreign Investor Investment I.D. or a QFII Investment I.D., may, through its agent and without obtaining prior approval from the CBC, convert into foreign currencies net proceeds realized from the sale of converted Common Shares or any stock dividends relating to such Common Shares, or any cash dividend or other cash distribution in respect of such Common Shares, as well as inward remittance of subscription payments in respect of rights offerings.

Securities Transaction Tax

The ROC government imposes a securities transaction tax that will apply to transfers of the Common Shares. The securities transaction tax, which is payable by the seller, is levied on a transfer of the Common Shares at the rate of 0.3% of the sales proceeds. According to a letter issued by the ROC MOF on March 23, 2010, transfers of the Bonds are not subject to the ROC securities transaction tax.

Disclosure Obligations

We may have certain disclosure obligations and reporting obligations under ROC laws and regulations if:

- the person to become a shareholder is a “related party” of our company as defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers and such person beneficially owns the Common Shares issued upon the conversion of Bonds; or

- the person to become a shareholder owns the Common Shares issued upon the conversion of the Bonds and such Common Shares exceed 10% of the total number of Common Shares expected to be issued upon conversion of all the Bonds based on the Conversion Price at the time of issue of the Bonds.

As a result of such disclosure obligations, the converting Holders will be required to provide information to enable our compliance with our obligation under the ROC regulations including the following:

- name of the converting Holder;

- name and nationality (and the identity number, if such person is an ROC citizen) of the person (“Registered Holder”) who will become the shareholder upon such conversion;

- the number of Common Shares the Registered Holder will acquire upon such conversion and the aggregate number of Common Shares the Registered Holder has acquired upon all conversion of the Bonds prior to such conversion; and

- any other information that we or the Conversion Agent may deem necessary or desirable to comply with any ROC disclosure or reporting requirements.

The conversion of the Bonds may be delayed until the requested information has been provided by Holder in the Conversion Notice.

LEGAL MATTERS

Certain legal matters with respect to the Bonds will be passed upon for us by Russin & Vecchi, as to ROC law and for the Initial Purchasers by Davis Polk & Wardwell as to U.S. Federal and New York state law. Davis Polk & Wardwell will rely upon Russin & Vecchi with respect to certain matters of ROC law. Russin & Vecchi will rely upon Davis Polk & Wardwell with respect to certain matters of U.S. Federal and New York law.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Quanta Computer Inc. and its subsidiaries as of and for the years ended December 31, 2021, 2022 and 2023 included in this Offering Memorandum have been audited by KPMG, independent auditors, as stated in their reports appearing herein, which includes another matter paragraph stating that Quanta Computer Inc. has prepared its parent-company-only financial statements. With respect to the unaudited consolidated financial statements as of June 30, 2023 and 2024 and for the six-month periods then ended included herein, KPMG, the independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their report with respect thereto, included herein, states that they did not audit and they do not express an opinion on that unaudited consolidated financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

Listing

We have received approval in-principle for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed, or reports contained in this Offering Memorandum. Approval in-principle from, and admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST are not to be taken as an indication of the merits of the Bonds or us. For so long as the Bonds are listed on the SGX-ST, the minimum board lot size in which the Bonds will be traded on the SGX-ST is S$200,000 (or its equivalent in foreign currencies).

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a Paying Agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a Global Bond is exchanged for definitive Bonds. In addition, in the event that a Global Bond is exchanged for definitive Bonds, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Bonds, including details of the Paying Agent in Singapore.

Authorizations

We were incorporated on May 9, 1988 in Taiwan, ROC and are registered with the Ministry of Economic Affairs of the ROC under a uniform registration number of 22822281. We have obtained all necessary consents, approvals and authorizations in connection with the issue of the Bonds. The issue and the offering of the Bonds were authorized and approved by our Board of Directors on August 9, 2024 and by the ROC FSC on September 9, 2024.

Material Change

Except described in this Offering Memorandum, there has been no significant change in our financial position and our subsidiaries since December 31, 2023, the date of our latest audited financial statements contained in the Offering Memorandum.

Litigation

Except described in this Offering Memorandum, neither we nor any of our subsidiaries are involved in any litigation or arbitration proceedings that may have or have had during the twelve months preceding the date of this Offering Memorandum, a material adverse effect on our financial condition or our subsidiaries, nor, so far as any of them is aware, is any such proceeding pending or threatened.

Documents Available

For so long as any of the Bonds are outstanding, copies of the Indenture governing the Bonds and the paying agent and registrar appointment letter relating to the Bonds may be inspected by the Bondholders, upon prior written request and with proof of holding and identity to the satisfaction of the Trustee, during normal business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday) at the corporate trust office of the Trustee.

Financial notices concerning our Company (such as dividend notices, rights issues and capital increases) as well as notices of shareholders meetings are published at http://mops.TWSE.com.tw. Such web site is not part of this Offering Memorandum. We do not control such web site and are not responsible for the contents of such web site.

Clearing Systems

The Bonds have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear. The ISIN and Common Code for the Bonds are XS2894149595 and 289414959, respectively.

Participating Rights

The Bonds do not provide for participating rights in the event of a take-over of the Company (unless the Holder has exercised his Conversion Right in accordance with the terms and conditions of the Indenture).

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN TAIWAN IFRS AND IFRS

Our audited financial statements as of and for the years ended December 31, 2021, 2022 and 2023 are prepared and presented in accordance with Taiwan IFRS whereas our unaudited consolidated financial statements as of and for the six months ended June 30, 2023 and 2024 are prepared and presented in accordance with the guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by Taiwan IFRS for a complete set of the annual consolidated financial statements. Taiwan IFRS differs in certain material respects from IFRS. Certain material differences between Taiwan IFRS applicable to us and IFRS are summarized below. The summary should not be taken as inclusive of all Taiwan IFRS/IFRS differences. Additionally, no attempt has been made to quantify all differences or identify all disclosure, presentation or classification differences that would affect the manner in which events and transactions are presented in the financial statements or notes thereto. Further, no attempt has been made to identify future differences between Taiwan IFRS and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Taiwan IFRS and IFRS have significant projects ongoing that could affect future comparisons such as this one.

If we were to prepare a complete reconciliation between Taiwan IFRS and IFRS additional accounting and disclosure differences might have come to our attention.

Subject	Taiwan IFRS	IFRS
Tax on undistributed earnings	Under Taiwan IFRS, companies in the ROC are subject to 10% surtax on profits earned and retained since December 31,1997. If the retained profits are distributed to the shareholders in the fiscal year following the year of earnings, the surtax could be avoided. If the earnings are not fully distributed to the shareholders, surtax is recorded as income tax expenses in the fiscal year when shareholders' decision on distribution is made. In addition, starting from 2018, the rate of the corporate surtax applicable to the unappropriated earnings is reduced from 10% to 5%.	Under IFRS, current and deferred tax assets and liabilities are measured at the tax rate applicable to the undistributed profits. Consequently, tax on undistributed earnings should be accrued during the period the earnings arise and adjusted to the extent of the distributions approved by the shareholders in the following year.

The information set forth above does not in any way attempt to quantify the effects of the aforementioned differences between Taiwan IFRS and IFRS and the impact of such differences would have on net income or shareholder's equity under IFRS.

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QUANTA COMPUTER INC.

Stock Code:2382

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: **No.188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.**
Telephone: **(03)327-2345**

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Representation Letter

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

Quanta Computer Inc.
Barry Lam
Date: March 15, 2023

Independent Auditors' Report

To the Board of Directors of Quanta Computer Inc.:

Opinion

We have audited the consolidated financial statements of Quanta Computer Inc. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. **Revenue Recognition**

   Please refer to Note (4)(p) for accounting policies of revenue recognition.

   Description of the key audit matter:

   The Group engages primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products. Varying transaction terms will cause different timing for control of products' being transferred. Therefore, the timing for revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the Group's main sources of revenues, contract provisions, and transaction terms to evaluate the adequacy of revenue recognition period; applying computer audit for selected samples to evaluate whether the data collected from external system is consistent with those input to the internal system; and analyzing the agreements of selected customers to understand the sales terms and conditions for revenue recognition, and to further inspect related transaction document to ensure that the revenue is recorded in the appropriate period.

2. **Allowance for Inventory Valuation and Obsolescence Losses**

Please refer to Notes (4)(h), (5) and (6)(f) for accounting policies, accounting assumptions and estimation uncertainty, and related disclosure information for inventory, respectively.

Description of the key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Group's inventory valuation policy and the management's assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Group's disclosure for inventories.

Other Matter

Quanta Computer Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Tsao-Jen Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2022		December 31, 2021	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Notes (4) and (6)(a))	$ 204,637,294	25	162,257,067	23
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	3,738,240	-	4,137,839	1
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(c))	6,123,552	1	10,980,429	1
1172	Accounts receivable, net (Notes (4), (6)(d) and (7))	283,991,816	35	265,119,161	37
1200	Other receivables, net (Notes (4), (6)(e) and (7))	1,509,309	-	1,204,940	-
1310	Inventories (Notes (4) and (6)(f))	225,856,138	28	196,596,428	27
1476	Other current financial assets (Note (8))	3,748,664	1	4,327,710	1
1479	Other current assets, others	3,665,047	-	4,793,816	1
		733,270,060	90	649,417,390	91
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	1,438,599	-	1,270,087	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(c))	2,506,596	-	2,146,945	-
1550	Investments accounted for using equity method (Notes (4) and (6)(g))	338,563	-	446,807	-
1600	Property, plant and equipment (Notes (4) and (6)(h))	63,225,378	8	52,223,290	7
1755	Right-of-use assets (Notes (4) and (6)(i))	4,169,277	1	3,427,280	1
1760	Investment property, net (Notes (4) and (6)(j))	68,807	-	69,537	-
1780	Intangible assets (Notes (4) and (6)(k))	869,077	-	808,357	-
1840	Deferred tax assets (Notes (4) and (6)(p))	7,497,698	1	5,615,923	1
1975	Net defined benefit asset, non-current (Notes (4) and (6)(o))	-	-	45,333	-
1980	Other non-current financial assets (Note (8))	777,396	-	402,766	-
1995	Other non-current assets, others	1,972,195	-	1,695,889	-
		82,863,586	10	68,152,214	9
	TOTAL ASSETS	$ 816,133,646	100	717,569,604	100

		December 31, 2022		December 31, 2021	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes (6)(d) and (6)(l))	$ 204,712,153	25	165,630,981	23
2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	-	-	3,074	-
2130	Current contract liabilities	85,844,572	11	55,638,205	8
2170	Accounts payable (Note (7))	213,513,923	26	229,940,866	32
2219	Other payables (Note (7))	48,377,980	6	41,978,238	6
2230	Current tax liabilities	14,195,250	2	11,332,457	2
2250	Current provisions	283,971	-	278,264	-
2280	Current lease liabilities (Notes (4) and (6)(n))	1,172,558	-	844,385	-
2305	Other current financial liabilities	10,255,566	1	9,087,781	1
2320	Long-term liabilities, current portion (Note (6)(m))	44,812,367	5	956,548	-
2365	Current refund liabilities	5,422,292	1	5,026,427	1
2399	Other current liabilities, others	135	-	4,060	-
		628,590,767	77	520,721,286	73
	Non-Current liabilities:				
2540	Long-term borrowings (Note (6)(m))	4,525,085	1	22,674,652	3
2570	Deferred tax liabilities (Notes (4) and (6)(p))	3,112,186	-	2,900,239	1
2580	Non-current lease liabilities (Notes (4) and (6)(n))	2,762,001	-	2,358,669	-
2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))	525,296	-	699,205	-
2670	Other non-current liabilities, others	94,854	-	88,215	-
		11,019,422	1	28,720,980	4
	Total liabilities	639,610,189	78	549,442,266	77
	Equity attributable to owners of parent (Note (6)(q)):				
3100	Share capital	38,626,274	5	38,626,274	5
3200	Capital surplus	14,224,150	2	14,222,651	2
3300	Retained earnings	118,762,665	14	115,015,005	16
3400	Other equity	(2,121,865)	-	(6,391,471)	(1)
3500	Treasury shares	(333,094)	-	(333,094)	-
	Total equity attributable to owners of parent	169,158,130	21	161,139,365	22
36XX	**Non-controlling interests**	7,365,327	1	6,987,973	1
	Total equity	176,523,457	22	168,127,338	23
	TOTAL LIABILITIES AND EQUITY	$ 816,133,646	100	717,569,604	100

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the Years Ended December 31,			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (Notes (6)(s) and (7))**	$ 1,280,429,312	100	1,129,453,350	100
5000	**Operating costs (Note (6)(f))**	1,209,514,300	94	1,057,342,118	94
	Gross profit from operations	70,915,012	6	72,111,232	6
5910	Less: Unrealized profit from sales	5,446	-	4,673	-
5920	Add: Realized profit from sales	4,673	-	3,867	-
		70,914,239	6	72,110,426	6
	Operating expenses:				
6100	Selling expenses	9,265,062	1	8,627,680	1
6200	General and administrative expenses	9,124,025	1	7,559,566	1
6300	Research and development expenses	21,336,340	2	18,646,072	1
		39,725,427	4	34,833,318	3
	Net operating income	31,188,812	2	37,277,108	3
	Non-operating income and expenses:				
7100	Interest income (Note (6)(u))	5,018,167	-	2,388,721	-
7010	Other income (Note (6)(u))	519,418	-	200,215	-
7020	Other gains and losses, net (Notes (6)(u) and (7))	8,521,696	1	4,747,426	1
7050	Financial costs (Note (6)(u))	(4,370,078)	-	(1,115,962)	-
7060	Share of loss of associates accounted for using equity method (Note (6)(g))	(97,415)	-	(61,234)	-
		9,591,788	1	6,159,166	1
900	**Profit before tax**	40,780,600	3	43,436,274	4
950	**Less: Tax expense (Note (6)(p))**	11,057,931	1	9,076,709	1
	Profit	29,722,669	2	34,359,565	3
	Other comprehensive income (loss):				
310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
311	Gains on remeasurement of defined benefit plans	163,813	-	85,560	-
316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(3,835,298)	-	4,593,044	-
349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	32,002	-	16,387	-
	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	(3,703,487)	-	4,662,217	-
360	**Components of other comprehensive income that will be reclassified to profit or loss**				
361	Exchange differences on translation	8,403,854	1	(1,428,835)	-
370	Shares of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit and loss (Note (6)(g))	288	-	788	-
399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	44	-	166	-
	Total components of other comprehensive income that will be reclassified to profit or loss	8,404,098	1	(1,428,213)	-
	Other comprehensive income, net of income tax	4,700,611	1	3,234,004	-
500	**Total comprehensive income**	$ 34,423,280	3	37,593,569	3
	Profit attributable to:				
610	Profit, attributable to owners of parent	$ 28,957,466	2	33,652,524	3
620	Profit, attributable to non-controlling interests	765,203	-	707,041	-
		$ 29,722,669	2	34,359,565	3
	Comprehensive income attributable to:				
710	Comprehensive income, attributable to owners of parent	$ 33,510,607	3	36,831,115	3
720	Comprehensive income, attributable to non-controlling interests	912,673	-	762,454	-
		$ 34,423,280	3	37,593,569	3

See accompanying notes to financial statements.

	Earnings per share attributable to parent company (Note (6)(r))		
9750	**Basic earnings per share (NT dollars)**	**$ 7.51**	**8.73**
9850	**Diluted earnings per share (NT dollars)**	**$ 7.42**	**8.64**

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of Parent										
						Other Equity					
	Share Capital		Retained Earnings								
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance as of January 1, 2021	38,626,274	14,102,181	34,807,852	7,236,915	59,419,634	(342,907)	(9,157,197)	(333,094)	144,359,658	5,933,197	150,292,855
Profit	-	-	-	-	33,652,524	-	-	-	33,652,524	707,041	34,359,565
Other comprehensive income (loss)	-	-	-	-	66,644	(1,432,744)	4,544,691	-	3,178,591	55,413	3,234,004
Total comprehensive income (loss)	-	-	-	-	33,719,168	(1,432,744)	4,544,691	-	36,831,115	762,454	37,593,569
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,526,114	-	(2,526,114)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,263,189	(2,263,189)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(20,085,663)	-	-	-	(20,085,663)	-	(20,085,663)
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	104,969	-	-	(86,215)	-	-	-	18,754	(117,825)	(99,071)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	15,501	-	-	-	-	-	-	15,501	-	15,501
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	410,147	410,147
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,314	-	(3,314)	-	-	-	-
Balance at December 31, 2021	38,626,274	14,222,651	37,333,966	9,500,104	68,180,935	(1,775,651)	(4,615,820)	(333,094)	161,139,365	6,987,973	168,127,338
Profit	-	-	-	-	28,957,466	-	-	-	28,957,466	765,203	29,722,669
Other comprehensive income (loss)	-	-	-	-	129,158	8,240,084	(3,816,101)	-	4,553,141	147,470	4,700,611
Total comprehensive income (loss)	-	-	-	-	29,086,624	8,240,084	(3,816,101)	-	33,510,607	912,673	34,423,280
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	3,363,627	-	(3,363,627)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,108,633)	3,108,633	-	-	-	-	-	-
Cash dividends of ordinary share											

See accompanying notes to financial statements.

	-	-	-	-	(25,493,341)	-	-	-	(25,493,341)	-	(25,493,341)
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	(18,175)	-	-	-	-	-	-	(18,175)	54	(18,121)
Adjustments of capital surplus for company' s cash dividends received by subsidiaries	-	19,674	-	-	-	-	-	-	19,674	-	19,674
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(535,373)	(535,373)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	154,377	-	(154,377)	-	-	-	-
Balance as of December 31, 2022	**38,626,274**	**14,224,150**	**40,697,593**	**6,391,471**	**71,673,601**	**6,464,433**	**(8,586,298)**	**(333,094)**	**169,158,130**	**7,365,327**	**176,523,457**

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,		
		2022	2021
Cash flows from operating activities:			
Profit before tax	$	40,780,600	43,436,274
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		8,522,705	7,057,979
Amortization expense		1,580,271	1,267,405
Expected credit loss		156,336	260,434
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		151,123	(385,777)
Interest expense		4,370,078	1,115,962
Interest income		(5,018,167)	(2,388,721)
Dividend income		(519,418)	(200,215)
Share of loss of associates accounted for using equity method		97,415	61,234
(Gain) loss on disposal of property, plant and equipment and right-of-use assets		(322,223)	285,195
Property, plant and equipment transferred to expense		6,851	694
Gain on disposal of non-current assets classified as held for sale		-	(27,324)
Loss (gain) on disposal of investments accounted for using equity method		4,004	(12,599)
Impairment loss on non-financial assets		30,057	101,380
Unrealized foreign exchange loss		672,500	37,500
Other adjustments		(2,189)	(27,137)
Total adjustments to reconcile profit		9,729,343	7,146,010
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(806,640)	990,089
Accounts receivable		5,548,885	(70,663,544)
Other receivables		(54,057)	854,400
Inventories		(13,461,465)	(49,355,827)
Other current assets		1,414,703	(798,266)
Other financial assets		(268,496)	(74,742)
Net defined benefit assets		49,135	806
Total changes in operating assets		(7,577,935)	(119,047,084)
Changes in operating liabilities:			
Contract liabilities		30,206,367	1,714,386
Accounts payable		(55,299,943)	44,403,176
Other payables		318,731	73,728
Provisions		5,707	(31,020)
Other financial liabilities		1,073,001	2,998,283
Other current liabilities		128,679	156,384
Net defined benefit liabilities		(13,898)	(19,703)
Other liabilities		773	806
Total changes in operating liabilities		(23,580,583)	49,296,040
Total changes in operating assets and liabilities		(31,158,518)	(69,751,044)
Total adjustments		(21,429,175)	(62,605,034)

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2022	2021
Cash inflow (outflow) generated from operations	$ 19,351,425	(19,168,760)
Interest received	4,807,829	2,698,945
Dividends received	519,418	208,566
Interest paid	(3,381,646)	(1,168,742)
Income taxes paid	(9,881,955)	(6,362,797)
• **Net cash from (used in) operating activities**	11,415,071	(23,792,788)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(300,613)	(305,935)
Proceeds from disposal of financial assets at fair value through other comprehensive income	89,346	34,096
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	887,860	138,328
Proceeds from disposal of financial assets at fair value through profit or loss	883,608	19,420,349
Acquisition of investments accounted for using equity method	(41,893)	(143,341)
Proceeds from disposal of investments accounted for using equity method	22,899	-
Proceeds from capital reduction of investments accounted for using equity method	-	71,374
Proceeds from disposal of non-current assets classified as held for sale	-	313,183
Acquisition of property, plant and equipment	(16,891,576)	(11,537,809)
Proceeds from disposal of property, plant and equipment and right-of-use assets	2,349,774	1,003,866
Acquisition of intangible assets	(413,653)	(312,274)
Proceeds from disposal of intangible assets	17	-
Increase in other financial assets	(394,357)	(3,352,715)
Decrease in other financial assets	951,600	9,377,554
Increase in other non-current assets	(1,285,819)	(1,188,874)
Decrease in other non-current assets	35	18,341
• **Net cash (used in) from investing activities**	(14,142,772)	13,536,143
Cash flows from financing activities:		
Increase in short-term borrowings	55,591,121	37,285,169
Decrease in short-term borrowings	(21,402,725)	(36,008,844)
Proceeds from long-term borrowings	39,091,798	31,733,100
Repayments of long-term borrowings	(14,799,048)	(45,541,700)
Repayments of principal portion of lease liabilities	(1,171,575)	(973,290)
Increase in other financial liabilities	223	628
Decrease in other financial liabilities	(7,143)	(48,367)
Increase in other non-current liabilities	944	173
Cash dividends paid	(26,009,039)	(20,253,559)
Change in non-controlling interests	-	593,544
Cash dividends returned	77	54
• **Net cash from (used in) financing activities**	31,294,633	(33,213,092)
Effect of exchange rate changes on cash and cash equivalents	13,813,295	(1,644,162)
Net increase (decrease) in cash and cash equivalents	42,380,227	(45,113,899)
Cash and cash equivalents at the beginning of period	162,257,067	207,370,966
Cash and cash equivalents at the end of period	$ **204,637,294**	**162,257,067**

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Overview

Quanta Computer Inc. (the "Company") was incorporated on May 9, 1988, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. The Company and its subsidiaries (together referred to as the "Group") engage primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements for the years ended December 31, 2022 and 2021 were authorized for issuance by the Board of Directors on March 15, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

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

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

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

● Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

● IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

● Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

● Amendments to IAS 1 “Non-current Liabilities with Covenants”

● Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “

● IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) 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.. (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

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

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

3) The net defined benefit liabilities assets are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

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 (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests on the date of loss of control. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amount at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same accounting basis as would be required if it had directly disposed of the related assets or liabilities.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

2. List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
The Company	Quanta International Limited (QIL)	Holding company	100.00%	100.00%	
〃	QCJ Co., Ltd. (QCJ)	Sale and after-sales service of computers and telecommunication products	100.00%	100.00%	
〃	Quanta Computer Technology Investment Corp. (QCTI)	Investment company	100.00%	100.00%	
〃	Quanta Venture Capital Co., Ltd. (QVC)	Venture capital	100.00%	100.00%	
〃	Quanta Cloud Technology Inc. (QCTTW)	Sale of computers and peripherals	100.00%	100.00%	
〃	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	85.57%	85.57%	
〃	QMB Co., Ltd. (QMB)	Manufacture and sale of computers, peripherals and consumer products	100.00%	100.00%	
〃	Quanta Cloud Technology Singapore Pte. Ltd. (QCTS)	Sale and after-sales service of computer peripherals	100.00%	100.00%	
The Company and QCTI	Quanta Storage Inc. (QSI)	Manufacture and sale of optical storage equipment, and computer storage devices and peripherals	30.22%	30.22%	Note 1
〃	RoyalTek Company Ltd. (RTK)	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	37.57%	37.57%	Note 1
〃	Quanta Microsystem Inc. (QMIT)	Electronic company	100.00%	100.00%	
QIL	QCE Computer B.V. (QCE)	Sale and after-sales service of computer peripherals	100.00%	100.00%	
〃	Access International Company (AIC)	Holding company	100.00%	100.00%	
〃	Quanta ASIA LTD. (QAL)	Holding company	100.00%	100.00%	
〃	Quanta Cloud Technology USA LLC (QCT-USA)	Sale of computer peripherals	100.00%	100.00%	
〃	QCT Inc. (QCTC)	Holding company	100.00%	100.00%	
QCE	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	14.43%	14.43%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

AIC	Quanta Manufacturing Incorporation (QMI)	Assembly and processing of computers and peripherals	100.00%	100.00%
〃	Quanta Service Incorporation (QSI-USA)	After-sales service of computers and peripherals	100.00%	100.00%
〃	Quanta Computer USA, Inc. (QCA)	After-sales service of computers and peripherals	100.00%	100.00%
〃	QCH, Inc., a Nevada corporation (QCH)	Sale of computers and peripherals	100.00%	100.00%
QMI	Quanta Manufacturing Nashville LLC (QMN)	Assembly and processing of computers and peripherals	100.00%	100.00%

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
QSI-USA	Quanta Service Nashville LLC (QSN)	After-sales service of computers and peripherals	100.00%	100.00%	
QCA	Quanta Computer Nashville LLC (QCN)	After-sales service of computers and peripherals	100.00%	100.00%	
QCH	QCH Nashville LLC (QCHN)	Sale of computers and peripherals	100.00%	100.00%	
QAL	Quanta Development Ltd. (QDL)	Holding Company	100.00%	100.00%	
〃	Quanta International Technology Ltd. (QIT)	Holding company	100.00%	100.00%	
〃	Q_Bus International Limited (Q_Bus)	Holding company	100.00%	100.00%	
〃	QCT (Beijing) Co., Ltd. (QCTBJ)	Software technology development, advisory service, sale of servers and switches	100.00%	100.00%	
QCTC	QCT Korea Inc. (QCTK)	Sale of computers and peripherals	100.00%	100.00%	
QIT	QCG Computer GmbH (QCG)	Assembly and processing of computers and peripherals	100.00%	100.00%	
QDL	Quanta Development (HONG KONG) Limited (QDL(HK))	Sale of computers and peripherals, and investment company	100.00%	100.00%	
QDL (HK)	Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Com (Chongqing) Computer Co., Ltd. (TCQ)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00%	100.00%	
〃	Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	Sale and after-sales service of computers and peripherals	100.00%	100.00%	
〃	Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	After-sales service of computers	100.00%	100.00%	
〃	Tech-Giant (Shanghai) Computer Co., Ltd. (TGC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Wave (Shanghai) Logistics Co., Ltd. (TWW)	Storage service	100.00%	100.00%	
〃	Tech-Full Computer (Changshu) Co., Ltd. (TNC)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00%	100.00%	
〃	Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	Processing, manufacture and sale of	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
		computers			
〃	Tech-Wave (Chongqing) Logistics Co., Ltd. (TWQ)	Storage service	100.00%	100.00%	
〃	Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	Manufacture and sale of precision machinery, peripherals and metallic molds	100.00%	100.00%	
〃	CloudTech (Chongqing) Technology Co., Ltd. (YDCQ)	Sale of servers and switches	100.00%	100.00%	
〃	Fly Dragon International Limited (FDDT)	Investment company and trading company	- %	100.00%	The cancellation of registration was completed in January 2022.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

			Shareholding		
Name of Investor	Name of Subsidiary	Principal Activity	December 31, 2022	December 31, 2021	Note
QDL (HK)	Dragon Grand Group Limited (DGDT)	Investment company and trading company	100.00%	100.00%	
DGDT	Dragontech Metallic Industry Co., Ltd. (SJDT)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	
Q_Bus	Tech Chain Ltd. (TCL)	Holding company	100.00%	100.00%	
TCL	Tech Chain (HONG KONG) Limited (TCLHK)	Holding company	100.00%	100.00%	
TCLHK	Zhan Yun (Shanghai) Electronics Co., Ltd. (ZYES)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	
QSI	Quanta Storage International Ltd. (QSI (CAYMAN))	Investment company	100.00%	100.00%	
〃	Techman Electronics (Thailand) Co., Ltd. (TMT)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
〃	TM SMT SDN. BHD. (JVM)	Sale of computer storage devices and components of peripherals	51.00%	51.00%	
〃	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	79.95%	79.95%	Note 2
QSI (CAYMAN)	Quanta Storage (BVI) Ltd. (QSL (BVI))	Investment company	100.00%	100.00%	
〃	E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
QSL(BVI)	Quanta Storage Holding (Hong Kong) Ltd. (QHH)	Investment company	100.00%	100.00%	
〃	Techman Electronic (Hong Kong) Limited (QIH)	Investment company	100.00%	100.00%	
QHH	Quanta Storage (Shanghai), Ltd. (QSS)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
QIH	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sales service of computer storage devices and components of peripherals	100.00%	100.00%	
TRI	Techman Robot (HONG KONG) Ltd. (TRH)	Investment company	100.00%	100.00%	
TRH	Techman Robot (Shanghai) Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
JVM	TM SMT (Thailand) COMPANY LIMITED. (JVMT)	Sale of computer storage devices and components of peripherals	100.00%	100.00%	
RTK	Royaltek International Enterprises Ltd. (RTKI)	Investment company	100.00%	100.00%	
RTKI	Royaltek Trading (Changshu) Co., Ltd. (RTKL)	Import and export business and wholesale of electronic products	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
QMIT	Quanta Cloud Technology Japan Inc. (QCTJ)	Sale of computer peripherals	100.00%	100.00%	
QCTTW	Quanta Cloud Technology Germany GmbH (QCTG)	Sale of computer peripherals	100.00%	100.00%	

Note 1: Although the Company holds less than half of these companies' voting right, the Company has actual effect to lead these companies' activities, considering the fact that these companies' other equity shares are highly separated and considering the participation of other shareholders from previous shareholders' meetings. In addition, no other sign suggests that any collectively decision-making agreement between other shareholders exist. Therefore, the Company considers these companies as subsidiaries.

Note 2: The subsidiary, Techman Robot Inc., increased its capital by cash in the fourth quarter of 2021. The shareholding of Techman Robot Inc. owned by Quanta Storage Inc. was decreased to 79.95%.

3. Subsidiaries excluded from the interim consolidated financial statements: None.

(d) Foreign Currency

1.Foreign currency transaction

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note

the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

(e) Classification of Current and Non-Current Assets and Liabilities

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

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

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

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

(f) Cash and Cash Equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (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 initially measured at the transaction price.

1.Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the business model and the financial assets held within the business model are evaluated and reported to the Group’s management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, and the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

6) Derecognition of financial assets

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

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

2.Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

Shares that are held by the Company's subsidiaries are seen as identical to treasury shares.

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

3.Derivative financial instruments

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

(j) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, Plant, and Equipment

1.Recognition and measurement

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

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

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

2.Subsequent expenditure

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

3.Depreciation

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

Land is not depreciated.

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

1) buildings	3 years~50 years
2) machine and other equipment	2 years~15 years

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

4.Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(l) Leases

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

1.As a leasee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically evaluates whether the right-of-use assets are impaired and recognizes any related impairment loss, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise an option to purchase the underlying asset; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

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

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

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

2.As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group recognizes its lease payments received as lease income on a straight-line basis over the lease term.

(m) Intangible Assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

2.Subsequent expenditure

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

3.Amortization

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

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

1) Trademarks	10 years
2) Computer software	1 years~3 years

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

(n) Impairment of Non-Financial Assets

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

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

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

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

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

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

(o) Provisions

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

(p) Revenue

Revenue from contracts with customers

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

1) Sale of good

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

2) Services

The Group recognizes. Revenue from providing services in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the services of work performed.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

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

(q) Employee Benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

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

3.Short-term employee benefits

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

(r) Income Taxes

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

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

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

1.temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1.the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.tthe deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business Combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest’s proportionate share of the acquiree’s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group’s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(t) Earnings per Share

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

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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(5) Major Sources of Significant Accounting Assumptions, Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Offsetting of financial assets and liabilities

The Group can presents financial assets and liabilities on a net basis only when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

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

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand, demand deposits and checking accounts	$ 120,497,207	100,976,384
Time deposits	82,979,949	58,168,535
Short-term notes and bills	1,160,138	3,112,148
Cash and cash equivalents in consolidated statements of cash flows	$ 204,637,294	162,257,067

The Group's currency risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(v).

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificates	$	4,719,605	4,786,474
Public quoted equity		354,284	426,977
Private equity		101,713	194,475
Derivative instruments not used for hedging			
Forward foreign exchange contracts		1,237	-
Total	$	5,176,839	5,407,926
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward foreign exchange contracts	$	-	3,074

The Group held derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments that did not apply hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2022			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	8,000	USD against TWD	2023.01.06~2023.01.09
US dollars purchased	USD	31,000	TWD against USD	2023.01.06~2023.03.27

	December 31, 2021			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	37,000	USD against TWD	2022.01.07~2022.01.27
US dollars purchased	USD	37,000	TWD against USD	2022.01.06~2022.03.28

1.For liquidity risk and other price risk, please refer to Note (6)(v).

2.The aforesaid financial assets were not pledged as collateral.

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

	December 31, 2022	December 31, 2021
Equity instruments at fair value through other comprehensive income		
Public quoted equity	$ 6,376,470	11,246,866
Private equity	2,253,678	1,880,508
Total	$ 8,630,148	13,127,374

1.Equity investments at fair value through other comprehensive income

The Group designated the 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.

For the years ended December 31, 2022 and 2021, the Group has sold its financial assets designated at fair value through other comprehensive income. The shares sold had a fair value of $172,449 and $34,096. The Group realized a gain of $154,377 and $3,314, which has been transferred from other equity to retained earnings.

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

3.The aforesaid financial assets were not pledged as collateral.

(d) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable-measured as amortized cost	$ 224,487,461	256,850,716
Accounts receivable-fair value through other comprehensive income	60,569,476	9,199,542
Less: Allowance for impairment	(1,065,121)	(931,097)
Net	$ 283,991,816	265,119,161

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, such accounts receivable was measured at fair value through other comprehensive income.

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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 provisions were determined as follows:

	December 31, 2022		
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 276,170,655	0.04%	116,691
1 to 60 days past due	8,124,495	4.86%	394,985
61 to 120 days past due	486,717	59.34%	288,821
More than 121 days past due	275,070	96.20%	264,624
	$ 285,056,937		1,065,121

	December 31, 2021		
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 257,444,618	0.05%	134,740
1 to 60 days past due	7,902,004	5.70%	450,512
61 to 120 days past due	312,769	13.83%	43,245
More than 121 days past due	390,867	77.42%	302,600
	$ 266,050,258		931,097

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

	For the Years Ended December 31,	
	2022	2021
Balance as of January 1	$ 931,097	690,101
Impairment loss recognized	155,033	257,082
Bad debts written off	(19,421)	(15,370)
Effect of movements in exchange rate	(1,588)	(716)
Balance as of December 31	$ 1,065,121	931,097

The aforementioned financial assets of the Group were not pledged as collateral or borrowings.

The Group signed the accounts receivable factoring agreements without recourse with different financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The amounts receivable from financial institutions were recognized as other receivables upon the derecognition of those trade receivables. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

Unit: in thousands

December 31, 2022

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	$ -	US$ 1,972,305	US$ -	-	None	None

December 31, 2021

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	$ 45,007,680	US$ 332,353	US$ 1,626,000	-	0.59%~0.62%	None

The Group signed the accounts receivable factoring agreements with different financial institutions. According to the agreements, the Group bears almost all risks and rewards, and thus is ineligible for derecognizing the financial assets. The carrying amount of the accounts receivable factored but yet derecognized at the reporting date were as follows:

Unit：in thousands

December 31, 2022

Purchaser	Amount transferred but has yet to be derecognized	Credit Line	Credit Advanced (accounted under short-term borrowings)	Range of Interest Rate	Collateral
Financial Institutions	$ 15,335,000	US$ 900,000	US$ 500,000	5.27%~5.35%	None

December 31, 2021

Purchaser	Amount transferred but has yet to be derecognized	Credit Line	Credit Advanced (accounted under short-term borrowings)	Range of Interest Rate	Collateral
Financial Institutions	$ 6,920,000	US$ 900,000	US$ 250,000	0.52%	None

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(e) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 1,516,426	1,210,754
Less: Allowance for impairment	(7,117)	(5,814)
	$ 1,509,309	1,204,940

As of December 31, 2022 and 2021, the aging analysis of other receivables which were past due were as follows:

	December 31, 2022	December 31, 2021
1 to 60 days past due	$ 75,076	75,687
61 to 120 days past due	42,851	4,461
More than 121 days past due	2,859	34,960
Total	$ 120,786	115,108

The movements in the allowance for impairment for other receivables, were as follows:

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Balance as of January 1	$ 5,814	2,462
Impairment loss recognized	1,303	3,352
Balance as of December 31	$ 7,117	5,814

(f) Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 104,952,775	61,058,036
Work-in-process	1,732,794	6,306,161
Raw materials	113,773,874	124,848,845
Inventory in-transit	5,396,695	4,383,386
Total	$ 225,856,138	196,596,428

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For the years ended December 31, 2022 and 2021, the details of cost of goods sold were as follows:

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Cost of goods sold	$ 1,191,173,365	1,047,802,767
Net amount of inventory obsolescence and disposal of scrapping	11,811,686	6,605,413
Write-down of inventory valuation and obsolescence	3,489,772	3,352,446
Unamortized manufacturing overhead	3,596,368	85,126
Others	(556,891)	(503,634)
Total	$ 1,209,514,300	1,057,342,118

(g) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$ 338,563	446,807

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Attributable to the Group:		
Loss from continuing operation	$ (97,415)	(61,234)
Other comprehensive income	288	788
Total comprehensive loss	$ (97,127)	(60,446)

The aforesaid investments accounted for using equity method were not pledged as collateral.

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(h) Property, plant and equipment

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

		Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2022	$	8,719,633	27,216,106	55,468,054	3,805,794	95,209,587
Additions		305,468	1,067,496	13,407,584	1,830,406	16,610,954
Disposal and obsolescence		-	(1,961,629)	(2,890,753)	-	(4,852,382)
Reclassification and effect of movements in exchange rate		111,997	5,294,583	5,764,941	(3,617,921)	7,553,600
Balance as of December 31, 2022	$	9,137,098	31,616,556	71,749,826	2,018,279	114,521,759
Balance as of January 1, 2021	$	8,094,717	27,645,710	51,486,718	1,982,244	89,209,389
Additions		817,256	905,778	8,604,390	2,060,206	12,387,630
Disposal and obsolescence		(185,121)	(1,066,940)	(4,223,146)	-	(5,475,207)
Effect of movements in exchange rate		(7,219)	(268,442)	(399,908)	(236,656)	(912,225)
Balance as of December 31, 2021	$	8,719,633	27,216,106	55,468,054	3,805,794	95,209,587
Depreciation and impairment loss:						
Balance as of January 1, 2022	$	-	11,467,579	31,518,718	-	42,986,297
Depreciation for the period		-	1,064,781	6,275,756	-	7,340,537
Disposal and obsolescence		-	(711,135)	(2,122,075)	-	(2,833,210)
Impairment loss recognized		-	-	2,569	-	2,569
Effect of movements in exchange rate		-	942,810	2,857,378	-	3,800,188
Balance as of December 31, 2022	$	-	12,764,035	38,532,346	-	51,296,381
Balance as of January 1, 2021	$	57,496	11,168,589	30,375,596	-	41,601,681
Depreciation for the period		-	1,068,227	4,947,121	-	6,015,348
Disposal and obsolescence		(57,496)	(653,195)	(3,536,321)	-	(4,247,012)
Impairment loss recognized		-	-	101,380	-	101,380
Effect of movements in exchange rate		-	(116,042)	(369,058)	-	(485,100)
Balance as of December 31, 2021	$	-	11,467,579	31,518,718	-	42,986,297
Carrying amount:						
Balance as of December 31, 2022	$	9,137,098	18,852,521	33,217,480	2,018,279	63,225,378
Balance as of January 1, 2021	$	8,037,221	16,477,121	21,111,122	1,982,244	47,607,708
Balance as of December 31, 2021	$	8,719,633	15,748,527	23,949,336	3,805,794	52,223,290

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

(i) Right-of-use assets

The Group leases assets including land, buildings, machinery and equipment, and transportation equipment. The movements in right-of-use assets were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:					
Balance as of January 1, 2022	$ 441,166	5,386,932	77,664	468	5,906,230
Additions	13,329	1,664,455	-	495	1,678,279
Disposal	(9,083)	-	-	-	(9,083)
Reductions	(13,738)	(594,312)	-	(468)	(608,518)
Effect of movements in exchange rate	45,613	519,856	8,502	-	573,971
Balance as of December 31, 2022	**$ 477,287**	**6,976,931**	**86,166**	**495**	**7,540,879**
Balance as of January 1, 2021	$ 498,197	3,328,390	151,641	468	3,978,696
Additions	13,738	2,385,107	20,863	-	2,419,708
Reductions	-	(271,511)	(93,135)	-	(364,646)
Disposal	(65,264)	-	-	-	(65,264)
Effect of movements in exchange rate	(5,505)	(55,054)	(1,705)	-	(62,264)
Balance as of December 31, 2021	**$ 441,166**	**5,386,932**	**77,664**	**468**	**5,906,230**
Depreciation and impairment loss:					
Balance as of January 1, 2022	$ 38,248	2,409,923	30,441	338	2,478,950
Depreciation for the period	18,178	1,135,239	27,863	158	1,181,438
Reductions	(3,188)	(515,931)	-	(468)	(519,587)
Disposal	(704)	-	-	-	(704)
Effect of movements in exchange rate	4,437	222,877	4,191	-	231,505
Balance as of December 31, 2022	**$ 56,971**	**3,252,108**	**62,495**	**28**	**3,371,602**
Balance as of January 1, 2021	$ 28,332	1,687,309	97,001	182	1,812,824
Depreciation for the period	14,746	999,516	27,483	156	1,041,901
Reductions	-	(249,511)	(93,135)	-	(342,646)
Disposal	(4,398)	-	-	-	(4,398)
Effect of movements in exchange rate	(432)	(27,391)	(908)	-	(28,731)
Balance as of December 31, 2021	**$ 38,248**	**2,409,923**	**30,441**	**338**	**2,478,950**

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		Land	Buildings	Machinery and equipment	Transportation equipment	Total
Carrying amount:						
Balance as of December 31, 2022	$	420,316	3,724,823	23,671	467	4,169,277
Balance as of January 1, 2021	$	469,865	1,641,081	54,640	286	2,165,872
Balance as of December 31, 2021	$	402,918	2,977,009	47,223	130	3,427,280

(j) Investment property

Investment property comprises factories that are leased to third parties under operating leases, as well as properties that are owned by the Group. The rent income of the leases of investment properties is fixed.

		Land and land improvement	Buildings	Total
Cost or deemed cost:				
Balance as of January 1, 2022	$	124,215	42,372	166,587
Balance as of December 31,2022	$	124,215	42,372	166,587
Balance as of January 1, 2021	$	124,215	42,372	166,587
Balance as of December 31,2021	$	124,215	42,372	166,587
Depreciation and impairment loss:				
Balance as of January 1, 2022	$	71,551	25,499	97,050
Depreciation for the year		-	730	730
Balance as of December 31,2022	$	71,551	26,229	97,780
Balance as of January 1, 2021	$	71,551	24,769	96,320
Depreciation for the year		-	730	730
Balance as of December 31,2021	$	71,551	25,499	97,050
Carrying amount:				
Balance as of December 31,2022	$	52,664	16,143	68,807
Balance as of January 1, 2021	$	52,664	17,603	70,267
Balance as of December 31,2021	$	52,664	16,873	69,537
Fair Value:				
Balance as of December 31,2022				$ 109,274
Balance as of December 31,2021				$ 110,004

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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As of December 31, 2022 and 2021, the fair value of the investment property was based on the market value acquired in active market and on the reacquiring or reconstructing costs of the properties on the value date, after deducting the accumulated depreciation and other deductible items. The condition, economics, and functions of the properties were also considered when evaluating the fair value.

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

(k) Intangible assets

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

	Goodwill	Software and trademark	Total
Cost:			
Balance as of January 1, 2022	$ 407,292	3,535,370	3,942,662
Acquisition	-	410,766	410,766
Disposal and obsolescence	-	(16,778)	(16,778)
Reclassification and effect of movement in exchange rate	-	264,860	264,860
Balance as of December 31,2022	**$ 407,292**	**4,194,218**	**4,601,510**
Balance as of January 1, 2021	$ 407,292	3,285,128	3,692,420
Acquisition	-	307,490	307,490
Disposal and obsolescence	-	(22,982)	(22,982)
Reclassification and effect of movement in exchange rate	-	(34,266)	(34,266)
Balance as of December 31,2021	**$ 407,292**	**3,535,370**	**3,942,662**
Amortization and impairment loss:			
Balance as of January 1, 2022	$ -	3,134,305	3,134,305
Amortization	-	382,449	382,449
Disposal and obsolescence	-	(16,761)	(16,761)
Reclassification and effect of movement in exchange rate	-	232,440	232,440
Balance as of December 31,2022	**$ -**	**3,732,433**	**3,732,433**

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	Goodwill	Software and trademark	Total
Balance as of January 1, 2021	$ -	2,862,943	2,862,943
Amortization	-	323,951	323,951
Disposal and obsolescence	-	(22,982)	(22,982)
Reclassification and effect of movement in exchange rate	-	(29,607)	(29,607)
Balance as of December 31,2021	$ -	3,134,305	3,134,305
Carrying amount:			
Balance as of December 31, 2022	$ 407,292	461,785	869,077
Balance as of January 1, 2021	$ 407,292	422,185	829,477
Balance as of December 31, 2021	$ 407,292	401,065	808,357

1.Amortization

The amortization of intangible assets for the years ended December 31, 2022 and 2021 are included in the statement of comprehensive income in the following accounts:

	For the Years Ended December 31,	
	2022	2021
Operating expenses	$ 382,449	323,951

2.Impairment testing for cash-generating units (including goodwill)

The aggregate carrying amount of goodwill allocated to each cash-generating unit (CGU) were as follows:

	December 31, 2022	December 31, 2021
Satellite navigation	$ 407,292	407,292

Goodwill of the Group is tested for impairment at least once a year at the reporting date. The value-in-use calculation uses cash flow projections based on cash flow before tax of the financial budgets approved by management covering a five-year period. The calculation mainly considered gross profit rate, discount rate and growth rate.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Credit loan	$ 204,712,153	165,630,981
Range of interest rates	1.58%~5.47%	0.07%~3.10%

	Goodwill	Software and trademark	Total

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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Please refer to Note (8) for details of the Group’ s assets pledged as collateral for bank borrowings.

The Group’ s interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(v).

The Group has agreements with different financial institutions to offset its financial assets and liabilities. The following table lists the netting information of these financial assets and liabilities as of December 31, 2022 and 2021:

December 31, 2022			
Property	**Financial assets/ liabilities recognized**	**Financial assets/ liabilities offset in the statement of financial position**	**Net financial assets/ liabilities reported in the statement of financial position**
Bank deposits / Bank borrowings	$ 230,279,975	230,279,975	-

December 31, 2021			
Property	**Financial assets/ liabilities recognized**	**Financial assets/ liabilities offset in the statement of financial position**	**Net financial assets/ liabilities reported in the statement of financial position**
Bank deposits / Bank borrowings	$ 315,698,662	315,698,662	-

(m) Long-term borrowings

	Amount			
Names of financial institution	**Non-current portion**	**Current portion**	**Total**	**Collateral or Guarantee**
December 31, 2022				
Syndicated agreement with Mizuho Bank and other 19 participating banks (i)	$ -	16,429,850	16,429,850	None
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (vii)	-	26,564,150	26,564,150	None
National development agreement with TaiShin International Bank (ii)	906,250	375,000	1,281,250	None
National development agreement with Mega International Commercial Bank (iii)	795,918	318,367	1,114,285	None
National development agreement with Taipei Fubon Bank (iv)	947,917	375,000	1,322,917	None
National development agreement with E.Sun Commercial Bank (v)	1,250,000	500,000	1,750,000	None
National development agreement with CTBC Bank (vi)	625,000	250,000	875,000	None
Total	$ 4,525,085	44,812,367	49,337,452	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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Names of financial institution	Amount: Non-current portion	Amount: Current portion	Amount: Total	Collateral or Guarantee
December 31, 2021				
Syndicated agreement with Mizuho Bank and other 19 participating banks (i)	$ 6,920,000	-	6,920,000	None
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (vii)	9,411,200	-	9,411,200	None
National development agreement with TaiShin International Bank (ii)	1,281,250	218,750	1,500,000	None
National development agreement with Mega International Commercial Bank (iii)	1,114,285	185,715	1,300,000	None
National development agreement with Taipei Fubon Bank (iv)	1,322,917	177,083	1,500,000	None
National development agreement with E.Sun Commercial Bank (v)	1,750,000	250,000	2,000,000	None
National development agreement with CTBC Bank (vi)	875,000	125,000	1,000,000	None
Total	$ 22,674,652	956,548	23,631,200	

(i) Effective July 2018, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mizuho Bank and other 19 participating financial institutions. The agreement included two trenches, A and B. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD560,000 thousand. In trench B, the term facility and revolving facility available amounted to USD320,000 thousand and the agreement amounted to USD880,000 thousand for a period of 3 years. The borrowing duration is allowed to extend for 2 years with Mizuho Bank and other 19 participating financial institutions in July, 2021. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD596,000 thousand. In trench B, the term facility and revolving facility available amounted to USD284,000 thousand. The loan bears floating interest rates. According to the agreements, the Company takes joint and several liabilities for QIL’ s repayments.

(ii) Effective June 2019, the Company entered into credit agreement with TaiShin International Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

(iii) Effective June 2019, the Company entered into credit agreement with Mega International Commercial Bank. The loan facility of agreement amounted to $1,300,000 with floating interest rates for a period of 7 years. The agreement started on June 19, 2019.

(iv) Effective June 2019, the Company entered into credit agreement with Taipei Fubon Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

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(v) Effective June 2019, the Company entered into credit agreement with E.Sun Commercial Bank. The loan facility of agreement amounted to $2,000,000 with floating interest rates for a period of 7 years. The agreement started on July 3, 2019.

(vi) Effective June 2019, the Company entered into credit agreement with CTBC Bank. The loan facility of agreement amounted to $1,000,000 with floating interest rates for a period of 7 years. The agreement started on July 4, 2019.

(vii) Effective October 2020, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mega International Commercial Bank and other 17 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD1,200,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is allowed to extend for 2 years, but the extension is limited to one time only. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.

(viii) Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth at the end dates of the semi-annual and the annual accounting periods (June 30 and December 31). Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2022, the Company was in compliance with the above financial covenants.

(ix) The interest rates for all aforementioned credit facilities were 0.470%~5.7918% and 0.000%~0.9005% as of December 31, 2022 and 2021, respectively.

(x) The Group’ s currency risk, interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(v).

(n) Lease liabilities

The carrying amount of the Group’ s lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 1,172,558	844,385
Non-current	$ 2,762,001	2,358,669

For the maturity analysis, please refer to Note (6)(v).

The amounts recognized in profit or loss were as follows:

	For the Years Ended December 31, 2022	2021
Interests expenses on lease liabilities	$ 78,703	61,884
Variable lease payments not included in the measurement of lease liabilities	$ 198,263	186,485

Expenses relating to short-term leases	$ 445,927	297,351

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Years Ended December 31,	
	2022	2021
Total cash outflow for leases	$ 1,893,577	1,521,467

1. Land and Building leases

The Group leases land and buildings for its office space, warehouse and staff dormitory. The leases typically run for a period of 1 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other leases

The Group leases machinery and office equipment, which are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

1.Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	December 31, 2022	December 31, 2021
Present value of benefit obligations	$ 1,848,833	1,926,852
Fair value of plan assets	(1,323,537)	(1,272,980)
Recognized liabilities for defined benefit obligations	$ 525,296	653,872

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

1) Composition of plan assets

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

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $1,323,537 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2022	2021
Defined benefit obligation at January 1	$ 1,926,852	2,066,195
Current service costs and interest	24,655	18,012
Remeasurement on the net defined benefit liabilities		
－Actuarial gains arising from experience adjustments	48,395	(2,547)
－Actuarial losses arising from changes in population assumption	266	9,004
－Actuarial losses arising from changes in financial assumptions	(112,982)	(73,506)
Benefit paid	(34,871)	(82,107)
Settlement payments	-	(2,730)
Past service costs and settlement gains	(3,482)	(5,469)
Defined benefit obligation at December 31	**$ 1,848,833**	**1,926,852**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the Years Ended December 31,	
	2022	2021
Fair value of plan assets at January 1	$ 1,272,980	1,307,866
Interest income	8,809	4,779
Remeasurement on the net defined benefit liabilities		
－Return on plan assets (excluding current interest)	99,492	18,511
Contribution made	28,141	28,335
Benefit paid	(34,871)	(82,107)
Payment for the curtailment of plan assets	(1,562)	-
Settlement of plan assets	(49,452)	(4,404)
Fair value of plan assets at December 31	**$ 1,323,537**	**1,272,980**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the Years Ended December 31, 2022	2021
Current service costs	$ 11,367	10,867
Net interest of net defined benefit liabilities	4,479	2,602
Past service credit and settlement gains	(1,920)	(5,705)
	$ 13,926	**7,764**
Operating costs	$ 1,667	1,274
Selling expenses	737	525
General and administrative expenses	5,904	3,788
Research and development expenses	5,618	2,177
	$ 13,926	**7,764**

5) Actuarial assumptions

The following are the Group’ s principal actuarial assumptions of Present Value of defined benefit obligations:

	For the Years Ended December 31, 2022	2021
Discount rate	1.25%~1.55%	0.70%%
Future salary increases rate	2.50%~3.80%	2.00%~3.80%

The Group will pay the defined benefit plans amounting to $29,281 within one year after the reporting date in 2022.

The weighted average duration of the defined benefit obligation is 9~29 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	$ (44,248)	45,870
Future salary increasing rate	44,637	(43,304)

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		Influences of defined benefit obligations	
		Increased 0.25%	**Decreased 0.25%**
December 31, 2021			
Discount rate	$	(50,338)	52,291
Future salary increasing rate		50,576	(48,978)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

2.Defined contribution plans

The Group's Taiwan subsidiaries allocate 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were $585,360 and $497,127 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of the Labor Insurance.

3.The Group's pension expenses of foreign subsidiaries companies in accordance with local laws and regulations were $3,442,007 and $2,859,943 for the years ended December 31, 2022 and 2021, respectively.

(p) Income taxes

1.Income tax expense

The details of income tax expense for the years ended December 31, 2022 and 2021, were as follows:

		For the Years Ended December 31,	
		2022	**2021**
Current tax expense			
Current period	$	12,381,071	11,508,806
Adjustment for prior period		372,890	(1,850,326)
		12,753,961	9,658,480
Deferred tax expense			
Origination and reversal of temporary differences		(1,696,030)	(581,771)
Income tax expense from continuing operations	$	11,057,931	9,076,709

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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The details of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

	For the Years Ended December 31, 2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (32,002)	(16,387)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (44)	(166)

Reconciliations between income tax and profit before tax for the years ended December 31, 2022 and 2021, were as follows:

	For the Years Ended December 31, 2022	2021
Profit before tax	$ 40,780,600	43,436,274
Income tax using the Company's domestic tax rate	$ 11,009,628	10,899,621
Permanent differences	(473,472)	(718,974)
Tax-exempt income	(101,381)	(111,635)
Land value increment tax	-	38,659
Changes in temporary differences	(152,317)	813,355
Over provision in prior periods	372,890	(1,850,326)
Additional income tax on unappropriated earnings	409,770	19,309
Income basic tax	-	29
Investment tax credit	(7,187)	-
Effect of loss carry-forward	-	(13,329)
Total	$ 11,057,931	9,076,709

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized were as follows:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 3,840,726	3,895,209
Tax losses	1,305,201	1,107,846
	$ 5,145,927	**5,003,055**

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Contract liabilities	Unrealized gross profit from sales	Unrealized losses on inventories	Others	Total
Deferred tax assets：					
Balance as of January 1, 2022	$ 2,166,248	1,086,061	449,214	1,914,400	5,615,923
Recognized in profit or loss	92,333	601,645	458,935	742,692	1,895,605
Recognized in other comprehensive income	-	-	-	32,046	32,046
Effect in exchange rate	12,462	-	2,709	(61,047)	(45,876)
Balance as of December 31,2022	**$ 2,271,043**	**1,687,706**	**910,858**	**2,628,091**	**7,497,698**
Balance as of January 1, 2021	$ 2,171,768	72,811	428,530	1,633,199	4,306,308
Recognized in profit or loss	4,109	1,013,250	21,129	239,763	1,278,251
Recognized in other comprehensive income	-	-	-	16,553	16,553
Effect in exchange rate	(9,629)	-	(445)	24,885	14,811
Balance as of December 31,2021	**$ 2,166,248**	**1,086,061**	**449,214**	**1,914,400**	**5,615,923**

	Unrealized gains on investment	Others	Total
Deferred tax liabilities：			
Balance as of January 1, 2022	$ 2,890,759	9,480	2,900,239
Recognized in profit or loss	204,668	(5,093)	199,575
Effect in exchange rate	11,510	862	12,372
Balance as of December 31,2022	**$ 3,106,937**	**5,249**	**3,112,186**

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	Unrealized gains on investment	Others	Total
Balance as of January 1, 2021	$ 1,278,960	821,072	2,100,032
Recognized in profit or loss	1,506,653	(810,173)	696,480
Effect in exchange rate	105,146	(1,419)	103,727
Balance as of December 31,2021	$ 2,890,759	9,480	2,900,239

3.As of December 31, 2022, the Group's unused prior years loss carry-forward and the expiry years of the loss carry-forward were as follows:

Year of loss	Unused amount	Year of expiry
2015	$ 11,383	2025
2016	197,920	2021~2026
2017	231,449	2022~2027
2018	178,688	2023~2028
2019	1,451,288	2024~2029
2020	1,252,299	2025~2030
2021	1,576,507	2026~2031
2022	477,309	2027~2032
	$ 5,376,843	

4.The tax returns assessment and approval

The Company's tax returns through 2019 have been assessed and approved by the Tax Authority.

(q) Share capital and other equity

1.Share capital

As of December 31, 2022 and 2021, the Company’ s authorized capital consisted of $46,000,000 and issued shares amounted to 3,862,627 thousand shares, with par value of $10 (NT dollars) per share.

Reconciliations of shares outstanding for 2022 and 2021 were as follows：

	Common Stock For the Years Ended December 31, 2022 (thousand)	2021 (thousand)
Balance as of January 1	3,862,627	3,862,627
Balance as of December 31	3,862,627	3,862,627

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2.Capital surplus

The details of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Surplus from issuing shares in excess of par value:			
Additional paid-in capital arising from issuing shares	$	5,832,239	5,832,239
Additional paid-in capital arising from bond conversion		7,017,671	7,017,671
Additional paid-in capital arising from treasury stock transactions		322,085	302,411
Additional paid-in capital arising from employee share options		961,566	961,566
Donated assets received		44	44
The movement of net stockholders of associates and joint ventures entity for using equity method		90,545	108,720
	$	14,224,150	14,222,651

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

3.Retained earnings

The amendments to the Company's Articles of Incorporation had been approved by the general shareholders meeting held on June 17, 2022, wherein Article 27-2 stipulated that the Company's earnings distribution or loss off-setting may be made after the end of each half of the fiscal year in accordance with Article 228-1 of the Company Act. Earnings distributed in the form of cash shall be approved by the Board of Directors.

According to the amended Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches its paid-in capital. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed in accordance with the relevant laws or regulations, or as outlined by the Articles of Incorporation.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

During the shareholder's meeting on June 17, 2022 and July 23, 2021, the shareholders approved to distribute the 2021 and 2020 earnings, respectively, as follows:

	For the Years Ended December 31,			
	2021		2020	
	Dividend per share (TWD)	Amount	Dividend per share (TWD)	Amount
Dividends distributed to ordinary shareholders				
Cash	$ 6.60	$ 25,493,341	5.20	20,085,663

The 2022 earnings were appropriated as follows:

	The date the resolution was approved by the Board of Directors	Dividend per share (TWD)－cash	Total amount
Dividends distributed to ordinary shareholders			
The first half of 2022	August 12, 2022	$ -	-
The second half of 2022	March 15, 2023	6.00	23,175,765
Total			$ 23,175,765

4.Treasury stock

1) The Company's shares held by its subsidiaries were as follows:

	December 31, 2022		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	586,272

	December 31, 2021		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	767,911

5.Other equity after tax

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (1,775,651)	(4,615,820)	(6,391,471)
Exchange differences on translation of foreign financial statement	8,239,796	-	8,239,796
Exchange differences on associates accounted for using equity method	288	-	288
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(3,816,101)	(3,816,101)
Disposal of investments measured at fair value through other comprehensive income	-	(154,377)	(154,377)
Balance as of December 31, 2022	$ 6,464,433	(8,586,298)	(2,121,865)
Balance as of January 1, 2021	$ (342,907)	(9,157,197)	(9,500,104)
Exchange differences on translation of foreign financial statement	(1,433,532)	-	(1,433,532)
Exchange differences on associates accounted for using equity method	788	-	788
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	4,544,691	4,544,691
Disposal of investments measured at fair value through other comprehensive income	-	(3,314)	(3,314)
Balance as of December 31, 2021	$ (1,775,651)	(4,615,820)	(6,391,471)

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6.Non-controlling interests after tax

	For the Years Ended December 31, 2022	2021
Balance as of January 1	$ 6,987,973	5,933,197
Shares attributed to non-controlling interests		
Net profit	765,203	707,041
Exchange differences on translation of foreign financial assets	164,014	4,531
Actuarial gains from defined benefit plans	2,653	2,529
Unrealized (losses) gains from financial assets measured at fair value through other comprehensive income	(19,197)	48,353
Changes in non-controlling interests	(535,373)	410,147
Others	54	(117,825)
Balance as of December 31	$ 7,365,327	6,987,973

(r) Earnings per share

For the years ended December 31, 2022 and 2021, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Years Ended December 31, 2022	2021
Profit attributable to ordinary shareholders of the Company	$ 28,957,466	33,652,524

Unit：thousand shares

	For the Years Ended December 31, 2022	2021
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519

2.Diluted earnings per share

	For the Years Ended December 31, 2022	2021
Profit attributable to ordinary shareholders of the Company	$ 28,957,466	33,652,524

Unit：thousand shares

	For the Years Ended December 31, 2022	2021
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519
Effect of employee stock compensation	48,818	40,447
Weighted average number of ordinary shares (diluted)	3,903,337	3,894,966

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(s) Revenue from contracts with customer

1.Disaggregation of Revenue

	For the Years Ended December 31, 2022	2021
Primary geographical markets:		
America	$ 681,353,986	542,712,349
Mainland China	115,868,118	117,703,908
Netherlands	79,404,677	74,321,606
Japan	60,544,886	68,989,657
Other countries	343,257,645	325,725,830
	$ 1,280,429,312	1,129,453,350
Major products:		
Electronic products	$ 1,275,258,755	1,124,101,436
Other products	5,170,557	5,351,914
	$ 1,280,429,312	1,129,453,350

(t) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include employees of the Company’ s affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $3,002,714 and $3,227,041, and directors' remuneration for both years amounting to $14,000 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The amount of employee remuneration stated in the consolidated financial statements was identical to that of the actual distribution for 2021. The amount of directors' remuneration of the actual distribution was $2,000 less than that of estimation stated in the consolidated financial statements for 2021. The difference was treated as changes in accounting estimates and adjusted in profit or loss in 2022. The amounts of employee remuneration and directors' remuneration stated in the consolidated financial statements were identical to that of the actual distribution for 2022.

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(u) Non-operating income and expenses

1.Interest income

The details of interest income were as follows:

	For the Years Ended December 31, 2022	2021
Interest income from bank deposits	$ 4,979,248	2,346,629
Others interest income	38,919	42,092
Total interest income	$ 5,018,167	2,388,721

2.Other income

The details of other income were as follows:

	For the Years Ended December 31, 2022	2021
Dividend income	$ 519,418	200,215

3.Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31, 2022	2021
Foreign exchange gains	$ 6,672,798	3,343,841
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(150,846)	386,230
Losses on sale of receivables	(379,290)	(94,845)
Others	2,379,034	1,112,200
Net	$ 8,521,696	4,747,426

4.Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31, 2022	2021
Interest expenses	$ 4,370,078	1,115,962

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(v) Financial instruments

1.Credit risks

1) Credit risks exposure

The carrying amount of financial assets represented the maximum credit risk exposure of the Group. As of December 31, 2022 and 2021, the maximum exposure to credit risks amounted to $508,471,466 and $451,846,944 respectively.

2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2022							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 254,049,605	257,146,621	200,139,868	52,433,930	1,831,183	2,741,640	-
Payables	272,147,469	272,147,469	271,851,631	100,419	195,419	-	-
Lease liabilities	3,934,559	4,096,858	601,412	639,819	1,747,391	1,039,130	69,106
	$ 530,131,633	533,390,948	472,592,911	53,174,168	3,773,993	3,780,770	69,106
December 31, 2021							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 189,262,181	189,595,766	165,486,027	1,180,835	18,400,956	4,527,948	-
Payables	281,006,885	281,006,885	280,841,056	17,128	148,701	-	-
Lease liabilities	3,203,054	3,367,574	526,406	369,105	1,256,394	1,062,463	153,206
Derivative financial liabilities							
Other forward foreign exchange contract:							
Inflow	(2,146)	(2,146)	(2,146)	-	-	-	-
Outflow	5,220	5,220	5,220	-	-	-	-
	$ 473,475,194	473,973,299	446,856,563	1,567,068	19,806,051	5,590,411	153,206

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

3.Currency risks

1) Exposure to foreign currency risks

			December 31, 2022	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (TWD)**
Financial assets				
Monetary items				
TWD	30.710	USD	$ 13,479,413	413,952,331
TWD	0.232	JPY	4,662,106	1,083,473
TWD	32.720	EUR	235,768	7,714,322
USD	0.001	KRW	32,935,782	798,120
USD	0.007	JPY	4,329,308	994,280
USD	0.144	CNY	5,645,284	24,892,554
Financial liabilities				
Monetary items				
TWD	30.710	USD	9,206,386	282,266,553
TWD	0.232	JPY	1,664,570	386,846
TWD	32.720	EUR	131,080	4,253,868
USD	0.007	JPY	3,375,817	774,163
USD	0.144	CNY	6,761,177	29,813,021
USD	0.029	THB	3,438,255	3,055,019

			December 31, 2021	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (TWD)**
Financial assets				
Monetary items				
TWD	27.680	USD	$ 13,061,522	361,543,218
TWD	0.241	JPY	7,050,523	1,695,651
TWD	0.828	THB	559,248	463,197
USD	0.001	KRW	30,537,150	713,006
USD	0.009	JPY	4,479,084	1,078,084
USD	0.157	CNY	4,507,264	19,567,906
USD	0.030	THB	676,511	560,320
Financial liabilities				
Monetary items				
TWD	27.680	USD	10,056,061	278,716,733
USD	0.009	JPY	8,468,320	2,038,008
USD	0.157	CNY	4,299,078	18,664,378

2) Sensitivity analysis

The Group’ s foreign exchange exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2022 and 2021, would have increased or decreased the net profit after tax by $1,031,085 and $683,338, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $6,672,798 and $3,343,841, respectively.

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4.Interest rate analysis

Please refer to the notes on liquidity risk management and the Group’ s interest rate exposure to its financial assets and liabilities.

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

If the interest rate increases or decreases by 0.25% basis points, the Group’ s net income would have increased / decreased by $297,200 and $184,245 for the years ended December 31, 2022 and 2021, due to the Group’ s borrowings at variable rates. This analysis assumes that all other variables remain constant.

5.Other price risks

If the equity price changes, and it is based on the same basis for both years and assumes that all other variables remain the same, the impact to comprehensive income will be as follows:

	For the Years Ended December 31,				
	2022			2021	
Equity price on the reporting date		**Other comprehensive income after-tax**	**Profit (loss) after-tax**	**Other comprehensive income after-tax**	**Profit (loss) after-tax**
Stock－Increase 7%	$	604,110	31,920	918,916	43,502
Stock－Decrease 7%	$	(604,110)	(31,920)	(918,916)	(43,502)
Beneficiary certificates －Increase 1%	$	-	47,196	-	47,865
Beneficiary certificates －Decrease1%	$	-	(47,196)	-	(47,865)

6.Fair value information

1) The categories and fair values of financial instruments

The measurement basis of the financial assets and liabilities at fair value through profit or loss and the financial assets at fair value through other comprehensive income is repetitive. The carrying amount and fair value of the Group’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 5,176,839	4,087,580	1,237	1,088,022	5,176,839
Financial assets at fair value through other comprehensive income					
Public quoted equity	6,376,470	6,376,470	-	-	6,376,470
Private equity	2,253,678	-	-	2,253,678	2,253,678
Accounts receivable	60,569,476	-	-	-	-
Sub-total	69,199,624	6,376,470	-	2,253,678	8,630,148
Financial assets measured at amortized cost					
Cash and cash equivalents	204,637,294	-	-	-	-
Accounts receivable	223,422,340	-	-	-	-
Other receivables	1,509,309	-	-	-	-
Other financial assets	4,526,060	-	-	-	-
Sub-total	434,095,003	-	-	-	-
Total	$ 508,471,466	10,464,050	1,237	3,341,700	13,806,987
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 204,712,153	-	-	-	-
Accounts payable and other payables	261,891,903	-	-	-	-
Long-term borrowings	49,337,452	-	-	-	-
Other financial liabilities	10,255,566	-	-	-	-
Lease liabilities	3,934,559	-	-	-	-
Total	$ 530,131,633	-	-	-	-

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	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 5,407,926	4,564,816	-	843,110	5,407,926
Financial assets at fair value through other comprehensive income					
Public quoted equity	11,246,866	11,246,866	-	-	11,246,866
Private equity	1,880,508	-	-	1,880,508	1,880,508
Accounts receivable	9,199,542	-	-	-	-
Sub-total	22,326,916	11,246,866	-	1,880,508	13,127,374
Financial assets measured at amortized cost					
Cash and cash equivalents	162,257,067	-	-	-	-
Accounts receivable	255,919,619	-	-	-	-
Other receivables	1,204,940	-	-	-	-
Other financial assets	4,730,476	-	-	-	-
Sub-total	424,112,102	-	-	-	-
Total	$ 451,846,944	15,811,682	-	2,723,618	18,535,300
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	$ 3,074	-	3,074	-	3,074
Financial liabilities measured at amortized cost					
Short-term borrowings	165,630,981	-	-	-	-
Accounts payable and other payables	271,919,104	-	-	-	-
Long-term borrowings	23,631,200	-	-	-	-
Other financial liabilities	9,087,781	-	-	-	-
Lease liabilities	3,203,054	-	-	-	-
Sub-total	473,472,120	-	-	-	-
Total	$ 473,475,194	-	3,074	-	3,074

2) Valuation techniques for financial instruments not measured at fair value

The Group’ s financial assets and liabilities measured at amortized cost use the discounted cash flows to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

1. A. Non-derivative financial instruments

a. The fair value of financial instruments traded in an active market is based on quoted market price. The quotation, which is published by the main exchange center, is included in the fair value of the listed securities instruments.

b. The Group holds the financial instruments with the active market, the categories and characteristics of fair value are listed as follow:

c. Certificates-open-end mutual funds, stocks of public quoted companies and debt investments with quoted market price are the financial instruments with standard terms and conditions and traded in an active market. These fair values are based on market quoted price.

d. The Group holds the financial instrument without active market, the categories and characteristics of fair value are listed as follows:

e. Debt instrument without quoted prices: The discounted cash flow method is used to estimate the fair value. The main assumption for the model is to discount the expected future cash flow by using a discount rate that reflects the time value of money and risks.

f. Equity instrument without quoted prices: The market price method and the net asset value method are used to estimate the fair value. The market price method uses recent financing activity of investment target or market price of similar financial instrument, including consider market condition, to estimate fair value. The main assumption for the net asset value method is using the net asset value per share as the measuring basis.

2. B. Derivative financial instruments

g. Forward exchange rate to date is used to estimate the fair value of forward foreign contract.

4) For the year ended December 31, 2022, there were no transferring from each level in the fair value hierarchy. On September 14, 2021, Ever Fortune. AI CO., Ltd. listed its equity shares on emerging stock market. Because the equity shares now have a quoted price in an active market, the fair value measurement was transferred from Level 3 to Level 1 in the fair value hierarchy as of December 31, 2021.

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5) Changes in level 3 of the fair value

	At fair value through profit or loss	Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments
Balance as of January 1, 2022	$ 843,110	1,880,508
Total gains and losses recognized		
In profit or loss	(31,192)	-
In other comprehensive income	-	152,241
Reclassification and effect of movements in exchange rate	78	14,666
Acquisition	276,026	378,712
Disposal / Redemption	-	(172,449)
Balance as of December 31, 2022	$ 1,088,022	2,253,678
Balance as of January 1, 2021	$ 495,997	1,216,787
Total gains and losses recognized		
In profit or loss	(18,179)	-
In other comprehensive income	-	563,853
Reclassification and effect of movements in exchange rate	(11)	-
Acquisition	410,537	279,053
Disposal / Redemption	-	(179,185)
Transfers out of Level 3	(45,234)	-
Balance as of December 31, 2021	$ 843,110	1,880,508

The aforementioned total gains and losses were recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income". The details of the assets which the Group still held as of December 31, 2022 and 2021, were as follows:

	For the Years Ended December 31, 2022	2021
Total gains and losses recognized		
In profit or loss (accounted as "other gains and losses")	$ (31,192)	(18,179)
In other comprehensive income (accounted as "unrealized gains and losses from financial assets at fair value through other comprehensive income")	235,898	563,393

6) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group’ s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income-equity investments.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair values
Financial assets at fair value through profit or loss-equity instruments without active market	Net asset value method	‧Net asset value	Not applicable
Financial assets at fair value through other comprehensive income-equity instruments without active market	Net asset value method	‧Net asset value	Not applicable

(w) Financial risk management

1.Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the report.

2.Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’ s risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Group-wide risk management policy and related systems and controls.

The Group’ s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3.Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group. As of reporting date, the potential loss due to unfulfilled obligations of the counterparty and financial guarantee provided by the Group is mainly from:

1) The carrying amount of financial assets recognized in the consolidated balance sheet.

2) The amount of liabilities as a result from the Group providing financial guarantee.

Credit risk is the risk of financial losses due to clients or counter parties to a financial instrument fail to comply their contractual obligations. The primary potential credit risk is from financial instruments like cash and accounts receivables. The Group only transacts with creditworthy financial institutions and by monitoring and managing credit risk exposure related to each financial institution. Therefore, the Group believes that there is no significant credit risk on cash.

If the financial instrument transactions concentrates on one counterparty, or on a few counterparties who involve in similar business activities, have similar economical characteristics, and the ability to meet their contractual obligations would be affected during similar economical or other situations, the circumstance of credit risk concentration exists. The Group has built a procedure of risk valuation and managing to monitor the credit risks of clients regularly.

For the years ended December 31, 2022 and 2021, the Group's three largest customers accounted for 65.32% and 63.36% of revenue, respectively. The Group believes that the concentration of credit risk is insignificant for the remaining revenue.

The Group's policy is to provide financial guarantees only to subsidiaries. Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2022.

4.Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

5.Market risk

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

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The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and Shareholders with the supervision of Internal Audit Department. Information concerning all market risks of the Group was as follows:

1) Currency risk

The Group is exposed to the currency risks arising from changes in foreign exchange rates, and utilizes some bank debts and derivative financial instruments to reduce the related risks. Vitality in profit or loss arising from changes in foreign exchange rates of foreign currency assets and liabilities can be naturally hedged. Transaction of derivatives can help the Group to reduce the effects partially.

The Group monitors respective exposure parts of foreign currency assets and liabilities periodically, and hedge the exposed parts with derivatives.

2) Interest rate risk

The Group's interest rate risk arises mainly from the short-term and long-term bank borrowings bearing floating interest rates and bank cleposits. Future cash flow will be affected by a change in effective interest rate.

3) Please refer to Note (6)(v) for the risk of price changing in equity instrument.

(x) Capital Management

The Board of Director's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Board of Directors may adjust the dividend payment to the shareholers, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltiies.

The Board of Directors uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest. The Group's debt-to-equity ratio at the reporting date was as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	639,610,189	549,442,266
Less: cash and cash equivalents		(204,637,294)	(162,257,067)
Net liabilities	$	434,972,895	387,185,199
Total equity	$	176,523,457	168,127,338

Debt to equity ratio	246.41%	230.29%

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(y) Financing activities not affecting current cash flow

For the years ended December 31, 2022 and 2021, the Group’s financing activities which did not affect the current cash flow were acquisition of right-of-use assets from leasing. Please refer to Note (6)(i).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	December 31, 2022
Long-term borrowings	$ 23,631,200	24,292,750	-	1,413,502	49,337,452
Short-term borrowings	165,630,981	34,188,396	-	4,892,776	204,712,153
Lease liabilities	3,203,054	(1,171,575)	1,587,159	315,921	3,934,559
Total liabilities from financing activities	$ 192,465,235	57,309,571	1,587,159	6,622,199	257,984,164

	January 1, 2021	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	December 31, 2021
Long-term borrowings	$ 37,536,400	(13,808,600)	-	(96,600)	23,631,200
Short-term borrowings	164,902,580	1,276,325	-	(547,924)	165,630,981
Lease liabilities	1,808,963	(973,290)	2,397,368	(29,987)	3,203,054
Total liabilities from financing activities	$ 204,247,943	(13,505,565)	2,397,368	(674,511)	192,465,235

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Quanta Culture & Education Foundation	Same chairman (other related parties)
Quanta Computer Employee Welfare Committee	Same chairman (other related parties)
Quanta Arts Foundation	Same chairman (other related parties)
Quanta Medical Technology Foundation	Same chairman (other related parties)
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Company’s chairman is a member of the council of CNAIC. (other related parties)
SINOCON Industrial Standards Foundation (SINOCON)	The Company’s chairman is a member of the council of SINOCON. (other related parties)
OMRON Corporation (Note 1)	The Group’s other related parties
Omron Robotics and Safety Technologies, Inc. (Note 1)	The Group’s other related parties
EBN Technology Corporation	An investee company accounted for using equity method (Affiliates)

Name of related party	Relationship with the Group
Guangsheng (Tianjin) Technology Co., Ltd.	An investee company accounted for using equity method (Affiliates)
aetherAI Co., Ltd. (Note 2)	An investee company accounted for using equity method (Affiliates)
LIONS Taiwan Technology Inc.	An investee company accounted for using equity method (Affiliates)
WK Technology Fund VI Limited (PLVC)	An investee company accounted for using equity method (Affiliates)

Note 1: It is an affiliate of Omron Taiwan Electronics Inc., which is a director of the subsidiary, TRI. Omron Taiwan Electronics Inc. has served as a director of the subsidiary, TRI, since June 2022, holding a stake of 11%, and thus listed as a related party.

Note 2: The subsidiary, Cloud River Biomedicine, Inc., changed its company name on the registration certificate to aetherAI Co., Ltd. after consolidating with Yun Xiang Technology Co., Ltd. on March 18, 2022.

(b) Significant transactions with related parties

1.Revenues from related parties

The amounts of significant sales between the Group and related parties were as follows:

	For the Years Ended December 31,	
	2022	2021
Affiliates	$ 3,281,787	7,005,914
Other related parties	304,053	17,055
	$ 3,585,840	7,022,969

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

2.Purchases from related parties

The amounts of purchases between the Group and related parties were as follows:

	For the Years Ended December 31,	
	2022	2021
Affiliates	$ 43	19
Other related parties	717	-
	$ 760	19

There is no significant difference in terms and conditions of the purchases from associates between

Name of related party	Relationship with the Group

those provided to the third parties.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

3.Receivables from related parties

Receivables from related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
Accounts receivable	Affiliates	$ 177,299	966,869
Accounts receivable	Other related parties	84,930	-
Other receivables	Affiliates	-	4,274
Other receivables	Other related parties	2,409	3,396
		$ 264,638	974,539

4.Payables to related parties

Payables to related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
Accounts payable	Affiliates	$ 3	6
Other payables	Affiliates	1,833	-
Other payables	Other related parties	47,238	56,363
		$ 49,074	56,369

5.Prepayments

Account	Category of related party	December 31, 2022	December 31, 2021
Prepayments for business facilities	Affiliates	$ -	585

6.Unearned revenue

Account	Category of related party	December 31, 2022	December 31, 2021
Contract liabilities	Affiliates	$ 5,097	1,226

7.Transactions of property, plant and equipment

The amounts paid to related party for acquisition of property, plant and equipment were summarized as follows:

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Affiliates	$ 1,170	-

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

8.Others

	For the Years Ended December 31, 2022	2021
Affiliates		
Other income	$ 634	920
Other losses	(8,074)	(1,050)
	$ (7,440)	(130)
Other related parties		
Rental income	$ 27,456	26,723
Other income	3,772	3,718
Donation expenses	(90,974)	(130,500)
Employee benefits	(595,417)	(533,809)
Other losses	(1,430)	(1,593)
	$ (656,593)	(635,461)

(c) Transactions with key management personnel

Compensation for key management personnel includes:

	For the Years Ended December 31, 2022	2021
Short-term employee benefits	$ 764,235	886,890
Post-employment benefits	2,709	8,589
	$ 766,944	895,479

(8) Assets Pledged as Security

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

Assets pledged as security	Object	December 31, 2022	December 31, 2021
Pledged time deposits	Bank borrowings, customs collateral and deposits for factory lease, etc.	$ 55,107	53,941
Restricted bank deposit	Government project deposit	-	41,008
Guarantee deposits paid	Deposits for office and factory lease, and long-term material purchase contracts, etc.	743,299	368,934
		$ 798,406	463,883

(9) Significant Commitments and Contingencies

(a) Promissory notes issued as guarantee for purchasing, borrowings, foreign exchange forward contracts and import or export bills advance were as follows:

		December 31, 2022	December 31, 2021
TWD	$	51,510,000	44,400,000
USD (in thousands)		9,930,784	9,800,450

(b) As of December 31, 2022 and 2021, the guarantee notes received from outsourcing, vendor performance, and construction contracts amounted to $497,396 and $580,871, respectively.

(c) Significant litigation:

1.Litigation 1:

In October 2017, QSI and its subsidiary, Quanta Storage America, Inc., received the investigation result from the Court of Justice of the European Union on the first instance antitrust remedy and the fine of EUR 7,146 thousand. QSI filed for an appeal in September 2019. On June 16, 2022, the Court of Final Appeal of the European Union handed down its judgment, which upheld the previous court's decision to impose a fine of EUR 7,146 thousand on QSI and its subsidiary, Quanta Storage America, Inc., and ruled that QSI may claim half of the costs related to the first instance litigation and the full amount of the costs related to the second instance litigation from the European Commission. QSI had recognized the estimated full amount of the fine in 2017, and there is no significant impact on QSI’ s finance.

2.Litigation 2:

In June 2017, QSI and its subsidiary, Quanta Storage America, Inc., noticed that FTI Consulting, Inc. filed an expert and witness fee arbitration with American Arbitration Association. American Arbitration Association made an arbitration result on October 15, 2018 that QSI and its subsidiary, Quanta Storage America, Inc., have to pay USD 625 thousand. Based on the nature of the case, the arbitration claimant still needs to apply for confirmation and recognition of the arbitration result from the U.S. Judiciary. Both parties have signed the reconciliation agreement on May 18, 2021 and paid the settlement fee which was recognized as other gains and losses.

3.Litigation 3:

QSI’ s subsidiary, TMT, received a notice from the outsourcing human resources agency in May 2020 regarding contract dispute on human resourcing agreement, demanding for a compensation of THB 6,229 thousand. The court ruled that TMT would need to pay THB 1,300 thousand, which was paid in full in 2022.

4.Litigation 4:

For the purpose of constructing QSI’ s headquarters, the Company and QSI have signed a purchase contract for the real estate located at No. 4, Wenming 1st St., Guishan Dist., Taoyuan City on October 19, 2021, wherein QSI had completed the registration and acquired the ownership of the real estate on November 10, 2021. However, after QSI completed the registration of ownership, the property was still occupied by the original lessees, Beautiful Card Corporation and Valid Card Manufacturing Taiwan Limited. Therefore, QSI had appointed an attorney to appeal to the court for the ownership restitution, and demanded for compensatory damage on December 9, 2021. Valid Card Manufacturing Taiwan Limited and Beautiful Card Corporation had reached a settlement with QSI, wherein the agreed settlement fee had been paid in full in August 2022 and December 2022, respectively. Beautiful Card Corporation has returned the aforementioned property to QSI in July 2022.

5.Litigation 5:

QSI's subsidiary, TMT, and World Electric (Thailand) Ltd., completed the registration of ownership transfer for Chonburi plant in Thailand in 2021. However, the seller claimed that some of its assets remain stored in the plant after the transfer of ownership. The seller then filed a lawsuit on July 11, 2022, demanding that TMT should pay compensation amounting to THB 9,440 thousand for denying seller's entry to the plant to retrieve its assets. TMT has therefore appointed an external attorney on the matter.

QSI and its subsidiaries will evaluate the reasonableness of recognized expenses during every financial reporting period based on the nature of the case, the expected loss and materiality of the amount, the progress of the case, and the comments of the professional consultants. Also, QSI and its subsidiaries have made necessary adjustments in a manner deemed appropriate. However, the final amount will not be set until the termination of related cases. Although QSI and its subsidiaries will actively defend the aforementioned cases which have not yet reconciled and which are still in progress, the potential losses (if any) cannot be calculated accurately at the present time due to the unpredictability nature of legal cases. QSI and its subsidiaries cannot rule out the possibility that they fail to win or settle all the related cases. The related fines, judgement amounts, or reconciliation might have material negative impact on the business, operations, and prospects of QSI and its subsidiaries.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Others

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

By function / By item	For the Years Ended December 31, 2022			For the Years Ended December 31, 2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	31,061,573	18,831,195	49,892,768	26,336,946	17,279,491	43,616,437
Labor and health insurance	2,896,535	1,335,380	4,231,915	2,370,244	1,165,344	3,535,588
Pension	3,144,069	897,224	4,041,293	2,596,749	768,085	3,364,834
Others	3,582,648	820,224	4,402,872	3,856,196	648,356	4,504,552
Depreciation	7,089,827	1,432,878	8,522,705	5,785,757	1,272,222	7,057,979
Amortization	1,145,170	435,101	1,580,271	884,327	383,078	1,267,405

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

1. Fund financing to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short -term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Name	Value		
0	The Company	QCH	Other receivables	Yes	76,775,000	76,775,000	46,357,733	-	1	318,851,823	Business contract	-		-	169,158,130	169,158,130
〃	〃	TFQ	〃	Yes	24,568,000	24,568,000	-	-	1	545,497,513	Business contract	-		-	169,158,130	169,158,130

- Note 1: The numbers denote the following:
  1. 0 is issuer.
  2. Investees are listed by names and numbered starting with 1.
- Note 2: Purpose of fund financing for the borrower:
  1. For those companies with business contact, please fill in 1.
  2. For those companies with short-term financing needs, please fill in 2.
- Note 3: Maximum limitation on fund financing:
  (1) Limitation on the Company's total fund financing amount and individual party
  1) The Company's cumulative total of fund financing amount (including business contact and short-term financing), cannot exceed its net asset value.
  2) The cumulative amount of short-term financing cannot exceed 40% of the net asset value on its most recent financial statements. The amount of each fund financing cannot exceed the borrower's double net asset value, and should be calculated in combination with the amount of guarantees and endorsements for those companies. For subsidiaries not within the territory of the ROC that are 100% directly or indirectly owned by the Company, the amount of fund financing is not restricted to this regulation. However, the cumulative amount still cannot exceed 40% of the Company's net asset value. For each applying for loans due to business contact, the fund financing amount is limited to its amount of business contact in current portion. Before proceeding the fund financing application, each application should be assessed carefully in accordance with the regulations of Article 3, paragraph 1, of this operating procedure. If it complies with the requirements, the current and previous amount of financing should be aggregated. If the aggregate amount exceeds the amount limitation of "business contact", the excess

amount should be reclassified as "short-term financing", and the fund financing items and amounts should be listed separately when the Board of Directors reports the resolution.

3) The net asset value mentioned above refers to total equity attributable to owners of the parent on the balance sheet which is certified by the external accountant.

(2) Limitation on the subsidiaries' total fund financing amount and individual party

1) The Company's total fund financing amount cannot exceed four times of its net asset value.

2) For those companies with business contact, the amount of each fund financing cannot exceed the trading amount between the two parties. The trading amount means the higher of sales or purchases.

3) For those companies with short-term financing needs, the amount of each fund financing cannot exceed two times of the borrower's net asset value, and should be calculated together with guarantees and endorsements for those companies. For foreign companies that are 100% directly or indirectly owned by the Company, or foreign companies that are 100% directly or indirectly owned by the Company leading to the Company, the amount of fund financing is not restricted to above 3 items. However, the amount of each fund financing cannot exceed four times of the Company's net asset value.

- Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	QIL	2	169,158,130	21,957,650	21,957,650	18,426,000	-	12.98%	169,158,130	Y		

- Note 1: 0 is issuer.
- Note 2: Maximum amount for guarantees and endorsements:
  1. The total amount of guarantees and endorsements cannot exceed 50% of the Company's net asset value for the current year.
  2. The amount of each guarantee and endorsement cannot exceed 20% of the Company's net asset value for the current year.
  3. If the amount of each guarantee and endorsement reaches $10,000, the aggregate of the amount of guarantee and endorsement, long-term investment, and fund financing cannot exceed 30% of the Company's net asset value stated in recent financial statements.
  4. For guarantees and endorsements to those companies with business contact, the accumulated amount cannot exceed the trading amount between the two parties for the current year.
  5. For companies that are more than 90% directly or indirectly owned by the Company, the amount of each guarantee and endorsement cannot exceed 10% of the Company's net asset value.
  6. For companies that are 100% directly or indirectly owned by the Company, the amount of each guarantee and endorsement is not restricted to item 1, but cannot exceed the Company's net asset value for the current year.
  7. The total amount of guarantees and endorsements of the Company and its subsidiaries cannot exceed 50% of the Company's net asset value for the current year. The amount of guarantees and endorsements of the Company and its subsidiaries for each company cannot exceed 20% of the Company's net asset value for the current year.
- Note 3: Relationship with the Company:
  1. The company has business relationship.
  2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
  3. The investee company which is held more than 50% of its total outstanding common shares by the Company and its subsidiaries.
  4. For companies that are 90% directly or indirectly owned by the Company.
- Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
	Beneficiary Certificate								
The Company	Taishin 1699 Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	45,363,567	624,439	- %	624,439	- %	
〃	Union Money Market Fund	-	〃	23,879,883	320,368	- %	320,368	- %	
〃	Fubon Chi-Hsiang Money Market Fund	-	〃	11,448,578	182,140	- %	182,140	- %	
〃	Yuanta De-Li Money Market Fund	-	〃	21,242,556	351,976	- %	351,976	- %	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)	Peak Holding Percentage	Note
The Company	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	5,188,321	54,491	- %	54,491	- %	
〃	Capital Money Market Fund	-	〃	163,022	2,671	- %	2,671	- %	
〃	Hua Nan Phoenix Money Market Fund	-	〃	114,183	1,886	- %	1,886	- %	
	Common Stock								
〃	Ever Fortune.AI Co., Ltd.	-	Non-current financial assets-mandatorily measured at FVTPL	2,573,000	182,812	2.86%	182,812	2.86%	
〃	Airoha Technology Corp.	-	〃	215,000	114,137	0.15%	114,137	0.15%	
〃	Amphastar Pharmaceuticals, Inc.	-	〃	39,622	34,094	0.08%	34,094	0.08%	
〃	PlusAI Corp(Cayman)	-	〃	13,505,692	100,919	0.68%	100,919	0.68%	
〃	AU Optronics Corporation	-	Current financial assets at FVOCI	355,144,245	5,327,164	4.61%	5,327,164	4.61%	
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	638,085	4,403	2.75%	4,403	2.75%	
〃	Intelligo Technology Inc.	-	〃	692,526	85,070	1.19%	85,070	1.19%	
〃	CDIB Bioscience Ventures I, Inc.	-	〃	3,545,123	18,837	16.00%	18,837	16.00%	
〃	CDIB Capital Innovation Accelerator Co., Ltd.	-	〃	15,000,000	271,797	17.86%	271,797	17.86%	
	Others								
〃	Morgan Stanley Dean Witter Venture Partners IV, L.P.	-	〃	-	408	- %	408	- %	
〃	SBCVC Fund III, L.P.	-	〃	-	19,136	- %	19,136	- %	
〃	Viscovery (Cayman) Holding Company Ltd.	-	〃	1,000,391	-	4.52%	-	4.52%	
〃	Translink Capital Partners II, L.P.	-	〃	-	239,468	- %	239,468	- %	
〃	Tier IV, Inc.	-	〃	125,000	290,500	1.77%	290,500	1.77%	
〃	Lumus, LTD.	-	〃	93,347	176,903	1.92%	176,903	1.98%	
〃	Lumus, LTD.(C-1)	-	〃	317,460	614,199	6.53%	614,199	6.53%	
〃	PHI Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	453,901	- %	453,901	- %	
〃	Achi Capital Partners Fund L.P	-	〃	-	13,777	- %	13,777	- %	
	Common Stock								
QSI	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	242,053	0.07%	242,053	0.07%	
〃	Far EasTone Telecommunications Co., Ltd.	-	〃	3,709,000	244,423	0.11%	244,423	0.11%	
〃	Chuanghwa Telecom Co., Ltd.	-	〃	2,720,000	307,360	0.04%	307,360	0.04%	
〃	Far Eastern New Century Corporation	-	〃	80,000	2,552	- %	2,552	- %	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
	Beneficiary Certificate								
QSI	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	15,882,811	239,367	- %	239,367	- %	
〃	Union Money Market Fund	-	〃	58,680,813	787,250	- %	787,250	- %	
〃	Fubon Chi-Hsiang Money Market Fund	-	〃	5,664,546	90,119	- %	90,119	- %	
	Common Stock								
QSI (CAYMAN)	BluSense	-	Non-current financial assets-mandatorily measured at FVTPL	24,000	794	2.28%	794	2.28%	
	Preferred Stock								
TRI	CDF Preferred Share B	-	Current financial assets-mandatorily measured at FVTPL	479,000	3,707	- %	3,707	- %	
	Beneficiary Certificate								
QMIT	Shin Kong Chi-Shin Money Market Fund	-	〃	22,652,778	356,000	- %	356,000	- %	
	Common Stock								
QVC	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	521,117	3,595	2.25%	3,595	2.25%	
〃	Ostar Meditech Corp.	-	〃	834,000	-	11.64%	-	11.64%	
〃	Lumus, LTD.	-	〃	168,023	318,423	3.45%	318,423	3.57%	
〃	Amphastar Pharmaceuticals, Inc.	-	Non-current financial assets-mandatorily measured at FVTPL	22,701	19,534	0.05%	19,534	0.05%	
	Others								
〃	Translink Capital Partners III L.P.	-	Non-current financial assets at FVOCI	-	218,937	- %	218,937	- %	
〃	China Renewable Energy Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	518,631	- %	518,631	- %	
	Beneficiary Certificate								
QCTI	Mega Diamond Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	12,494,581	159,254	- %	159,254	- %	
〃	Union Money Market Fund	-	〃	6,223,171	83,489	- %	83,489	- %	
〃	FSITC Taiwan Money Market Fund	-	〃	13,766,423	214,072	- %	214,072	- %	
	Common Stock								
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	476,982	3,291	2.06%	3,291	2.06%	

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
	Common Stock								
RTK	Quanta Computer Inc.	Parent company of RTK	Non-current financial assets at FVOCI	8,108,885	586,272	0.21%	586,272	0.21%	
〃	Ostar Meditech Corp.	-	〃	258,914	-	3.61%	-	3.61%	
〃	E.SUN Financial Holdings Co., Ltd.	-	〃	2,922,095	70,276	0.02%	70,276	0.02%	
〃	Mega Financial Holdings Co., Ltd.	-	〃	1,937,250	58,796	0.01%	58,796	0.01%	
〃	First Financial Holding Co., Ltd.	-	〃	956,658	25,352	0.01%	25,352	0.01%	
〃	Taiwan Mobile Co., Ltd.	-	〃	230,000	21,781	0.01%	21,781	0.01%	
〃	Taiwan Cooperative Financial Holdings Co., Ltd.	-	〃	2,516,307	65,424	0.02%	65,424	0.02%	
	Beneficiary Certificate								
〃	Nomura Taiwan Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	3,520,016	58,281	- %	58,281	- %	
	Beneficiary Certificate								
QCTTW	Union Money Market Fund	-	〃	15,466,307	207,493	- %	207,493	- %	

- Note 1: The market values for non-public listed companies are the net asset values. The net asset values use recent unaudited financial statements of those companies.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
Quanta Computer Inc.	Taishin 1699 Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	58,738,803	803,465	1,042,134,798	14,293,522	1,055,510,034	14,477,232	14,472,557	4,675	45,363,567	624,439
〃	Yuanta Wan Tai Money Market Fund	〃	-	-	-	-	120,813,427	1,850,000	120,813,427	1,850,577	1,850,000	577	-	-
〃	Jih Sun Money Market Fund	〃	-	-	33,431,219	501,037	202,276,045	3,035,441	235,707,264	3,537,641	3,536,478	1,163	-	-
〃	Hua Nan Phoenix Money Market Fund	〃	-	-	-	-	289,718,890	4,767,181	289,604,707	4,766,801	4,765,295	1,506	114,183	1,886
〃	Union Money Market Fund	〃	-	-	7,206,950	96,114	571,381,273	7,636,585	554,708,340	7,415,035	7,412,340	2,695	23,879,883	320,368

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
Quanta Computer Inc.	FSITC Taiwan Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	12,969,564	200,656	175,737,299	2,721,063	188,706,863	2,922,780	2,921,718	1,062	-	-
〃	UPAMC James Bond Money Market Fund	〃	-	-	-	-	38,505,942	650,195	38,505,942	650,359	650,195	164	-	-
〃	Fubon Chi-Hsiang Money Market Fund	〃	-	-	6,317,598	100,000	80,052,109	1,268,875	74,921,129	1,186,958	1,186,735	223	11,448,578	182,140
〃	Yuanta De-Li Money Market Fund	〃	-	-	2,969,385	48,907	230,492,240	3,808,387	212,219,069	3,506,311	3,505,330	981	21,242,556	351,976
〃	Capital Money Market Fund	〃	-	-	3,645,765	59,415	147,688,225	2,409,789	151,170,968	2,467,229	2,466,533	696	163,022	2,671
〃	Franklin Templeton Sinoam Money Market Fund	〃	-	-	86,234,247	901,467	364,560,828	3,814,853	445,606,754	4,664,853	4,661,821	3,032	5,188,321	54,491
QSI	Jih Sun Money Market Fund	〃	-	-	-	-	35,884,681	539,000	20,001,870	300,171	300,000	171	15,882,811	239,367
〃	Union Money Market Fund	〃	-	-	-	-	116,978,939	1,566,000	58,298,126	780,140	779,435	705	58,680,813	787,250
〃	Franklin Templeton Sinoam Money Market Fund	〃	-	-	18,025,705	188,435	14,136,706	148,000	32,162,411	336,857	335,995	862	-	-
TRI	Jih Sun Money Market Fund	〃	-	-	4,230,443	63,402	26,687,839	400,000	30,918,282	463,965	463,211	754	-	-

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital ：

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
TMT	Construction in progress	2022/3/14~ 2022/6/24	394,155	362,506	Cheer You Construction (Thailand) Co., Ltd.	Non-related	-	-	-	-	Bargain	Construction for the new plant	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Status of collection	Gain (loss) on disposal	Counterparty	Relationship	Purpose of disposal	References for determining price	Other
TNC	Land and Buildings	2022/8/24	2007/12/30	795,979	1,151,341	100%	355,362	Changshu Yuchuang Technology Development Co., Ltd.	Non-related	Dispose of idle assets	Refer to the market price	None

7. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
Quanta Computer Inc.	QCH	Associate	Sales	(318,851,823)	(27.05)%	Net 45~120 days	-	-	92,682,634	32.10%	
″	QCTJ	″	″	(2,253,881)	(0.19)%	″	-	-	815,176	0.28%	
″	QCTK	″	″	(2,055,249)	(0.17)%	″	-	-	1,041,322	0.36%	
″	QCT-USA	″	″	(3,193,032)	(0.27)%	″	-	-	778,455	0.27%	
″	QDL(HK)	″	″	(2,095,380)	(0.18)%	″	-	-	-	- %	
″	TTC	″	″	(464,109)	(0.04)%	″	-	-	-	- %	
″	TFQ	″	″	(265,028)	(0.02)%	″	-	-	-	- %	
″	QCTTW	″	″	(329,864)	(0.03)%	Net 120 days	-	-	218,469	0.08%	
″	EBN Technology Corporation	Affiliate	″	(126,178)	(0.01)%	Net 60 days	-	-	1,504	- %	
″	TCC	Associate	Purchases	635,611,621	50.84%	Net 45~120 days	-	-	(17,334,890)	(30.93)%	
″	TFC	″	″	29,393,421	2.35%	″	-	-	-	- %	
″	TCQ	″	″	5,031,512	0.40%	″	-	-	-	- %	
″	TFQ	″	″	545,497,513	43.64%	″	-	-	-	- %	
″	QMB	″	″	17,002,910	1.36%	″	-	-	-	- %	
″	QCH	″	″	13,985,482	1.12%	″	-	-	-	- %	
″	QDL(HK)	″	″	3,593,352	0.29%	″	-	-	(1,955,592)	(3.49)%	
QSI	TMT	″	Sales	(220,989)	(2.00)%	Net 90 days	-	-	41,205	1.53%	
″	QSS	″	Purchases	2,695,534	27.10%	″	-	-	(1,287,981)	(54.93)%	
″	TMT	″	″	6,994,709	70.31%	″	-	-	(952,261)	(40.61)%	
QSS	QSI	The same ultimate parent company	Sales	(2,695,534)	(99.78)%	″	-	-	1,287,981	99.24%	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
TMT	QSI	The same ultimate parent company	Sales	(6,994,709)	(99.86)%	Net 90 days	-	-	952,261	99.75%	
〃	〃	〃	Purchases	220,989	3.95%	〃	-	-	(41,205)	(3.67)%	
TRI	TRS	Associate	Sales	(172,496)	(13.12)%	Net 120 days	-	-	72,529	32.47%	
〃	ORT	Affiliate	〃	(237,048)	(18.03)%	Net 60 days	-	-	63,136	28.26%	
TRS	TRI	Associate	Purchases	172,496	95.46%	Net 120 days	-	-	(72,529)	(91.56)%	
RTK	TGC	The same ultimate parent company	〃	378,172	42.86%	Net 60 days	-	-	(76,058)	(54.07)%	
QCH	Quanta Computer Inc.	Ultimate parent company	Sales	(13,985,482)	(3.58)%	Net 45~120 days	-	-	-	- %	
〃	QSI-USA	Associate	〃	(115,793)	(0.03)%	〃	-	-	113,271	0.12%	
〃	Quanta Computer Inc.	Ultimate parent company	Purchases	318,851,823	81.03%	〃	-	-	(92,682,634)	(62.73)%	
〃	QMN	Associate	〃	3,728,014	0.95%	Net 120 days	-	-	(699,163)	(0.47)%	
QCT-USA	Quanta Computer Inc.	Ultimate parent company	〃	3,193,032	99.21%	Net 45~120 days	-	-	(778,455)	(100.00)%	
QCTK	〃	〃	〃	2,055,249	97.08%	〃	-	-	(1,041,322)	(100.00)%	
QCTJ	〃	〃	〃	2,253,881	84.28%	〃	-	-	(815,176)	(100.00)%	
QDL(HK)	〃	〃	Sales	(3,593,352)	(58.07)%	〃	-	-	1,955,592	57.31%	
〃	TFC	Associate	〃	(335,103)	(5.42)%	〃	-	-	18,860	0.55%	
〃	Quanta Computer Inc.	Ultimate parent company	Purchases	2,095,380	33.87%	〃	-	-	-	- %	
QSI-USA	QCH	Associate	〃	115,793	73.80%	〃	-	-	(113,271)	(100.00)%	
QCN	QSN	〃	Sales	(117,410)	(100.00)%	〃	-	-	276,998	100.00%	
QMB	Quanta Computer Inc.	Ultimate parent company	〃	(17,002,910)	(66.77)%	〃	-	-	-	- %	
〃	TFQ	The same ultimate parent company	〃	(128,716)	(0.51)%	Net 45 days	-	-	4	- %	
〃	TCC	〃	〃	(7,721,024)	(30.32)%	Net 45~120 days	-	-	1,163,012	(0.50)%	
〃	〃	〃	Purchases	1,644,796	6.45%	Net 45 days	-	-	(57,892)	(0.50)%	
〃	TFC	〃	〃	386,896	1.52%	Net 45~120 days	-	-	(138,112)	(1.20)%	
QMN	QCH	Associate	Sales	(3,728,014)	(99.65)%	Net 120 days	-	-	699,163	99.65%	
QCTTW	Quanta Computer Inc.	Ultimate parent company	Purchases	329,864	99.12%	〃	-	-	(218,469)	(99.41)%	

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
QSN	QCN	Associate	〃	117,410	88.27%	Net 45~120 days	-	-	(276,998)	(100.00)%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
TGC	RTK	The same ultimate parent company	Sales	(378,172)	(85.32)%	Net 60 days	-	-	76,058	47.34%	
TLC	TCC	Associate	〃	(180,226)	(19.81)%	Net 60~120 days	-	-	22,556	8.30%	
〃	TFC	〃	〃	(234,574)	(25.78)%	Net 45~120 days	-	-	34,944	12.86%	
〃	TCC	〃	Purchases	354,210	38.06%	Net 60~120 days	-	-	(29,886)	(51.87)%	
TCC	Quanta Computer Inc.	Ultimate parent company	Sales	(635,611,621)	(93.35)%	Net 45~120 days	-	-	17,334,890	43.52%	
〃	TLC	Associate	〃	(354,210)	(0.05)%	Net 60~120 days	-	-	29,886	0.08%	
〃	TTC	〃	〃	(19,060,993)	(2.80)%	Net 45 days	-	-	7,633,510	19.17%	
〃	QMB	The same ultimate parent company	〃	(1,644,796)	(0.24)%	〃	-	-	57,892	0.15%	
〃	TFC	Associate	Purchases	651,060	0.10%	Net 45~120 days	-	-	(8,674)	(0.01)%	
〃	TFQ	〃	〃	639,282	0.09%	〃	-	-	(326,629)	(0.35)%	
〃	TLC	〃	〃	180,226	0.03%	Net 60~120 days	-	-	(22,556)	(0.02)%	
〃	QMB	The same ultimate parent company	〃	7,721,024	1.14%	Net 45~120 days	-	-	(1,163,012)	(1.25)%	
TFC	Quanta Computer Inc.	Ultimate parent company	Sales	(29,393,421)	(75.23)%	〃	-	-	-	- %	
〃	TTC	Associate	〃	(1,137,005)	(2.91)%	〃	-	-	1,048,833	7.26%	
〃	YDCQ	〃	〃	(3,443,260)	(8.81)%	Net 120 days	-	-	493,953	3.42%	
〃	QMB	The same ultimate parent company	〃	(386,896)	(0.99)%	〃	-	-	138,112	0.96%	
〃	TCC	Associate	〃	(651,060)	(1.67)%	Net 45~120 days	-	-	8,674	0.06%	
〃	TLC	〃	Purchases	234,574	0.61%	〃	-	-	(34,944)	(0.18)%	
〃	QDL(HK)	〃	〃	335,103	0.87%	〃	-	-	(18,860)	(0.10)%	
TFQ	Quanta Computer Inc.	Ultimate parent company	Sales	(545,497,513)	(94.23)%	〃	-	-	-	- %	
〃	TCC	Associate	〃	(639,282)	(0.11)%	〃	-	-	326,629	0.36%	

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(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
〃	TCQ	〃	〃	(559,261)	(0.10)%	〃	-	-	208,966	0.23%	
〃	YDCQ	〃	〃	(8,563,277)	(1.48)%	Net 120 days	-	-	2,173,015	2.36%	

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
TFQ	QMB	The same ultimate parent company	Purchases	128,716	0.02%	Net 45~120 days	-	-	(4)	- %	
〃	KSH	Associate	〃	291,207	0.05%	Net 45 days	-	-	(10,924)	(0.01)%	
〃	Quanta Computer Inc.	Ultimate parent company	〃	265,028	0.05%	Net 45~120 days	-	-	-	- %	
SJDT	KSH	Associate	Sales	(170,757)	(62.71)%	Net 45~120 days	-	-	44,395	52.84%	
KSH	TFQ	〃	〃	(291,207)	(9.08)%	Net 45 days	-	-	10,924	99.92%	
〃	SJDT	〃	Purchases	170,757	5.69%	Net 120 days	-	-	(44,395)	(7.76)%	
YDCQ	Guangsheng (Tianjin) Technology Co., Ltd.	Affiliate	Sales	(3,152,158)	(19.81)%	Net 60~90 days	-	-	175,795	7.87%	
〃	TFC	Associate	Purchases	3,443,260	27.70%	Net 120 days	-	-	(493,953)	(18.45)%	
〃	TFQ	〃	〃	8,563,277	68.88%	〃	-	-	(2,173,015)	(81.18)%	
TTC	TCC	〃	〃	19,060,993	92.64%	Net 45 days	-	-	(7,633,510)	(86.06)%	
〃	TFC	〃	〃	1,137,005	5.53%	Net 45~120 days	-	-	(1,048,833)	(11.82)%	
〃	Quanta Computer Inc.	Ultimate parent company	〃	464,109	2.26%	〃	-	-	-	- %	
TCQ	TFQ	Associate	〃	559,261	10.48%	〃	-	-	(208,966)	(21.32)%	
〃	Quanta Computer Inc.	Ultimate parent company	Sales	(5,031,512)	(94.20)%	〃	-	-	-	- %	

- Note 1: The purchase/sale prices listed above are not comparable to the one for other trading partners. There is no significant difference in terms and conditions of the agreed payment terms and general purchasing terms.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party: Amount	Past-due receivables from related party: Action taken	Amount received in subsequent period	Loss allowance
Quanta Computer Inc.	QCH	Associate	92,682,634	3.55	-	-	62,327,311	-
〃	QCTJ	〃	815,176	1.92	-	-	356,587	-
〃	QCTK	〃	1,041,322	2.37	-	-	289,172	-
〃	QCTTW	〃	218,469	0.75	-	-	44,506	-
〃	QCT-USA	〃	778,455	5.00	-	-	483,363	-

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
QSS	QSI	The same ultimate parent company	1,287,981	2.12	-	-	460,650	-
TMT	〃	〃	952,261	9.45	-	-	767,750	-
TCC	Quanta Computer Inc.	Ultimate parent company	17,334,890	15.55	-	-	-	-
〃	TTC	Associate	7,633,510	3.14	-	-	-	-
TFQ	YDCQ	〃	2,173,015	3.77	-	-	-	-
〃	TCC	〃	326,629	2.90	-	-	-	-
〃	TCQ	〃	208,966	4.05	-	-	-	-
TFC	TTC	〃	1,048,833	1.83	-	-	-	-
〃	YDCQ	〃	493,953	2.34	-	-	-	-
〃	QMB	The same ultimate parent company	138,112	5.42	-	-	-	-
QMN	QCH	Associate	699,163	7.09	-	-	-	-
QCH	QSI-USA	〃	113,271	2.02	-	-	-	-
QCN	QSN	〃	276,998	0.47	-	-	-	-
YDCQ	Guangsheng (Tianjin) Technology Co., Ltd.	Affiliate	175,795	5.68	-	-	-	-
QDL(HK)	Quanta Computer Inc.	Ultimate parent company	1,955,592	3.67	-	-	-	-
QMB	TCC	The same ultimate parent company	1,163,012	3.73	-	-	-	-
QSIU	QCA	Associate	190,065	-	-	-	-	-

- Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Notes (6)(b) and (6)(v) for related information.

10. Business relationships and significant inter-company transactions:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the company	Name of the counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	Quanta Computer Inc.	QCH、QCT-USA、QDL(HK)、QCTJ、QCTK、TTC、TFQ、QCTTW	1	Sales	329,508,366	Terms not comparable to other general trading partners	25.73%
〃	〃	TFC、TCC、TFQ、TCQ、QCH、QMB、QDL(HK)	1	Purchases	1,250,115,811	Terms not comparable to other general trading partners	100.00%
〃	〃	QCH、QCT-USA、QCTJ、QCTK、QCTTW	1	Accounts receivable	95,536,056	The same as the term for other general trading partners	11.71%

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		

〃	〃	TCC、QDL(HK)	1	Accounts payable	19,290,482	The same as the term for other general trading partners	2.36%

- Note 1: The numbers denote the following:
  1. 0 represents the Company.
  2. Subsidiaries are listed by names and numbered starting with 1.

- Note 2: Relationship with the listed companies:
  1. The Company to subsidiary
  2. Subsidiary to the Company
  3. Subsidiary to subsidiary
- Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is
  compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

(b) Information on investees:

For the year ended December 31, 2022, the following is the information on investees (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Carrying amount				
Quanta Computer Inc.	QCJ	Japan	After-sales service and sale of computers and telecommunication products	3,115	3,115	200	100.00%	2,306	100.00%	79	79	
〃	QIL and its subsidiaries	Cayman, U.S.A., etc.		31,339,527	29,082,341	102,049,908	100.00%	48,463,307	100.00%	(529,009)	(1,153,835)	Note 1
〃	QSI and its subsidiaries	Taiwan	Manufacture and sale of optical storage equipment, computer storage devices and peripherals	243,142	243,142	82,881,664	29.78%	2,669,390	29.78%	1,089,075	324,273	
〃	QVC	Taiwan	Venture capital	2,000,133	2,000,133	200,000,000	100.00%	2,179,054	100.00%	26,455	26,455	
〃	QCTI	Taiwan	Investment company	600,000	600,000	60,000,000	100.00%	629,478	100.00%	8,057	8,057	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	232,750	232,750	17,500,000	75.19%	365,150	75.19%	3,786	2,847	
〃	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	96,737	96,737	3,150,000	17.50%	13,596	17.50%	51,988	9,098	
〃	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	807,586	807,586	18,603,598	36.76%	522,340	36.76%	12,789	(14,972)	
〃	QCTTW and its subsidiaries	Taiwan	Sale of computers and peripherals	741,995	741,995	48,200,000	100.00%	138,855	100.00%	9,614	9,582	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	125,625	125,625	8,375,000	25.00%	-	25.00%	3,191	(63,028)	
〃	ThinkTech	Brazil	Sale of computers and peripherals	842,916	842,916	113,963,335	85.57%	57	85.57%	(1,550)	(1,326)	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Carrying amount				
Quanta Computer Inc.	QT Medical, Inc.	U.S.A	Research and development and manufacture of medical equipment	92,093	92,093	1,666,000	13.57%	68,906	13.57%	(42,051)	(5,707)	
〃	QMB	Thailand	Manufacture and sale of computers, peripherals and consumer products	3,000,930	3,000,930	599,999,997	100.00%	2,771,517	100.00%	(196,105)	(196,105)	
〃	QCTS	Singapore	Sale and after-sales service of computer peripherals	76,775	30,710	2,500,000	100.00%	44,571	100.00%	(12,592)	(12,592)	
〃	aetherAI Co., Ltd.	Taiwan	Research and development and manufacture of medical equipment	221,894	180,000	9,232,858	15.21%	104,321	15.21%	(98,430)	(14,972)	
〃	LIONS Taiwan Technology Inc.	Taiwan	Sale of computers and peripherals	173,632	173,632	4,574,146	20.38%	106,173	20.38%	(104,671)	(22,263)	
QSI	QSI (CAYMAN)	Cayman	Investment company	1,606,747	2,543,402	-	100.00%	3,436,017	100.00%	2,526	20,032	Note 1
〃	NU Inc.	Taiwan	Wholesale and retail of computers and peripherals	86,709	86,709	3,862,227	29.80%	21,941	29.80%	1,137	(36)	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	10,978	10,978	1,001,000	2.98%	-	2.98%	3,191	(7,534)	
〃	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,446,975	1,446,975	15,999,998	100.00%	1,945,219	100.00%	333,289	299,146	
〃	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	79.95%	1,303,421	79.95%	143,550	106,599	Note 1
〃	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00%	21,502	51.00%	8,720	4,447	
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,182,949	1,797,149	-	100.00%	3,327,858	100.00%	(10,767)	-	
〃	E-Forward (SAMOA)	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	30,710	184,260	-	100.00%	84,083	100.00%	13,193	-	
QSL (BVI)	QHH	Hong Kong	Investment company	850,627	1,157,727	-	100.00%	2,519,340	100.00%	2,463	-	
〃	QIH	Hong Kong	Investment company	546,232	853,332	-	100.00%	919,756	100.00%	(13,276)	-	
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sales service of computer storage devices and components of peripherals	30,710	184,260	-	100.00%	62,012	100.00%	12,934	-	
TRI	TRH	Hong Kong	Investment company	120,943	120,943	-	100.00%	30,929	100.00%	(1,910)	-	
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,799	4,799	-	100.00%	4,340	100.00%	(2)	-	
RTK	RTKI	SAMOA	Investment company	47,983	47,983	1,565,000	100.00%	1,337	100.00%	483	483	

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
				December 31, 2022	December 31, 2021	Shares	Ratio of shares	Carrying amount				
QCTI	QSI and its subsidiaries	Taiwan	Manufacture and sale of optical storage equipment, computer storage devices and peripherals	33,526	33,526	1,212,000	0.44%	39,035	0.44%	1,089,075	4,742	
〃	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	8,571	8,571	409,194	0.81%	11,904	0.81%	12,789	103	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	115,500	115,500	5,775,000	24.81%	120,499	24.81%	3,786	939	
QVC	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	96,737	96,737	3,150,000	17.50%	13,596	17.50%	51,988	9,098	

- Note 1: The difference to the subsidiary is mainly unrealized gross profit from sales.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow							
The Company													
TFC (2)1) (Note 4)	Manufacture and sale of computers and peripherals	3,686,736	(2)	1,882,812	-	-	1,882,812	(683,112)	100.00%	100.00%	(683,112)	10,840,149	2,173,211
TCC (2)1)	Manufacture and sale of computers and peripherals	3,933,951	(2)	3,585,240	-	-	3,585,240	1,646,498	100.00%	100.00%	1,646,498	13,195,609	9,831,579
TTC (2)1)	Sale and after-sales service of computers and peripherals	686,061	(2)	732,372	-	-	732,372	18,387	100.00%	100.00%	18,387	1,473,467	884
TLC (2)1)	After-sales service of laptop computers	245,777	(2)	242,609	-	-	242,609	(47,340)	100.00%	100.00%	(47,340)	1,604,140	12,604
TGC (2)1)	Manufacture and sale of computers and peripherals	304,126	(2)	300,958	-	-	300,958	(33,464)	100.00%	100.00%	(33,464)	887,352	44,025
TWW (2)1)	Storage service	291,745	(2)	291,745	-	-	291,745	67,837	100.00%	100.00%	67,837	879,177	-
TFQ (2)1)	Processing, manufacture and sale of computers	9,151,580	(2)	9,151,580	-	-	9,151,580	1,870,711	100.00%	100.00%	1,870,711	21,669,699	-
TWQ (2)3)	Storage service	153,550	(2)	153,550	-	-	153,550	44,272	100.00%	100.00%	44,272	365,146	-

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
TNC (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	8,291,086	(2)	8,291,086	-	-	8,291,086	222,115	100.00%	100.00%	222,115	1,470,949	-
TCQ (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	1,535,500	(2)	1,535,500	-	-	1,535,500	54,247	100.00%	100.00%	54,247	2,105,105	-
KSH (2)1)	Manufacture and sale of precision machinery, peripherals and metallic molds	552,780	(2)	242,302	-	-	242,302	(160,052)	100.00%	100.00%	(160,052)	1,189,184	-
YDCQ (2)1)	Sale of servers and switches	30,710	(2)	30,710	-	-	30,710	40,205	100.00%	100.00%	40,205	134,147	-
QCTBJ (2)1)	Software technology development, advisory service, sale of servers and switches	4,764	(2)	4,764	-	-	4,764	731	100.00%	100.00%	731	6,083	-
ZYES (2)1)	Manufacture and sale of computers and components of peripherals	2,548,930	(2)	2,723,056	-	-	2,723,056	(18,747)	100.00%	100.00%	(18,747)	132,064	-
SJDT (2)3)	Manufacture and sale of computers and components of peripherals	221,112	(2)	42,011	-	-	42,011	(72,282)	100.00%	100.00%	(72,282)	369,790	-
Dongguan Shuang-Ying Photoelectric Technology Co., Ltd.(2)3)	Manufacture and sale of optical equipment and electric components	460,650	(2)	62,188	-	-	62,188	55,822	17.50%	17.50%	9,769	71,761	-
QSI													
QSS (2)1)	Manufacture and sale of computer storage devices and components of peripherals	614,200	(2)	921,300	-	307,100	614,200	2,290	100.00%	100.00%	2,290	2,509,731	2,035,113
Techman (2)1)	Manufacture and sale of computer storage devices and components of peripherals	245,680	(2)	552,780	-	307,100	245,680	(13,151)	100.00%	100.00%	(13,151)	917,458	-
TRS (2)1)	After-sales service and sale of industrial collaborative robots and components of peripherals	122,840	(2)	122,840	-	-	122,840	(1,910)	100.00%	100.00%	(1,910)	30,929	-

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
QVC													
Dongguan Shuang-Ying Photoelectric Technology Co., Ltd.(2)3)	Manufacture and sale of optical equipment and electric components	460,650	(2)	62,188	-	-	62,188	55,822	17.50%	17.50%	9,769	71,761	-
Guangsheng (Tianjin) Technology Co., Ltd.(2)3)	Computer software development and related consulting and technical services; sale of computer hardware and software and electronic products	66,142	(2)	13,228	-	-	13,228	(6,368)	20.00%	20.00%	(1,269)	10,030	-
Trump-link (Beijing) Technology Co., Ltd.(2)3)	Sale and after-sales service of server, switch and storage devices	165,507	(2)	35,702	-	-	35,702	(5,058)	20.00%	13.67%	(802)	-	-
RTK													
RTKL (2)1)	Import and export business and wholesale of electronic products	46,796	(2)	46,796	-	-	46,796	483	100.00%	100.00%	483	1,324	-

2. Limitation on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission MOEA	Limitation on Investment in Mainland China Authorized by Investment Commission MOEA (Note 3)
The Company	29,129,481	36,825,823	-
QSI	982,720	1,013,430	-
QVC	111,118	852,424	1,307,433
RTK	46,796	46,796	883,361

- Note 1: Investments in Mainland China are differentiated by the following three methods:
  (1) Direct investment in Mainland China with remittance through a third region.
  (2) Indirect investment in Mainland China through an existing investee company in a third region.
  (3) Other methods
- Note 2: Recognition of investment gain or loss during current period is pursuant to the following:
  (1) If the corporation is in the set-up phase, notes are required.
  (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
    1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
    2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
    3) Others
- Note 3:(1) Maximum limitation of the Company and QSI: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.
  (2) Maximum limitation of QVC and RTK: the maximum limitation is the higher of $80,000 for small and medium size enterprises or sixty percent of these companies' net asset value or consolidated net asset value.
- Note 4: The difference between the issued capital and cumulative investment amount is the difference between the price paid and the cost of the machinery equipment.

- Note 5: Viscovery (Cayman) Holding Company Limited, an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD72 thousand investment amount authorized by Investment Commission MOEA.
- Note 6: China Renewable Energy Fund, L.P. (CREF), an investee of QVC, holds investment in Mainland China. Therefore, QVC has increased USD21,578 thousand investment amount authorized by Investment Commission MOEA.
- Note 7: PHI Fund, L.P., an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD4,720 thousand investment amount authorized by Investment Commission MOEA.

3. Significant transactions:
   The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
CIANYU INVESTMENT LTD.	572,401,374	14.81%
Barry Lam	415,738,138	10.76%

Note: (1)The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company’s ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2)In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder’s declaration of insider’s equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to the website of Market Observation Post System.

(14) Segment Information

(a) General information:

The management of the group identifies the entity’s operating segments based on the decision of the chief operating decision maker. The Group's main operating activities are manufacturing, processing, and sales of laptop computers and telecommunication products. In accordance with the Financial Accounting Standards, the Group's electronic segment is a reportable segment collectively because it reaches the quantization threshold. Other segments, such as repair or new business investment, are not disclosed as reportable segments because the amounts are insignificant.

(b) Information about reportable segments and their measurement and reconciliations:

The Company uses the income from operations as the measurement for segment profit and the basis of performance assessment. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note (4).

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The Group' s operating segments financial information and reconciliation were as follows:

For the Years Ended December 31, 2022		Electronic department	Other department	Adjustment and elimination	Total
Operating revenue:					
Revenue from external customers	$	1,275,258,755	5,170,557	-	1,280,429,312
Inter-segment revenue		1,636,055,889	1,989,718	(1,638,045,607)	-
Interest revenue		4,914,018	104,149	-	5,018,167
Total	**$**	**2,916,228,662**	**7,264,424**	**(1,638,045,607)**	**1,285,447,479**
Interest expense	$	(4,230,124)	(140,006)	52	(4,370,078)
Share of profit (loss) of associates and joint ventures accounted for using equity method		1,812,797	3,022,700	(4,932,912)	(97,415)
Reportable segment profit (loss)	**$**	**31,530,163**	**(1,096,238)**	**(711,256)**	**29,722,669**
For the Years Ended December 31, 2021					
Operating revenue:					
Revenue from external customers	$	1,124,101,436	5,351,914	-	1,129,453,350
Inter-segment revenue		1,532,471,938	2,337,068	(1,534,809,006)	-
Interest revenue		2,312,788	80,013	(4,080)	2,388,721
Total	**$**	**2,658,886,162**	**7,768,995**	**(1,534,813,086)**	**1,131,842,071**
Interest expense	$	(999,836)	(120,392)	4,266	(1,115,962)
Share of profit (loss) of associates and joint ventures accounted for using equity method		15,982,450	24,206,773	(40,250,457)	(61,234)
Reportable segment profit (loss)	**$**	**34,425,962**	**(226,543)**	**160,146**	**34,359,565**

(c) Geographical information

Geographical information		December 31, 2022	December 31, 2021
Non-current assets：			
China	$	34,830,088	30,393,719
Taiwan		22,153,519	20,390,403
Other countries		13,321,127	7,440,231
Total	**$**	**70,304,734**	**58,224,353**

Non-current assets include property, plant and equipment, investment properties, intangible assets, right-of-use assets, and other assets, but do not include financial instruments, deferred tax assets, pension fund assets, and rights arising from insurance contracts.

(d) Major customers

	For the Years Ended December 31,	
	2022	2021
A	$ 593,912,288	560,165,036
B	149,475,851	7,827,288
	$ 743,388,139	**567,992,324**

Stock Code:2382

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

Address: **No.188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.**
Telephone: **(03)327-2345**

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Quanta Computer Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Quanta Computer Inc. and subsidiaries do not prepare a separate set of consolidated financial statements.

Quanta Computer Inc.
Barry Lam
Date: March 15, 2024.

Independent Auditors’ Report

To the Board of Directors of Quanta Computer Inc.:

Opinion

We have audited the consolidated financial statements of Quanta Computer Inc. and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statement 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 material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. **Revenue Recognition**

   For accounting policies of revenue recognition, please refer to Note (4)(p) on revenue recognition in the consolidated financial statement; for the explanation of recognition, please refer to Note (6)(u) in the consolidated financial statement.

   Description of the key audit matter:

   The Group engages primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products. Varying transaction terms will cause different timing for control of products' being transferred. Therefore, the timing for revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the Group’s main sources of revenues, contract provisions, and transaction terms to evaluate the adequacy of revenue recognition period; applying computer audit for selected samples to evaluate whether the data collected from external system is consistent with those input to the internal system; and analyzing the agreements of selected customers to understand the sales terms and conditions for revenue recognition, and to further inspect related transaction document to ensure that the revenue is recorded in the appropriate period.

2. **Allowance for Inventory Valuation and Obsolescence Losses**

Please refer to Notes (4)(h), (5) and (6)(g) for accounting policies, accounting assumptions and estimation uncertainty, and related disclosure information for inventory, respectively.

Description of the key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value, and the net realizable value relates to the management judgement. Consequently, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Group’s inventory valuation policy and the management’s assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group’s historical accuracy of judgments with reference to inventory valuation and compare them with the current year’s calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Group’s disclosure for inventories.

Other Matter

Quanta Computer Inc. has prepared its parent-company-only financial statements as of and 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 presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC 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 the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the consolidated 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 Tsao-Jen Wu and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

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

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Notes (4) and (6)(a))	$ 177,234,068	26	204,637,294	25
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	34,140,554	5	3,738,240	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(c))	7,351,175	1	6,123,552	1
1172	Accounts receivable, net (Notes (4), (6)(e) and (7))	259,907,337	38	283,991,816	35
1200	Other receivables, net (Notes (4), (6)(f) and (7))	2,168,363	-	1,509,309	-
1310	Inventories (Notes (4), (5) and (6)(g))	123,763,907	18	225,856,138	28
1476	Other current financial assets (Note (8))	2,709,858	-	3,748,664	1
1479	Other current assets, others	3,172,328	1	3,665,047	-
		610,447,590	89	733,270,060	90
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	2,069,881	-	1,438,599	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(c))	2,456,490	-	2,506,596	-
1535	Non-current financial assets at amortised cost, net (Notes (4) and (6)(d))	476,224	-	-	-
1550	Investments accounted for using equity method (Notes (4) and (6)(h))	378,396	-	333,117	-
1600	Property, plant and equipment (Notes (4) and (6)(i))	60,819,571	9	63,225,378	8
1755	Right-of-use assets (Notes (4) and (6)(j))	3,819,827	1	4,169,277	1
1760	Investment property, net (Notes (4) and (6)(k))	68,077	-	68,807	-
1780	Intangible assets (Notes (4) and (6)(l))	505,492	-	869,077	-
1840	Deferred tax assets (Notes (4) and (6)(q))	6,512,335	1	7,497,698	1
1980	Other non-current financial assets (Note (8))	843,919	-	777,396	-
1995	Other non-current assets, others	1,722,243	-	1,972,195	-
		79,672,455	11	82,858,140	10
	TOTAL ASSETS	$ 690,120,045	100	816,128,200	100

	LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes (4), (6)(e) and (6)(m))	$ 156,978,475	23	204,712,153	25
2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	3,803	-	-	-
2130	Current contract liabilities (Notes (6)(u) and (7))	80,743,437	12	85,844,572	11
2170	Accounts payable (Note (7))	168,322,432	24	213,513,923	26
2219	Other payables (Note (7))	45,538,365	7	48,377,980	6
2230	Current tax liabilities	13,069,316	2	14,195,250	2
2250	Current provisions	299,817	-	283,971	-
2280	Current lease liabilities (Notes (4) and (6)(o))	1,151,455	-	1,172,558	-
2305	Other current financial liabilities	10,111,473	1	10,255,566	1
2320	Long-term liabilities, current portion (Note (6)(n))	1,818,367	-	44,812,367	5
2365	Current refund liabilities	4,975,809	1	5,422,292	1
2399	Other current liabilities, others	-	-	135	-
		483,012,749	70	628,590,767	77
	Non-Current liabilities:				
2540	Long-term borrowings (Note (6)(n))	5,930,743	1	4,525,085	1
2570	Deferred tax liabilities (Notes (4) and (6)(q))	5,010,157	1	3,112,186	-
2580	Non-current lease liabilities (Notes (4) and (6)(o))	1,871,183	-	2,762,001	-
2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))	297,511	-	525,296	-
2670	Other non-current liabilities, others	105,376	-	89,408	-
		13,214,970	2	11,013,976	1
	Total liabilities	496,227,719	72	639,604,743	78
	Equity attributable to owners of parent (Note (6)(r)):				
3100	Share capital	38,626,274	5	38,626,274	5
3200	Capital surplus	14,294,831	2	14,224,150	2
3300	Retained earnings	135,402,556	20	118,762,665	14
3400	Other equity	(1,783,456)	-	(2,121,865)	-
3500	Treasury shares	(333,094)	-	(333,094)	-
	Total equity attributable to owners of parent	186,207,111	27	169,158,130	21
36XX	**Non-controlling interests**	7,685,215	1	7,365,327	1
	Total equity	193,892,326	28	176,523,457	22
	TOTAL LIABILITIES AND EQUITY	$ 690,120,045	100	816,128,200	100

See accompanying notes to financial statements.

• QUANTA COMPUTER INC. AND SUBSIDIARIES
• CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
3. (AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the Years Ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes (6)(u) and (7))**	$ 1,085,611,052	100	1,280,429,312	100
5000	**Operating costs (Note (6)(g))**	1,000,728,093	92	1,209,514,300	94
	Gross profit from operations	84,882,959	8	70,915,012	6
5910	Less: Unrealized profit from sales	-	-	5,446	-
5920	Add: Realized profit from sales	5,446	-	4,673	-
		84,888,405	8	70,914,239	6
	Operating expenses:				
6100	Selling expenses	8,208,245	1	9,265,062	1
6200	General and administrative expenses	9,836,976	1	9,124,025	1
6300	Research and development expenses	23,293,587	2	21,336,340	2
		41,338,808	4	39,725,427	4
	Net operating income	43,549,597	4	31,188,812	2
	Non-operating income and expenses:				
7100	Interest income (Note (6)(w))	10,620,242	1	5,018,167	-
7010	Other income (Note (6)(w))	372,507	-	519,418	-
7020	Other gains and losses, net (Notes (6)(w) and (7))	6,148,777	1	8,521,696	1
7050	Financial costs (Note (6)(w))	(8,915,024)	(1)	(4,370,078)	-
7060	Share of loss of associates accounted for using equity method (Note (6)(h))	(44,627)	-	(97,415)	-
		8,181,875	1	9,591,788	1
7900	**Profit before tax**	51,731,472	5	40,780,600	3
7950	**Less: Tax expense (Note (6)(q))**	11,242,886	1	11,057,931	1
	Profit	40,488,586	4	29,722,669	2
	Other comprehensive income (loss):				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurement of defined benefit plans	215,367	-	163,813	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,162,047	-	(3,835,298)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	43,073	-	32,002	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	1,334,341	-	(3,703,487)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(797,642)	-	8,403,854	1
8370	Shares of other comprehensive (loss) income of associates accounted for using equity method, components of other comprehensive (loss) income that will be reclassified to profit and loss (Note (6)(h))	(407)	-	288	-
8399	Less: Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	(20)	-	44	-
	Total components of other comprehensive (loss) income that will be reclassified to profit or loss	(798,029)	-	8,404,098	1
	Other comprehensive income, net of income tax	536,312	-	4,700,611	1
8500	**Total comprehensive income**	$ 41,024,898	4	34,423,280	3
	Profit attributable to:				
8610	Profit, attributable to owners of parent	$ 39,676,394	4	28,957,466	2
8620	Profit, attributable to non-controlling interests	812,192	-	765,203	-
		$ 40,488,586	4	29,722,669	2
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 40,154,065	4	33,510,607	3
8720	Comprehensive income, attributable to non-controlling interests	870,833	-	912,673	-
		$ 41,024,898	4	34,423,280	3
	Earnings per share attributable to parent company (Note (6)(t))				
9750	**Basic earnings per share (NT dollars)**	$	10.29		7.51
9850	**Diluted earnings per share (NT dollars)**	$	10.23		7.42

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of Parent										
	Share Capital		Retained Earnings			Other Equity					
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance as of January 1, 2022	$ 38,626,274	14,222,651	37,333,966	9,500,104	68,180,935	(1,775,651)	(4,615,820)	(333,094)	161,139,365	6,987,973	168,127,338
Profit	-	-	-	-	28,957,466	-	-	-	28,957,466	765,203	29,722,669
Other comprehensive income (loss)	-	-	-	-	129,158	8,240,084	(3,816,101)	-	4,553,141	147,470	4,700,611
Total comprehensive income (loss)	-	-	-	-	29,086,624	8,240,084	(3,816,101)	-	33,510,607	912,673	34,423,280
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	3,363,627	-	(3,363,627)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(25,493,341)	-	-	-	(25,493,341)	-	(25,493,341)
Reversal of special reserve	-	-	-	(3,108,633)	3,108,633	-	-	-	-	-	-
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	(18,175)	-	-	-	-	-	-	(18,175)	54	(18,121)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	19,674	-	-	-	-	-	-	19,674	-	19,674
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(535,373)	(535,373)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	154,377	-	(154,377)	-	-	-	-
Balance at December 31, 2022	38,626,274	14,224,150	40,697,593	6,391,471	71,673,601	6,464,433	(8,586,298)	(333,094)	169,158,130	7,365,327	176,523,457
Profit	-	-	-	-	39,676,394	-	-	-	39,676,394	812,192	40,488,586
Other comprehensive income (loss)	-	-	-	-	172,062	(778,650)	1,084,259	-	477,671	58,641	536,312
Total comprehensive income (loss)	-	-	-	-	39,848,456	(778,650)	1,084,259	-	40,154,065	870,833	41,024,898
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,924,100	-	(2,924,100)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(23,175,765)	-	-	-	(23,175,765)	-	(23,175,765)
Reversal of special reserve	-	-	-	(4,269,606)	4,269,606	-	-	-	-	-	-
Other changes in capital surplus:											
Changes in equity of associates and associated accounted for using equity method	-	47,424	-	-	-	-	-	-	47,424	10	47,434
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	17,886	-	-	-	-	-	-	17,886	-	17,886
Changes in ownership interests in subsidiaries	-	5,371	-	-	-	-	-	-	5,371	55,559	60,930
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(606,514)	(606,514)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(32,800)	-	32,800	-	-	-	-
Balance as of December 31, 2023	$ 38,626,274	14,294,831	43,621,693	2,121,865	89,658,998	5,685,783	(7,469,239)	(333,094)	186,207,111	7,685,215	193,892,326

See accompanying notes to financial statements.

• QUANTA COMPUTER INC. AND SUBSIDIARIES

• CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

4. (AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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6.

	For the Years Ended December 31, 2023	2022
Cash flows from operating activities:		
Profit before tax	$ 51,731,472	40,780,600
Adjustments:		
• **Adjustments to reconcile profit:**		
• Depreciation expense	9,801,526	8,522,705
• Amortization expense	1,635,361	1,580,271
• Expected credit (gain) loss	(265,892)	156,336
• Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(265,142)	151,123
• Interest expense	8,915,024	4,370,078
• Interest income	(10,620,242)	(5,018,167)
• Dividend income	(372,507)	(519,418)
• Share-based payments	164	-
• Share of loss of associates accounted for using equity method	44,627	97,415
• Loss (gain) on disposal of property, plant and equipment and right-of-use assets	190,655	(322,223)
• Property, plant and equipment transferred to expense	30,648	6,851
• Gain on disposal of investments	(215,319)	-
• (Gain) loss on disposal of investments accounted for using equity method	(428)	4,004
• Impairment loss on non-financial assets	657,404	30,057
• Unrealized (realized) (profit) loss on from sales	(5,446)	773
• Unrealized foreign exchange (gain) loss	(670,000)	672,500
• Other adjustments	(2,084)	(2,189)
• **Total adjustments to reconcile profit**	8,858,349	9,730,116
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(2,176,320)	(806,640)
Accounts receivable	24,644,752	5,548,885
Other receivables	13,177	(54,057)
Inventories	103,234,130	(13,461,465)
Other current assets	545,875	1,414,703
Other financial assets	(300,499)	(268,496)
Net defined benefit assets	-	49,135
• **Total changes in operating assets**	125,961,115	(7,577,935)
Changes in operating liabilities:		
Contract liabilities	(5,101,135)	30,206,367
Accounts payable	(47,380,377)	(55,299,943)
Other payables	(1,068,432)	318,731
Provisions	15,846	5,707
Other financial liabilities	(93,347)	1,073,001
Other current liabilities	(508,738)	128,679
Net defined benefit liabilities	(12,418)	(13,898)
• **Total changes in operating liabilities**	(54,148,601)	(23,581,356)
• **Total changes in operating assets and liabilities**	71,812,514	(31,159,291)
• **Total adjustments**	80,670,863	(21,429,175)

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2023	2022
Cash inflow generated from operations	132,402,335	19,351,425
Interest received	9,922,878	4,807,829
Dividends received	372,507	519,418
Interest paid	(8,823,181)	(3,381,646)
Income taxes paid	(9,541,605)	(9,881,955)
• **Net cash from operating activities**	124,332,934	11,415,071
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(38,725)	(300,613)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	89,346
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	23,255	887,860
Acquisition of financial assets at amortised cost	(476,224)	-
Acquisition of financial assets at fair value through profit or loss	(28,588,330)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	883,608
Acquisition of investments accounted for using equity method	(37,295)	(41,893)
Proceeds from disposal of investments accounted for using equity method	7,633	22,899
Acquisition of property, plant and equipment	(8,832,411)	(16,891,576)
Proceeds from disposal of property, plant and equipment and right-of-use assets	536,008	2,349,774
Acquisition of intangible assets	(440,447)	(413,653)
Proceeds from disposal of intangible assets	-	17
Decrease in other financial assets	1,220,052	557,243
Increase in other non-current assets	(985,662)	(1,285,784)
• **Net cash used in investing activities**	(37,612,146)	(14,142,772)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(47,522,180)	34,188,396
Proceeds from long-term borrowings	26,618,628	39,091,798
Repayments of long-term borrowings	(67,756,784)	(14,799,048)
Repayments of principal portion of lease liabilities	(1,855,454)	(1,171,575)
Increase (decrease) in other financial liabilities	2,036	(6,920)
Increase in other non-current liabilities	12,199	944
Cash dividends paid	(23,764,557)	(26,009,039)
Change in non-controlling interests	60,930	-
Cash dividends returned	14	77
• **Net cash (used in) from financing activities**	(114,205,168)	31,294,633
Effect of exchange rate changes on cash and cash equivalents	81,154	13,813,295
Net (decrease) increase in cash and cash equivalents	(27,403,226)	42,380,227
Cash and cash equivalents at the beginning of period	204,637,294	162,257,067
Cash and cash equivalents at the end of period	$ 177,234,068	204,637,294

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Overview

Quanta Computer Inc. (the "Company") was incorporated on May 9, 1988, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. The Company and its subsidiaries (together referred to as the "Group") engage primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2024.

(3) New Standards, Amendments and Interpretations Adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (FSC) 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 new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

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

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

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

● Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

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

● Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

● IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

● Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

● Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of Material Accounting Policies

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The 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.. (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

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

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

3) The net defined benefit liabilities assets are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

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 (NTD), which is the Company' s functional currency. All financial information presented in NTD unless otherwise specified, and has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group' s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests on the date of loss of control. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amount at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same accounting basis as would be required if it had directly disposed of the related assets or liabilities.

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
The Company	Quanta International Limited (QIL)	Holding company	100.00%	100.00%	
〃	QCJ Co., Ltd. (QCJ)	After-sales service of computers	100.00%	100.00%	
〃	Quanta Computer Technology Investment Corp. (QCTI)	Investment company	100.00%	100.00%	
〃	Quanta Venture Capital Co., Ltd. (QVC)	Venture capital	100.00%	100.00%	
〃	Quanta Cloud Technology Inc. (QCTTW)	Sale of computers and peripherals	100.00%	100.00%	
〃	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	- %	85.57%	The liquidation process was completed in May 2023.
〃	QMB Co., Ltd. (QMB)	Manufacture and sale of computers, peripherals and consumer products	100.00%	100.00%	
〃	Quanta Cloud Technology Singapore Pte. Ltd. (QCTS)	Sale and after-sales service of computer peripherals	100.00%	100.00%	
〃	QADC Corporation (QADC)	Research and development of electronic products	100.00%	- %	Invested in March 2023.
〃	QMH COMPUTER CO. LTD. (QMH)	Manufacture and sale of computers, peripherals and consumer products	100.00%	- %	Invested in June 2023.
The Company and QCTI	Quanta Storage Inc. (QSI)	Manufacture and sale of computer storage devices and peripherals	30.22%	30.22%	Note 1
〃	RoyalTek Company Ltd. (RTK)	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	37.57%	37.57%	Note 1
〃	Quanta Microsystem Inc. (QMIT)	Electronic company	100.00%	100.00%	
QIL	QCE Computer B.V. (QCE)	Sale and after-sales service of computer peripherals	100.00%	100.00%	
〃	Access International Company (AIC)	Holding company	100.00%	100.00%	
〃	Quanta ASIA LTD. (QAL)	Holding company	100.00%	100.00%	
〃	Quanta Cloud Technology USA LLC (QCT-USA)	Sale of computer peripherals	100.00%	100.00%	
〃	QCT Inc. (QCTC)	Holding company	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

QCE	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	- %	14.43%	The liquidation process was completed in May 2023.
AIC	Quanta Manufacturing Incorporation (QMI)	Assembly and processing of computers and peripherals	100.00%	100.00%	
〃	Quanta Service Incorporation (QSI-USA)	After-sales service of computers and peripherals	100.00%	100.00%	
〃	Quanta Computer USA, Inc. (QCA)	After-sales service of computers and peripherals	100.00%	100.00%	
〃	QCH, Inc., a Nevada corporation (QCH)	Sale of computers and peripherals	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

			Shareholding		
Name of Investor	Name of Subsidiary	Principal Activity	December 31, 2023	December 31, 2022	Note
QMI	Quanta Manufacturing Nashville LLC (QMN)	Assembly and processing of computers and peripherals	100.00%	100.00%	
QSI-USA	Quanta Service Nashville LLC (QSN)	After-sales service of computers and peripherals	100.00%	100.00%	
QCA	Quanta Computer Nashville LLC (QCN)	After-sales service of computers and peripherals	100.00%	100.00%	
QCH	QCH Nashville LLC (QCHN)	Sale of computers and peripherals	100.00%	100.00%	
QAL	Quanta Development Ltd. (QDL)	Holding Company	100.00%	100.00%	
〃	Quanta International Technology Ltd. (QIT)	Holding company	100.00%	100.00%	
〃	Q_Bus International Limited (Q_Bus)	Holding company	100.00%	100.00%	
〃	QCT (Beijing) Co., Ltd. (QCTBJ)	Software technology development, advisory service, sale of servers and switches	100.00%	100.00%	
QCTC	QCT Korea Inc. (QCTK)	Sale of computers and peripherals	100.00%	100.00%	
QIT	QCG Computer GmbH (QCG)	Assembly and processing of computers and peripherals	100.00%	100.00%	
QDL	Quanta Development (HONG KONG) Limited (QDL(HK))	Sale of computers and peripherals, and investment company	100.00%	100.00%	
QDL (HK)	Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Com (Chongqing) Computer Co., Ltd. (TCQ)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00%	100.00%	
〃	Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	Sale and after-sales service of computers and peripherals	100.00%	100.00%	
〃	Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	After-sales service of computers	100.00%	100.00%	
〃	Tech-Giant (Shanghai) Computer Co., Ltd. (TGC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	
〃	Tech-Wave (Shanghai) Logistics Co., Ltd. (TWW)	Storage service	100.00%	100.00%	
〃	Tech-Full Computer (Changshu) Co., Ltd. (TNC)	Manufacture and sale of computers, mobile communication, storage device, peripherals	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
		and accessories			
〃	Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	Processing, manufacture and sale of computers	100.00%	100.00%	
〃	Tech-Wave (Chongqing) Logistics Co., Ltd. (TWQ)	Storage service	100.00%	100.00%	
〃	Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	Manufacture and sale of precision machinery, peripherals and metallic molds	100.00%	100.00%	
〃	CloudTech (Chongqing) Technology Co., Ltd. (YDCQ)	Sale of servers and switches	100.00%	100.00%	
〃	Dragon Grand Group Limited (DGDT)	Investment company and trading company	100.00%	100.00%	
〃	Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. (DSY)	Manufacture and sale of optical equipment and electric components	25.77%	- %	Invested in March 2023. Note 4

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
DGDT	Dragontech Metallic Industry Co., Ltd. (SJDT)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	
Q_Bus	Tech Chain Ltd. (TCL)	Holding company	100.00%	100.00%	
TCL	Tech Chain (HONG KONG) Limited (TCLHK)	Holding company	100.00%	100.00%	
TCLHK	Zhan Yun (Shanghai) Electronics Co., Ltd. (ZYES)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	
QSI	Quanta Storage International Ltd. (QSI (CAYMAN))	Investment company	100.00%	100.00%	
〃	Techman Electronics (Thailand) Co., Ltd. (TMT)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
〃	TM SMT SDN. BHD. (JVM)	Sale of computer storage devices and components of peripherals	51.00%	51.00%	
〃	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	79.95%	79.95%	
QSI (CAYMAN)	Quanta Storage (BVI) Ltd. (QSL (BVI))	Investment company	100.00%	100.00%	
〃	E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	Note 2
QSL(BVI)	Quanta Storage Holding (Hong Kong) Ltd. (QHH)	Investment company	100.00%	100.00%	
〃	Techman Electronic (Hong Kong) Limited (QIH)	Investment company	100.00%	100.00%	
QHH	Quanta Storage (Shanghai), Ltd. (QSS)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
QIH	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sales service of computer storage devices and components of peripherals	100.00%	100.00%	Note 3
TRI	Techman Robot (HONG KONG) Ltd. (TRH)	Investment company	100.00%	100.00%	
TRH	Techman Robot (Shanghai) Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	100.00%	100.00%	
JVM	TM SMT (Thailand) COMPANY LIMITED. (JVMT)	Sale of computer storage devices and components of peripherals	100.00%	100.00%	

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
RTK	Royaltek International Enterprises Ltd. (RTKI)	Investment company	100.00%	100.00%	
RTKI	Royaltek Trading (Changshu) Co., Ltd. (RTKL)	Import and export business and wholesale of electronic products	- %	100.00%	The liquidation process was completed in November 2023.
QMIT	Quanta Cloud Technology Japan Inc. (QCTJ)	Sale of computer peripherals	100.00%	100.00%	
QCTTW	Quanta Cloud Technology Germany GmbH (QCTG)	Sale of computer peripherals	100.00%	100.00%	
〃	Quanta Cloud Technology Japan K.K. (QCJK)	Sale of computer peripherals	100.00%	- %	Invested in May 2023.

Note 1: Although the Company holds less than half of these companies' voting right, the Company has actual effect to lead these companies' activities, considering the fact that these companies' other equity shares are highly separated and considering the participation of other shareholders from previous shareholders' meetings. In addition, no other sign suggests that any collectively decision-making agreement between other shareholders exist. Therefore, the Company considers these companies as subsidiaries.

Note 2: On December 25, 2023, the Board of Directors has resolved to liquidate E-Forward (SAMOA), and the liquidation process is still in progress as of now.

Note 3: On December 25, 2023, the Board of Directors has resolved to liquidate QSA, and the liquidation process is still in progress as of now.

Note 4: DSY increased its capital in cash on October 13, 2023. Since the Group did not participate in the cash capital increase, the shareholding ratio of DSY was reduced from 100% to 25.77%. Considering that the Group obtained a majority of its board seats, which idicates the Group has actual effect to lead the relevant activities. Therefore, the Group treats it as a subsidiary.

3. Subsidiaries excluded from the interim consolidated financial statements: None.

(d) Foreign Currency

1.Foreign currency transaction

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

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

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

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

(e) Classification of Current and Non-Current Assets and Liabilities

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

1.It is expected to be realized, or sold or consumed, in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is expected to realized within twelve months after the reporting period; or

4.The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1.It is expected to settle the liability in the operating cycle;

2.It is held the primarily for the purpose of trading;

3.It is due to be settled within twelve months after the reporting period; or

4.The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and Cash Equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (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 initially measured at the transaction price.

1.Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the business model and the financial assets held within the business model are evaluated and reported to the Group’s management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, and the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Derecognition of financial assets

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

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

2.Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

Shares that are held by the Company's subsidiaries are seen as identical to treasury shares.

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

3.Derivative financial instruments

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

(j) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, Plant, and Equipment

1.Recognition and measurement

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

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

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

2.Subsequent expenditure

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

3.Depreciation

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

Land is not depreciated.

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

1) buildings	3 years~50 years
2) machine and other equipment	2 years~15 years

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

4.Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(l) Leases

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

1.As a leasee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically evaluates whether the right-of-use assets are impaired and recognizes any related impairment loss, if any, and adjusted for certain remeasurements of the lease liability.

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercised price or the penalty payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group’ s estimate of the amount expected to be payable under a residual value guarantee; or

- there is a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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

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

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

2.As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group recognizes its lease payments received as lease income on a straight-line basis over the lease term.

(m) Intangible Assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

2.Subsequent expenditure

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

3.Amortization

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

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

1) Trademarks	4 years~18 years
2) Computer software	1 years~3 years

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

(n) Impairment of Non-Financial Assets

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

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

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

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

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

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

(o) Provisions

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

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

The Group has periodically assessed all litigation and claims and relative legal costs. If settling present obligation is probable and the amount can be reasonably estimated, the Group recognizes a provision for legal claims.

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(p) Revenue

Revenue from contracts with customers

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

1) Sale of good

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

2) Services

The Group recognizes. Revenue from providing services in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the services of work performed.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

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

(q) Employee Benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

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

3.Short-term employee benefits

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

(r) Share-based Payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(s) Income Taxes

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

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

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

1.temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1.the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.tthe deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per Share

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

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(5) Major Sources of Significant Accounting Assumptions, Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Offsetting of financial assets and liabilities

The Group can presents financial assets and liabilities on a net basis only when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

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

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	$ 63,450,520	120,497,207
Time deposits	110,696,780	82,979,949
Short-term notes and bills	3,086,768	1,160,138
Cash and cash equivalents in consolidated statements of cash flows	$ 177,234,068	204,637,294

The Group’ s currency risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Beneficiary certificates	$ 35,594,837	4,719,605
Public quoted equity	494,094	354,284
Private equity	100,903	101,713
Convertible corporate bonds listed on domestic markets	20,601	
Derivative instruments not used for hedging		
Forward foreign exchange contracts	-	1,237
Total	$ 36,210,435	5,176,839
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	$ 3,803	-

The Group held derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments that did not apply hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2023			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	15,000	USD against NTD	2024.01.11~2024.01.29
US dollars purchased	USD	24,000	NTD against USD	2024.01.05~2024.02.06

	December 31, 2022			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	8,000	USD against NTD	2023.01.06~2023.01.09
US dollars purchased	USD	31,000	NTD against USD	2023.01.06~2023.03.27

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

1.Convertible corporate bonds

1) The Group held unsecured convertible corporate bonds issued by TAI-TECH Advanced Electronics Co., Ltd. with a maturity date of October 31, 2026, and a conversion period from February 1, 2024 to October 31, 2026.

2) The Group held unsecured convertible corporate bonds issued by Yulon Finance Corporation with a maturity date of November 20, 2028, and a conversion period from February 21, 2024 to November 20, 2028.

2.For price risk, please refer to Note (6)(x).

3.The aforesaid financial assets were not pledged as collateral.

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

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income		
Public quoted equity	$ 7,649,102	6,376,470
Private equity	2,158,563	2,253,678
Total	$ 9,807,665	8,630,148

1.Equity investments at fair value through other comprehensive income

The Group designated the 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.

For the years ended December 31, 2023 and 2022, the Group has sold its financial assets designated at fair value through other comprehensive income. The shares sold had a fair value of $0 and $172,449. The Group realized a (loss) gain of $(32,800) and $154,377, which has been transferred from other equity to retained earnings.

2.For market risk and other price risk, please refer to Note (6)(x).

3.The aforesaid financial assets were not pledged as collateral.

(d) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Debt commodity investment	$ 476,224	-

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

1. Investments in debt instruments measured at amortized cost

   The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

2. In September 2023, the Group purchased a corporate bond issued by Fubon Life Insurance Co., Ltd., with a face value of $180,000, both the coupon rate and effective interest rate were 3.70%.

3. In October 2023, the Group purchased corporate bonds of Shin Kong Life Insurance Co., Ltd. and Nan Shan Life Insurance Company, Ltd., with a face value of $50,000 and $90,000 respectively. The coupon rate and the effective interest rate were 4.00% and 3.75% respectively.

4. In July and August of 2023, the Group purchased U.S. dollar denominated corporate bonds issued by TSMC GLOBAL LTD., with a face value of USD1,000 thousand. The coupon rates were 2.25% and 1.375%, and the effective interest rates were 4.84% and 4.90%, respectively.

5. In August 2023, the Group purchased a U.S. dollar denominated corporate bond issued by TSMC Arizona Corporation, with a face value of USD1,000 thousand. The coupon rate and the effective interest rate were 2.50% and 5.02%, respectively.

6. In July 2023, the Group purchased a U.S. dollar denominated corporate bond issued by Amazon.com, Inc., with a face value of USD1,000 thousand. The coupon rate and the effective interest rate were 4.05% and 4.80%, respectively.

7. On October 5 and October 20 of 2023, the Group purchased a U.S. dollar-denominated corporate bond issued by Apple Inc., with a face value of USD1,000 thousand. The coupon rates were 3.25% and 1.65%, and the effective interest rates were 4.94% and 5.23%, respectively.

8. For fair value information, please refer to Note (6)(x).

9. None of the aforesaid financial assets were pledged as collateral.

(e) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable-measured as amortized cost	$ 200,651,613	224,487,461
Accounts receivable-fair value through other comprehensive income	59,984,273	60,569,476
Less: Allowance for impairment	(728,549)	(1,065,121)
Net	$ 259,907,337	283,991,816

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, such accounts receivable was measured at fair value through other comprehensive income.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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The Group applies the simplified approach to provide for its expected credit loss, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit loss, 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 provisions were determined as follows:

	December 31, 2023		
	Accounts receivable carrying amount	**Weighted-average expected credit loss rate**	**Allowance lifetime expected credit loss**
Current	$ 240,027,378	0.04%	102,849
1 to 60 days past due	20,003,018	1.06%	212,268
61 to 120 days past due	292,933	50.04%	146,593
More than 121 days past due	312,557	85.37%	266,839
	$ 260,635,886		728,549

	December 31, 2022		
	Accounts receivable carrying amount	**Weighted-average expected credit loss rate**	**Allowance lifetime expected credit loss**
Current	$ 276,170,655	0.04%	116,691
1 to 60 days past due	8,124,495	4.86%	394,985
61 to 120 days past due	486,717	59.34%	288,821
More than 121 days past due	275,070	96.20%	264,624
	$ 285,056,937		1,065,121

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

	For the Years Ended December 31,	
	2023	**2022**
Balance as of January 1	$ 1,065,121	931,097
Impairment loss (reversed) recognized	(272,038)	155,033
Recovery of bad debts previously written off	2,720	-
Bad debts written off	(67,187)	(19,421)
Effect of movements in exchange rate	(67)	(1,588)
Balance as of December 31	$ 728,549	1,065,121

The aforementioned financial assets of the Group were not pledged as collateral or borrowings.

The Group signed the accounts receivable factoring agreements without recourse with different financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The amounts receivable from financial institutions were recognized upon the derecognition of those trade receivables. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

Unit: in thousands

December 31, 2023						
Purchaser	**Amount Derecognized**	**Credit Unused**	**Credit Advanced**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Significant Transferring Terms**
Financial Institutions	$ -	US$ 1,953,567	US$ -	-	None	None

December 31, 2022						
Purchaser	**Amount Derecognized**	**Credit Unused**	**Credit Advanced**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Significant Transferring Terms**
Financial Institutions	$ -	US$ 1,972,305	US$ -	-	None	None

The Group signed the accounts receivable factoring agreements with different financial institutions. According to the agreements, the Group bears almost all risks and rewards, and thus is ineligible for derecognizing the financial assets. The carrying amount of the accounts receivable factored but yet derecognized at the reporting date were as follows:

Unit：in thousands

December 31, 2023					
Purchaser	**Amount transferred but has yet to be derecognized**	**Credit Line**	**Credit Advanced (accounted under short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Financial Institutions	$ -	US$ 500,000	US$ -	None	None

December 31, 2022					
Purchaser	**Amount transferred but has yet to be derecognized**	**Credit Line**	**Credit Advanced (accounted under short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Financial Institutions	$ 15,335,000	US$ 900,000	US$ 500,000	5.27%~5.35%	None

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(f) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	$ 2,181,626	1,516,426
Less: Allowance for impairment	(13,263)	(7,117)
	$ 2,168,363	1,509,309

As of December 31, 2023 and 2022, the aging analysis of other receivables which were past due were as follows:

	December 31, 2023	December 31, 2022
1 to 60 days past due	$ 10,050	75,076
61 to 120 days past due	20,192	42,851
More than 121 days past due	4,955	2,859
Total	$ 35,197	120,786

The movements in the allowance for impairment for other receivables, were as follows:

	For the Years Ended December 31,	
	2023	2022
Balance as of January 1	$ 7,117	5,814
Impairment loss recognized	6,146	1,303
Balance as of December 31	$ 13,263	7,117

(g) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 45,078,009	104,952,775
Work-in-process	3,129,279	1,732,794
Raw materials	70,425,158	113,773,874
Inventory in-transit	5,131,461	5,396,695
Total	$ 123,763,907	225,856,138

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

For the years ended December 31, 2023 and 2022, the details of cost of goods sold were as follows:

	For the Years Ended December 31,	
	2023	2022
Cost of goods sold	$ 1,000,272,260	1,191,173,365
Net amount of inventory obsolescence and disposal of scrapping	9,278,159	11,811,686
Loss of inventory valuation and obsolescence (reversed) recognized	(8,411,464)	3,489,772
Unamortized manufacturing overhead	192	3,596,368
Others	(411,054)	(556,891)
Total	$ 1,000,728,093	1,209,514,300

The write-down of inventory valuation was due to obsolescence or being outdated resulted in the net realizable value of inventory to be lower than the cost; hence, the write-down was recognized as operating costs. In addition, the factor leading to the net realizable value of inventories lower than the cost no longer exist, resulting in the increase in net realizable value to be recognized as reversal of inventories write-down.

The aforesaid inventories were not pledged as collateral.

(h) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	$ 378,396	333,117

	For the Years Ended December 31,	
	2023	2022
Attributable to the Group:		
Loss from continuing operation	$ (44,627)	(97,415)
Other comprehensive (loss) income	(407)	288
Total comprehensive (loss) income	$ (45,034)	(97,127)

The aforesaid investments accounted for using equity method were not pledged as collateral.

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(i) Property, plant and equipment

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

		Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2023	$	9,137,098	31,616,556	71,749,826	2,018,279	114,521,759
Additions		-	119,279	4,297,132	2,671,266	7,087,677
Disposal and obsolescence		-	(15,112)	(4,265,524)	-	(4,280,636)
Reclassification and effect of movements in exchange rate		(213)	675,317	1,746,814	(2,495,534)	(73,616)
Balance as of December 31, 2023	$	9,136,885	32,396,040	73,528,248	2,194,011	117,255,184
Balance as of January 1, 2022	$	8,719,633	27,216,106	55,468,054	3,805,794	95,209,587
Additions		305,468	1,067,496	13,407,584	1,830,406	16,610,954
Disposal and obsolescence		-	(1,961,629)	(2,890,753)	-	(4,852,382)
Reclassification and effect of movements in exchange rate		111,997	5,294,583	5,764,941	(3,617,921)	7,553,600
Balance as of December 31, 2022	$	9,137,098	31,616,556	71,749,826	2,018,279	114,521,759
Depreciation and impairment loss:						
Balance as of January 1, 2023	$	-	12,764,035	38,532,346	-	51,296,381
Depreciation for the period		-	1,116,150	7,376,223	-	8,492,373
Disposal and obsolescence		-	(14,918)	(3,539,055)	-	(3,553,973)
Impairment loss recognized		-	-	250,112	-	250,112
Effect of movements in exchange rate		-	(17,723)	(31,557)	-	(49,280)
Balance as of December 31, 2023	$	-	13,847,544	42,588,069	-	56,435,613
Balance as of January 1, 2022	$	-	11,467,579	31,518,718	-	42,986,297
Depreciation for the period		-	1,064,781	6,275,756	-	7,340,537
Disposal and obsolescence		-	(711,135)	(2,122,075)	-	(2,833,210)
Impairment loss recognized		-	-	2,569	-	2,569
Effect of movements in exchange rate		-	942,810	2,857,378	-	3,800,188
Balance as of December 31, 2022	$	-	12,764,035	38,532,346	-	51,296,381
Carrying amount:						
Balance as of December 31, 2023	$	9,136,885	18,548,496	30,940,179	2,194,011	60,819,571
Balance as of January 1, 2022	$	8,719,633	15,748,527	23,949,336	3,805,794	52,223,290
Balance as of December 31, 2022	$	9,137,098	18,852,521	33,217,480	2,018,279	63,225,378

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

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

The Group has been building new factories and expanding production lines in various operating entities since 2021. Since relevant civil engineering and installation projects were still in progress as of December 31, 2023, they were accounted for as construction in progress and equipment to be inspected. Please refer to Note(9)(a) for details of significant unrecognized contractual commitments associated with acquisition of property, plant and equipment.

(j) Right-of-use assets

The Group leases assets including land, buildings, machinery and equipment, and transportation equipment. The movements in right-of-use assets were as follows:

		Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:						
Balance as of January 1, 2023	$	477,287	6,976,931	86,166	495	7,540,879
Additions		635,563	362,715	-	-	998,278
Reductions		(2,631)	(355,441)	(65,957)	-	(424,029)
Effect of movements in exchange rate		9,303	(6,812)	2,682	-	5,173
Balance as of December 31, 2023	$	1,119,522	6,977,393	22,891	495	8,120,301
Balance as of January 1, 2022	$	441,166	5,386,932	77,664	468	5,906,230
Additions		13,329	1,664,455	-	495	1,678,279
Disposal		(9,083)	-	-	-	(9,083)
Reductions		(13,738)	(594,312)	-	(468)	(608,518)
Effect of movements in exchange rate		45,613	519,856	8,502	-	573,971
Balance as of December 31, 2022	$	477,287	6,976,931	86,166	495	7,540,879
Depreciation and impairment loss:						
Balance as of January 1, 2023	$	56,971	3,252,108	62,495	28	3,371,602
Depreciation for the period		27,486	1,258,936	21,836	165	1,308,423
Reductions		(2,631)	(317,577)	(65,957)	-	(386,165)
Effect of movements in exchange rate		21,163	(17,086)	2,537	-	6,614
Balance as of December 31, 2023	$	102,989	4,176,381	20,911	193	4,300,474
Balance as of January 1, 2022	$	38,248	2,409,923	30,441	338	2,478,950
Depreciation for the period		18,178	1,135,239	27,863	158	1,181,438
Reductions		(3,188)	(515,931)	-	(468)	(519,587)
Disposal		(704)	-	-	-	(704)
Effect of movements in exchange rate		4,437	222,877	4,191	-	231,505

Balance as of December 31, 2022	$ 56,971	3,252,108	62,495	28	3,371,602

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Carrying amount:					
Balance as of December 31, 2023	$ 1,016,533	2,801,012	1,980	302	3,819,827
Balance as of January 1, 2022	$ 402,918	2,977,009	47,223	130	3,427,280
Balance as of December 31, 2022	$ 420,316	3,724,823	23,671	467	4,169,277

(k) Investment property

Investment property comprises factories that are leased to third parties under operating leases, as well as properties that are owned by the Group. The rent income of the leases of investment properties is fixed.

	Land and land improvement	Buildings	Total
Cost or deemed cost:			
Balance as of January 1, 2023	$ 124,215	42,372	166,587
Balance as of December 31,2023	$ 124,215	42,372	166,587
Balance as of January 1, 2022	$ 124,215	42,372	166,587
Balance as of December 31,2022	$ 124,215	42,372	166,587
Depreciation and impairment loss:			
Balance as of January 1, 2023	$ 71,551	26,229	97,780
Depreciation for the year	-	730	730
Balance as of December 31,2023	$ 71,551	26,959	98,510
Balance as of January 1, 2022	$ 71,551	25,499	97,050
Depreciation for the year	-	730	730
Balance as of December 31,2022	$ 71,551	26,229	97,780
Carrying amount:			
Balance as of December 31,2023	$ 52,664	15,413	68,077
Balance as of January 1, 2022	$ 52,664	16,873	69,537
Balance as of December 31,2022	$ 52,664	16,143	68,807
Fair Value:			
Balance as of December 31,2023			$ 121,168

QUANTA COMPUTER INC. AND SUBSIDIARIES
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FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Balance as of December 31,2022					$ 109,274

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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As of December 31, 2023 and 2022, the fair value of the investment property was based on the market value acquired in active market and on the reacquiring or reconstructing costs of the properties on the value date, after deducting the accumulated depreciation and other deductible items. The condition, economics, and functions of the properties were also considered when evaluating the fair value.

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

(l) Intangible assets

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

	Goodwill	Software and trademark	Total
Cost:			
Balance as of January 1, 2023	$ 407,292	4,194,218	4,601,510
Acquisition	-	427,685	427,685
Disposal and obsolescence	-	(125,049)	(125,049)
Reclassification and effect of movement in exchange rate	-	(1,588)	(1,588)
Balance as of December 31,2023	**$ 407,292**	**4,495,266**	**4,902,558**
Balance as of January 1, 2022	$ 407,292	3,535,370	3,942,662
Acquisition	-	410,766	410,766
Disposal and obsolescence	-	(16,778)	(16,778)
Reclassification and effect of movement in exchange rate	-	264,860	264,860
Balance as of December 31,2022	**$ 407,292**	**4,194,218**	**4,601,510**
Amortization and impairment loss:			
Balance as of January 1, 2023	$ -	3,732,433	3,732,433
Amortization	-	388,451	388,451
Impairment loss	407,292	-	407,292
Disposal and obsolescence	-	(125,049)	(125,049)
Reclassification and effect of movement in exchange rate	-	(6,061)	(6,061)
Balance as of December 31,2023	**$ 407,292**	**3,989,774**	**4,397,066**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	Goodwill	Software and trademark	Total
Balance as of January 1, 2022	$ -	3,134,305	3,134,305
Amortization	-	382,449	382,449
Disposal and obsolescence	-	(16,761)	(16,761)
Reclassification and effect of movement in exchange rate	-	232,440	232,440
Balance as of December 31,2022	$ -	3,732,433	3,732,433
Carrying amount:			
Balance as of December 31, 2023	$ -	505,492	505,492
Balance as of January 1, 2022	$ 407,292	401,065	808,357
Balance as of December 31, 2022	$ 407,292	461,785	869,077

1.Amortization

The amortization of intangible assets for the years ended December 31, 2023 and 2022 are included in the statement of comprehensive income in the following accounts:

	For the Years Ended December 31, 2023	2022
Operating expenses	$ 388,451	382,449

2.Impairment testing for cash-generating units (including goodwill)

The aggregate carrying amount of goodwill allocated to each cash-generating unit (CGU) were as follows:

	December 31, 2023	December 31, 2022
Satellite navigation	$ -	407,292

Goodwill of the Group is tested for impairment at least once a year at the reporting date. The value-in-use calculation uses cash flow projections.

Based on the value-in-use calculation using cash flow projections, the Group recognized the goodwill impairment loss of satellite navigation amounted to $407,292 for the year ended December 31, 2023.

(m) Short-term borrowings

	December 31, 2023	December 31, 2022
Credit loan	$ 156,978,475	204,712,153
Range of interest rates	2.10%~6.30%	1.58%~5.47%

	Goodwill	Software and trademark	Total

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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The Group’s interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

The Group has agreements with different financial institutions to offset its financial assets and liabilities. The following table lists the netting information of these financial assets and liabilities as of December 31, 2023 and 2022:

December 31, 2023			
Property	**Financial assets/ liabilities recognized**	**Financial assets/ liabilities offset in the statement of financial position**	**Net financial assets/ liabilities reported in the statement of financial position**
Bank deposits / Bank borrowings	$ 183,844,234	183,844,234	-

December 31, 2022			
Property	**Financial assets/ liabilities recognized**	**Financial assets/ liabilities offset in the statement of financial position**	**Net financial assets/ liabilities reported in the statement of financial position**
Bank deposits / Bank borrowings	$ 230,279,975	230,279,975	-

(n) Long-term borrowings

	Amount			
Names of financial institution	**Non-current portion**	**Current portion**	**Total**	**Collateral or Guarantee**
December 31, 2023				
Syndicated agreement with Taipei Fubon Bank and other 21 participating banks (viii)	$ 3,224,025	-	3,224,025	None
National development agreement with TaiShin International Bank (ii)	531,250	375,000	906,250	None
National development agreement with Mega International Commercial Bank (iii)	477,551	318,367	795,918	None
National development agreement with Taipei Fubon Bank (iv)	572,917	375,000	947,917	None
National development agreement with E.Sun Commercial Bank (v)	750,000	500,000	1,250,000	None
National development agreement with CTBC Bank (vi)	375,000	250,000	625,000	None
Total	$ 5,930,743	1,818,367	7,749,110	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Names of financial institution	Amount: Non-current portion	Amount: Current portion	Amount: Total	Collateral or Guarantee
December 31, 2022				
Syndicated agreement with Mizuho Bank and other 19 participating banks (i)	$ -	16,429,850	16,429,850	None
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (vii)	-	26,564,150	26,564,150	None
National development agreement with TaiShin International Bank (ii)	906,250	375,000	1,281,250	None
National development agreement with Mega International Commercial Bank (iii)	795,918	318,367	1,114,285	None
National development agreement with Taipei Fubon Bank (iv)	947,917	375,000	1,322,917	None
National development agreement with E.Sun Commercial Bank (v)	1,250,000	500,000	1,750,000	None
National development agreement with CTBC Bank (vi)	625,000	250,000	875,000	None
Total	$ 4,525,085	44,812,367	49,337,452	

(i) Effective July 2018, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mizuho Bank and other 19 participating financial institutions. The agreement included two trenches, A and B. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD560,000 thousand. In trench B, the term facility and revolving facility available amounted to USD320,000 thousand and the agreement amounted to USD880,000 thousand for a period of 3 years. The borrowing duration is allowed to extend for 2 years with Mizuho Bank and other 19 participating financial institutions in July, 2021. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD596,000 thousand. In trench B, the term facility and revolving facility available amounted to USD284,000 thousand. The loan bears floating interest rates. According to the agreements, the Company takes joint and several liabilities for QIL’ s repayments. The loan was settled upon maturity.

(ii) Effective June 2019, the Company entered into credit agreement with TaiShin International Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

(iii) Effective June 2019, the Company entered into credit agreement with Mega International Commercial Bank. The loan facility of agreement amounted to $1,300,000 with floating interest rates for a period of 7 years. The agreement started on June 19, 2019.

(iv) Effective June 2019, the Company entered into credit agreement with Taipei Fubon Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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(v) Effective June 2019, the Company entered into credit agreement with E.Sun Commercial Bank. The loan facility of agreement amounted to $2,000,000 with floating interest rates for a period of 7 years. The agreement started on July 3, 2019.

(vi) Effective June 2019, the Company entered into credit agreement with CTBC Bank. The loan facility of agreement amounted to $1,000,000 with floating interest rates for a period of 7 years. The agreement started on July 4, 2019.

(vii) Effective October 2020, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mega International Commercial Bank and other 17 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD1,200,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is extended for 2 years with Mega International Commercial Bank and other 17 participating financial institutions in November 2023. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.

(viii) Effective August 2023, the Company and its subsidiary, QIL, entered into syndicated credit agreements with Taiwan Fubon Bank and other 21 participating financial institutions. The agreements included two trenches, A and B. In trench A, the term facility and revolving facility available to the company amounted to USD1,000,000 thousand. In trench B, the term facility and revolving facility available to QIL amounted to USD500,000 thousand. The agreement amounted to USD1,500,000 thousand with floating interest rate for a period of 3 years. The borrowing duration is allowed to be extended for 2 years, but the extension is limited to one time only. According to the agreements, the Company takes joint and several liabilities for QIL’s repayments.

(ix) Under these agreements, the Company shall adhere to certain financial provisions such as consolidated current ratios, leverage ratios, interest coverage ratios and tangible net worth at the end dates of the semi-annual and the annual accounting periods (June 30 and December 31). Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2023, the Company was in compliance with the above financial covenants.

(x) The interest rates for all aforementioned credit facilities were 0.5950%~6.1158% and 0.4700%~5.7918% as of December 31, 2023 and 2022, respectively.

(xi) The Group’s currency risk, interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

(o) Lease liabilities

The carrying amount of the Group’s lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 1,151,455	1,172,558
Non-current	$ 1,871,183	2,762,001

For the maturity analysis, please refer to Note (6)(x).

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The amounts recognized in profit or loss were as follows:

	For the Years Ended December 31,	
	2023	2022
Interests expenses on lease liabilities	$ 83,421	78,703
Variable lease payments not included in the measurement of lease liabilities	$ 351,289	198,263
Expenses relating to short-term leases	$ 393,321	445,927

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Years Ended December 31,	
	2023	2022
Total cash outflow for leases	$ 2,667,688	1,893,577

1. Land and Building leases

The Group leases land and buildings for its office space, warehouse and staff dormitory. The leases typically run for a period of 1 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other leases

The Group leases machinery and office equipment, which are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

1.Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	$ 1,624,794	1,848,833
Fair value of plan assets	(1,327,283)	(1,323,537)
Recognized liabilities for defined benefit obligations	$ 297,511	525,296

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

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1) Composition of plan assets

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

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $1,327,283 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2023	2022
Defined benefit obligation at January 1	$ 1,848,833	1,926,852
Current service costs and interest	34,251	24,655
Remeasurement on the net defined benefit liabilities		
－Actuarial gains arising from experience adjustments	(38,787)	48,395
－Actuarial losses arising from changes in population assumption	314	266
－Actuarial losses arising from changes in financial assumptions	(165,802)	(112,982)
Benefit paid	(50,467)	(34,871)
Past service costs and settlement gains	(3,548)	(3,482)
Defined benefit obligation at December 31	$ 1,624,794	1,848,833

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the Years Ended December 31,		
		2023	2022
Fair value of plan assets at January 1	$	1,323,537	1,272,980
Interest income		16,844	8,809
Remeasurement on the net defined benefit liabilities			
—Return on plan assets (excluding current interest)		11,092	99,492
Contribution made		29,279	28,141
Benefit paid		(50,467)	(34,871)
Payment for the curtailment of plan assets		(3,002)	(1,562)
Settlement of plan assets		-	(49,452)
Fair value of plan assets at December 31	**$**	**1,327,283**	**1,323,537**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the Years Ended December 31,		
		2023	2022
Current service costs	$	10,786	11,367
Net interest of net defined benefit liabilities		6,621	4,479
Past service credit and settlement gains		(546)	(1,920)
	$	**16,861**	**13,926**
Operating costs	$	2,120	1,667
Selling expenses		450	737
General and administrative expenses		8,973	5,904
Research and development expenses		5,318	5,618
	$	**16,861**	**13,926**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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5) Actuarial assumptions

The following are the Group's principal actuarial assumptions of present value of defined benefit obligations:

	For the Years Ended December 31,	
	2023	**2022**
Discount rate	1.20%~1.60%	1.25%~1.55%
Future salary increases rate	2.61%~3.00%	2.50%~3.80%

The Group will pay the defined benefit plans amounting to $29,086 within one year after the reporting date in 2023.

The weighted average duration of the defined benefit obligation is 8~28 years.

6) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2023		
Discount rate	$ (35,618)	36,849
Future salary increasing rate	36,244	(35,221)
December 31, 2022		
Discount rate	$ (44,248)	45,870
Future salary increasing rate	44,637	(43,304)

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

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

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2.Defined contribution plans

The Group's Taiwan subsidiaries allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were $604,429 and $585,360 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of the Labor Insurance.

3.The Group's pension expenses of foreign subsidiaries companies in accordance with local laws and regulations were $2,669,120 and $3,442,007 for the years ended December 31, 2023 and 2022, respectively.

(q) Income taxes

1.Income tax expense

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

	For the Years Ended December 31,	
	2023	2022
Current tax expense		
Current period	$ 9,690,758	12,381,071
Adjustment for prior period	(1,285,899)	372,890
	8,404,859	12,753,961
Deferred tax expense (income)		
Origination and reversal of temporary differences	2,838,027	(1,696,030)
Income tax expense from continuing operations	**$ 11,242,886**	**11,057,931**

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

	For the Years Ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ (43,073)**	**(32,002)**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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	For the Years Ended December 31, 2023	2022
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ 20	(44)

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

	For the Years Ended December 31, 2023	2022
Profit before tax	$ 51,731,472	40,780,600
Income tax using the Company' s domestic tax rate	$ 14,706,413	11,009,628
Overseas withholding tax	(117,811)	-
Adjustment in tax rate	8,475	-
Permanent differences	(76,675)	(80,818)
Tax-exempt income	(77,342)	(101,381)
Research and development tax incentives	(685,849)	(746,590)
Changes in temporary differences	(1,622,713)	201,619
Prior year income tax adjustment	(1,285,899)	372,890
Additional income tax on unappropriated earnings	399,976	409,770
Income basic tax	536	-
Investment tax credit	(6,225)	(7,187)
Total	$ 11,242,886	11,057,931

2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized were as follows:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 2,424,030	3,840,726
Tax losses	1,131,742	1,305,201
	$ 3,555,772	5,145,927

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Estimated contract liabilities	Unrealized gross profit from sales	Unrealized losses on inventories	Other unrealized losses and expense	Total
Deferred tax assets：					
Balance as of January 1, 2023	$ 2,271,043	1,687,706	910,858	2,628,091	7,497,698
Recognized in profit or loss	466,073	(1,481,937)	(120,908)	198,464	(938,308)
Recognized in other comprehensive income	-	-	-	(43,053)	(43,053)
Effect in exchange rate	(51)	-	(12)	(3,939)	(4,002)
Balance as of December 31,2023	$ 2,737,065	205,769	789,938	2,779,563	6,512,335
Balance as of January 1, 2022	$ 2,166,248	1,086,061	449,214	1,914,400	5,615,923
Recognized in profit or loss	92,333	601,645	458,935	742,692	1,895,605
Recognized in other comprehensive income	-	-	-	(32,046)	(32,046)
Effect in exchange rate	12,462	-	2,709	3,045	18,216
Balance as of December 31,2022	$ 2,271,043	1,687,706	910,858	2,628,091	7,497,698

	Unrealized gains on investment	Others	Total
Deferred tax liabilities：			
Balance as of January 1, 2023	$ 3,106,937	5,249	3,112,186
Recognized in profit or loss	1,696,595	203,124	1,899,719
Effect in exchange rate	2,098	(3,846)	(1,748)
Balance as of December 31,2023	$ 4,805,630	204,527	5,010,157
Balance as of January 1, 2022	$ 2,890,759	9,480	2,900,239
Recognized in profit or loss	204,668	(5,093)	199,575
Effect in exchange rate	11,510	862	12,372
Balance as of December 31,2022	$ 3,106,937	5,249	3,112,186

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

3.As of December 31, 2023, the Group's unused prior years loss carry-forward and the expiry years of the loss carry-forward were as follows:

Year of loss	Unused amount	Year of expiry
2016	$ 173,682	2026
2017	231,449	2027
2018	56,899	2028
2019	763,484	2024~2029
2020	1,225,439	2025~2030
2021	1,416,623	2026~2031
2022	719,478	2027~2032
2023	354,949	2028~2033
	$ 4,942,003	

4.The tax returns assessment and approval

The Company's tax returns through 2021 have been assessed and approved by the Tax Authority.

(r) Share capital and other equity

1.Share capital

As of December 31, 2023 and 2022, the Company's authorized capital consisted of $46,000,000 and issued shares amounted to 3,862,627 thousand shares, with par value of $10 (NT dollars) per share.

Reconciliations of shares outstanding for 2023 and 2022 were as follows：

	Common Stock For the Years Ended December 31, 2023 (thousand)	Common Stock For the Years Ended December 31, 2022 (thousand)
Balance as of January 1	3,862,627	3,862,627
Balance as of December 31	3,862,627	3,862,627

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

2.Capital surplus

The details of capital surplus were as follows:

		December 31, 2023	December 31, 2022
Surplus from issuing shares in excess of par value:			
Additional paid-in capital arising from issuing shares	$	5,832,239	5,832,239
Additional paid-in capital arising from bond conversion		7,017,671	7,017,671
Additional paid-in capital arising from treasury stock transactions		339,971	322,085
Additional paid-in capital arising from employee share options		961,566	961,566
Donated assets received		44	44
The movement of net stockholders of associates and joint ventures entity for using equity method		143,340	90,545
	$	14,294,831	14,224,150

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

3.Retained earnings

The amendments to the Company's Articles of Incorporation had been approved by the general shareholders meeting held on June 17, 2022, wherein Article 27-2 stipulated that the Company's earnings distribution or loss off-setting may be made after the end of each half of the fiscal year in accordance with Article 228-1 of the Company Act. Earnings distributed in the form of cash shall be approved by the Board of Directors.

According to the amended Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches its paid-in capital. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed in accordance with the relevant laws or regulations, or as outlined by the Articles of Incorporation.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The 2023 earnings to be appropriated were resolved by the Board of Directors as follows:

	The date the resolution was approved by the Board of Directors	Dividend per share (NTD)－cash	Amount
Dividends distributed to ordinary shareholders			
The first half of 2023	August 11, 2023	$ -	-
The second half of 2023	March 15, 2024	9.00	34,763,647
Total			$ 34,763,647

The 2022 earnings to be appropriated were resolved by the Board of Directors as follows:

	The date the resolution was approved by the Board of Directors	Dividend per share (NTD)－cash	Amount
Dividends distributed to ordinary shareholders			
The first half of 2022	August 12, 2022	$ -	-
The second half of 2022	March 15, 2023	6.00	23,175,765
Total			$ 23,175,765

During the shareholder's meeting on June 17, 2022, the shareholders approved to distribute the 2021 earnings, as follows:

	For the Years Ended December 31, 2021	
	Dividend per share (NTD)	Amount
Dividends distributed to ordinary shareholders		
Cash	$ 6.60	25,493,341

4.Treasury stock

The Company' s shares held by its subsidiaries were as follows:

	December 31, 2023		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	1,820,445

	December 31, 2022		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	586,272

5.Other equity after tax

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$ 6,464,433	(8,586,298)	(2,121,865)
Exchange differences on translation of foreign financial statement	(778,243)	-	(778,243)
Exchange differences on associates accounted for using equity method	(407)	-	(407)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	1,084,259	1,084,259
Disposal of investments measured at fair value through other comprehensive income	-	32,800	32,800
Balance as of December 31, 2023	$ 5,685,783	(7,469,239)	(1,783,456)

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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		Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$	(1,775,651)	(4,615,820)	(6,391,471)
Exchange differences on translation of foreign financial statement		8,239,796	-	8,239,796
Exchange differences on associates accounted for using equity method		288	-	288
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(3,816,101)	(3,816,101)
Disposal of investments measured at fair value through other comprehensive income		-	(154,377)	(154,377)
Balance as of December 31, 2022	$	6,464,433	(8,586,298)	(2,121,865)

6.Non-controlling interests after tax

		For the Years Ended December 31,	
		2023	2022
Balance as of January 1	$	7,365,327	6,987,973
Shares attributed to non-controlling interests			
Net profit		812,192	765,203
Exchange differences on translation of foreign financial assets		(19,379)	164,014
Actuarial gains from defined benefit plans		232	2,653
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		77,788	(19,197)
Changes of ownership in subsidiaries		55,559	-
Changes in non-controlling interests		(606,514)	(535,373)
Others		10	54
Balance as of December 31	$	7,685,215	7,365,327

(s) Share-based payment

QSI' s subsidiary, TRI, resolved to issue 3,000 thousand shares of employee stock options during the Board of Directors meeting held on August 29, 2023. The employee stock options have been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. The resolution was approved during the Board of Directors meeting held on October 25, 2023, to issue the employee stock options in installments. As of December 31, 2023, the share-based payment transactions of the Group were as follows:

	Equity-settled
	Employee stock options
Grant date	November 1, 2023
Number of shares granted (In thousands of shares)	1,824
Contract term	27 months
Vesting conditions	Two years after the employee stock options were issued to the employees, the stock option holders may exercise in part or in full of the stock option rights within 3 months from the next day of the expiration period. Failure to exercise the stock option rights within the expiration period will be deemed to give up the stock option rights.

1.Determining the fair value of equity instruments granted

QSI' s subsidiary, TRI, used Black-Scholes-option valuation model to estimate the fair value of the share-based payment at the grant date. The inputs to the model were as follows:

	2023
	Employee stock options
Fair value at grant date	1.4073
Exercise price	$60
Expected volatility (%)	15.875%
Expected life (years)	27 months

Risk-free interest rate (%)	1.0498%

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2.Expense recognized in profit or loss

QSI' s subsidiary, TRI, incurred expenses of share-based payment in 2023 as follows:

	2023
Expenses resulting from employee stock options	$ 164

(t) Earnings per share

For the years ended December 31, 2023 and 2022, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attribute to ordinary shareholders of the Company	$ 39,676,394	28,957,466

Unit：thousand shares

	For the Years Ended December 31,	
	2023	2022
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519

2.Diluted earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attribute to ordinary shareholders of the Company	$ 39,676,394	28,957,466

Unit：thousand shares

	For the Years Ended December 31,	
	2023	2022
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519
Effect of employee stock compensation	24,813	48,818
Weighted average number of ordinary shares (diluted)	3,879,332	3,903,337

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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(u) Revenue from contracts with customer

1.Disaggregation of Revenue

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Primary geographical markets:		
America	$ 620,480,302	681,353,986
Mainland China	100,707,596	115,868,118
Netherlands	44,218,210	79,404,677
Japan	54,019,965	60,544,886
Other countries	266,184,979	343,257,645
	$ 1,085,611,052	1,280,429,312
Major products:		
Electronic products	$ 1,081,733,676	1,275,258,755
Other products	3,877,376	5,170,557
	$ 1,085,611,052	1,280,429,312

2.Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 80,743,437	85,844,572	55,638,205

For details on trade receivables and allowance for impairment, please refer to Note (6)(e).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $44,924,296 and $25,450,998, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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(v) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $3,887,479 and $3,002,714, and directors' remuneration for both years amounting to $14,000. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The amount of employees' remuneration and directors' remuneration stated in the consolidated financial statements were identical to that of the actual distribution for 2022. The amount of employees' remuneration and directors' remuneration resolved by the Board of Directors were identical to that of the estimation stated in the financial statements for 2023. The information is available on the Market Observation Post System website.

(w) Non-operating income and expenses

1.Interest income

The details of interest income were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest income from bank deposits	$ 10,540,174	4,979,248
Others interest income	80,068	38,919
Total interest income	$ 10,620,242	5,018,167

2.Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2023	2022
Dividend income	$ 372,507	519,418

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3.Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2023	**2022**
(Loss) gain on disposal of property, plant and equipment	$ (190,655)	322,223
Gain on disposal of investment and financial liabilities	215,747	-
Foreign exchange gain	5,770,189	6,672,798
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	265,142	(150,846)
Impairment loss on non-financial assets		(27,488)
Impairment loss on property, plant and equipment	(250,112)	(2,569)
Impairment loss on intangible assets	(407,292)	-
Loss on sale of receivables	(157,796)	(379,290)
Others	903,554	2,086,868
Net	$ 6,148,777	8,521,696

4.Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Interest expenses	$ 8,915,024	4,370,078

(x) Financial instruments

1.Credit risks

1) Credit risks exposure

The carrying amount of financial assets represented the maximum credit risk exposure of the Group. As of December 31, 2023 and 2022, the maximum exposure to credit risks amounted to $489,357,869 and $508,471,466 respectively.

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2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2023							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 164,727,585	166,137,851	154,741,786	4,921,862	1,834,596	4,639,607	-
Payables	223,972,270	223,972,270	223,153,622	570,534	248,114	-	-
Lease liabilities	3,022,638	3,132,382	636,133	568,649	1,390,928	515,400	21,272
Derivative financial liabilities							
Other forward foreign exchange contract:							
Outflow	26,496	26,496	26,496	-	-	-	-
Inflow	(22,693)	(22,693)	(22,693)	-	-	-	-
	$ 391,726,296	393,246,306	378,535,344	6,061,045	3,473,638	5,155,007	21,272
December 31, 2022							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 254,049,605	257,146,621	200,139,868	52,433,930	1,831,183	2,741,640	-
Payables	272,147,469	272,147,469	271,851,631	100,419	195,419	-	-
Lease liabilities	3,934,559	4,096,858	601,412	639,819	1,747,391	1,039,130	69,106
	$ 530,131,633	533,390,948	472,592,911	53,174,168	3,773,993	3,780,770	69,106

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

3.Currency risks

1) Exposure to foreign currency risks

			December 31, 2023	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (NTD)
Financial assets				
Monetary items				
NTD	30.705	USD	$ 10,090,628	309,831,062
NTD	33.980	EUR	68,235	2,318,624
USD	0.141	CNY	4,665,859	20,314,187
Financial liabilities				
Monetary items				
NTD	30.705	USD	6,351,682	194,824,466
NTD	33.980	EUR	83,699	2,806,748
USD	0.141	CNY	4,901,210	21,247,779

			December 31, 2022	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (NTD)
Financial assets				
Monetary items				
NTD	30.710	USD	$ 13,479,413	413,952,331
NTD	0.232	JPY	4,662,106	1,083,473
NTD	32.720	EUR	235,768	7,714,322
USD	0.001	KRW	32,935,782	798,120
USD	0.007	JPY	4,329,308	994,280
USD	0.144	CNY	5,645,284	24,892,554

			December 31, 2022	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (NTD)**
Financial liabilities				
Monetary items				
NTD	30.710	USD	9,206,386	282,266,553
NTD	0.232	JPY	1,664,570	386,846
NTD	32.720	EUR	131,080	4,253,868
USD	0.007	JPY	3,375,817	774,163
USD	0.144	CNY	6,761,177	29,813,021
USD	0.029	THB	3,438,255	3,055,019

2) Sensitivity analysis

The Group’s foreign exchange exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. Assuming other variables remain the same, a 1% depreciation or appreciation of the NTD against foreign currency for the years ended December 31, 2023 and 2022, would have increased or decreased the net profit after tax by \$908,679 and \$1,031,085, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$5,770,189 and \$6,672,798, respectively.

4.Interest rate analysis

Please refer to the notes on liquidity risk management and the Group’s interest rate exposure to its financial assets and liabilities.

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

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If the interest rate increases or decreases by 0.25% (25 basis points), the Group’ s net income would have decreased or increased by $1,042 and $297,200 for the years ended December 31, 2023 and 2022, due to the Group’ s bank time deposits and borrowings at variable rates. This analysis assumes that all other variables remain constant.

5.Other price risks

If the equity price changes, and it is based on the same basis for both years and assumes that all other variables remain the same, the impact to comprehensive income will be as follows:

	For the Years Ended December 31,				
	2023			2022	
Equity price on the reporting date		**Other comprehensive income after-tax**	**Profit (loss) after-tax**	**Other comprehensive income after-tax**	**Profit (loss) after-tax**
Stock－Increase 7%	$	686,537	43,092	604,110	31,920
Stock－Decrease 7%	$	(686,537)	(43,092)	(604,110)	(31,920)
Beneficiary certificates －Increase 1%	$	-	355,948	-	47,196
Beneficiary certificates －Decrease1%	$	-	(355,948)	-	(47,196)

6.Fair value information

1) The categories and fair values of financial instruments

The measurement basis of the financial assets and liabilities at fair value through profit or loss and the financial assets at fair value through other comprehensive income is repetitive. The carrying amount and fair value of the Group’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 36,210,435	34,631,261	-	1,579,174	36,210,435
Financial assets at fair value through other comprehensive income					
Public quoted equity	7,649,102	7,649,102	-	-	7,649,102
Private equity	2,158,563	-	-	2,158,563	2,158,563
Accounts receivable	59,984,273	-	-	-	-
Sub-total	69,791,938	7,649,102	-	2,158,563	9,807,665
Financial assets measured at amortized cost					
Cash and cash equivalents	177,234,068	-	-	-	-
Debt commodity investments	476,224	-	533,765	-	533,765
Accounts receivable	199,923,064	-	-	-	-
Other receivables	2,168,363	-	-	-	-
Other financial assets	3,553,777	-	-	-	-
Sub-total	383,355,496	-	533,765	-	533,765
Total	$ 489,357,869	42,280,363	533,765	3,737,737	46,551,865
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	$ 3,803	-	3,803	-	3,803
Financial liabilities measured at amortized cost					
Short-term borrowings	156,978,475	-	-	-	-
Accounts payable and other payables	213,860,797	-	-	-	-
Long-term borrowings	7,749,110	-	-	-	-
Other financial liabilities	10,111,473	-	-	-	-
Lease liabilities	3,022,638	-	-	-	-
Sub-total	391,722,493	-	-	-	-
Total	$ 391,726,296	-	3,803	-	3,803

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 5,176,839	4,087,580	1,237	1,088,022	5,176,839
Financial assets at fair value through other comprehensive income					
Public quoted equity	6,376,470	6,376,470	-	-	6,376,470
Private equity	2,253,678	-	-	2,253,678	2,253,678
Accounts receivable	60,569,476	-	-	-	-
Sub-total	69,199,624	6,376,470	-	2,253,678	8,630,148
Financial assets measured at amortized cost					
Cash and cash equivalents	204,637,294	-	-	-	-
Accounts receivable	223,422,340	-	-	-	-
Other receivables	1,509,309	-	-	-	-
Other financial assets	4,526,060	-	-	-	-
Sub-total	434,095,003	-	-	-	-
Total	$ 508,471,466	10,464,050	1,237	3,341,700	13,806,987
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 204,712,153	-	-	-	-
Accounts payable and other payables	261,891,903	-	-	-	-
Long-term borrowings	49,337,452	-	-	-	-
Other financial liabilities	10,255,566	-	-	-	-
Lease liabilities	3,934,559	-	-	-	-
Total	$ 530,131,633	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

h. A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

i. B. Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

j. A. Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on quoted market price. The quotation, which is published by the main exchange center, is included in the fair value of the listed securities instruments.

The Group holds the financial instruments with the active market, the categories and characteristics of fair value are listed as follow:

Certificates-open-end mutual funds, stocks of public quoted companies and debt investments with quoted market price are the financial instruments with standard terms and conditions and traded in an active market. These fair values are based on market quoted price.

The Group holds the financial instrument without active market, the categories and characteristics of fair value are listed as follows:

Debt instrument without quoted prices: The discounted cash flow method is used to estimate the fair value. The main assumption for the model is to discount the expected future cash flow by using a discount rate that reflects the time value of money and risks.

Equity instrument without quoted prices: The market price method and the net asset value method are used to estimate the fair value. The market price method uses recent financing activity of investment target or market price of similar financial instrument, including consider market condition, to estimate fair value. The main assumption for the net asset value method is using the net asset value per share as the measuring basis.

k. B. Derivative financial instruments

Forward exchange rate to date is used to estimate the fair value of forward foreign contract.

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4) For the years ended December 31, 2023 and 2022, there were no transferring from Level 1 to Level 2.

5) Changes in level 3 of the fair value

		At fair value through profit or loss	Fair value through other comprehensive income
		Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments
Balance as of January 1, 2023	$	1,088,022	2,253,678
Total gains and losses recognized			
In profit or loss		(46,683)	-
In other comprehensive income (loss)		-	(71,860)
Reclassification and effect of movements in exchange rate		(4)	-
Acquisition		538,629	-
Disposal / Redemption		(790)	(23,255)
Balance as of December 31, 2023	$	1,579,174	2,158,563
Balance as of January 1, 2022	$	843,110	1,880,508
Total gains and losses recognized			
In profit or loss		(31,192)	-
In other comprehensive income		-	152,241
Reclassification and effect of movements in exchange rate		78	14,666
Acquisition		276,026	378,712
Disposal / Redemption		-	(172,449)
Balance as of December 31, 2022	$	1,088,022	2,253,678

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

		For the Years Ended December 31, 2023	2022
Total gains and losses recognized			
In profit or loss (accounted as "other gains and losses")	$	(46,683)	(31,192)
In other comprehensive income (loss) (accounted as "unrealized gains and losses from financial assets at fair value through other comprehensive income")		(71,860)	235,898

6) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income-equity investments.

Quantified information of significant unobservable inputs were as follows:

Item	**Valuation techniques**	**Significant non-observable inputs**	**The relationship between significant Non-observable inputs and fair values**
Financial assets at fair value through profit or loss-equity instruments without active market	Net asset value method	• Net asset value	• The estimated fair value would increase if the net asset value were higher.
Financial assets at fair value through other comprehensive income-equity instruments without active market	Net asset value method	• Net asset value	• The estimated fair value would increase if the net asset value were higher.

(y) Financial risk management

1.Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the report.

2.Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Group-wide risk management policy and related systems and controls.

The Group’ s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’ s Board of Directors oversees how management monitors compliance with the Group’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3.Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group. As of reporting date, the potential loss due to unfulfilled obligations of the counterparty and financial guarantee provided by the Group is mainly from:

1) The carrying amount of financial assets recognized in the consolidated balance sheet.

2) The amount of liabilities as a result from the Group providing financial guarantee.

Credit risk is the risk of financial losses due to clients or counter parties to a financial instrument fail to comply their contractual obligations. The primary potential credit risk is from financial instruments like cash and accounts receivables. The Group only transacts with creditworthy financial institutions and by monitoring and managing credit risk exposure related to each financial institution. Therefore, the Group believes that there is no significant credit risk on cash.

If the financial instrument transactions concentrates on one counterparty, or on a few counterparties who involve in similar business activities, have similar economical characteristics, and the ability to meet their contractual obligations would be affected during similar economical or other situations, the circumstance of credit risk concentration exists. The Group has built a procedure of risk valuation and managing to monitor the credit risks of clients regularly.

For the years ended December 31, 2023 and 2022, the Group's three largest customers accounted for 61.93% and 65.32% of revenue, respectively. The Group believes that the concentration of credit risk is insignificant for the remaining revenue.

The Group's policy is to provide financial guarantees only to subsidiaries. Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2023.

4.Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

5.Market risk

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

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and Shareholders with the supervision of Internal Audit Department. Information concerning all market risks of the Group was as follows:

1) Currency risk

The Group is exposed to the currency risks arising from changes in foreign exchange rates, and utilizes some bank debts and derivative financial instruments to reduce the related risks. Vitality in profit or loss arising from changes in foreign exchange rates of foreign currency assets and liabilities can be naturally hedged. Transaction of derivatives can help the Group to reduce the effects partially.

The Group monitors respective exposure parts of foreign currency assets and liabilities periodically, and hedge the exposed parts with derivatives.

2) Interest rate risk

The Group's interest rate risk arises mainly from the short-term and long-term bank borrowings bearing floating interest rates and bank deposits. Future cash flow will be affected by a change in effective interest rate.

3) Please refer to Note (6)(x) for the risk of price changing in equity instrument.

(z) Capital Management

The Board of Director's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Board of Directors may adjust the dividend payment to the shareholers, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltiies.

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The Board of Directors uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest. The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 496,227,719	639,604,743
Less: cash and cash equivalents	(177,234,068)	(204,637,294)
Net liabilities	$ 318,993,651	434,967,449
Total equity	$ 193,892,326	176,523,457
Debt-to-equity ratio	164.52%	246.41%

The debt-to-equity ratio was reduced on December 31, 2023, due to the net decrease in loans resulting in a net decrease in liabilities.

(aa) Financing activities not affecting current cash flow

For the years ended December 31, 2023 and 2022, the Group’s financing activities which did not affect the current cash flow were acquisition of right-of-use assets from leasing. Please refer to Note (6)(j).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	December 31, 2023
Long-term borrowings	$ 49,337,452	(41,138,156)	-	(450,186)	7,749,110
Short-term borrowings	204,712,153	(47,522,180)	-	(211,498)	156,978,475
Lease liabilities	3,934,559	(1,855,454)	958,330	(14,797)	3,022,638
Total liabilities from financing activities	$ 257,984,164	(90,515,790)	958,330	(676,481)	167,750,223

	January 1, 2022	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	December 31, 2022
Long-term borrowings	$ 23,631,200	24,292,750	-	1,413,502	49,337,452
Short-term borrowings	165,630,981	34,188,396	-	4,892,776	204,712,153
Lease liabilities	3,203,054	(1,171,575)	1,587,159	315,921	3,934,559
Total liabilities from financing activities	$ 192,465,235	57,309,571	1,587,159	6,622,199	257,984,164

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Quanta Culture & Education Foundation	Same chairman (other related parties)
Quanta Computer Employee Welfare Committee	Same chairman (other related parties)
Quanta Arts Foundation	Same chairman (other related parties)
Quanta Medical Technology Foundation	Same chairman (other related parties)
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Company's chairman is a member of the council of CNAIC. (other related parties)
SINOCON Industrial Standards Foundation (SINOCON)	The Company's chairman is a member of the council of SINOCON. (other related parties)
Lung Yingtai Cultural Foundation(LYCF)	The Company's chairman is a member of the Board of LYCF. (other related parties)
Institute for Biotechnology and Medicine Industry (IBMI)	The Company's chairman is a member of the council of IBMI. (other related parties)
OMRON Corporation (Note)	The Group's other related parties
Omron Robotics and Safety Technologies, Inc. (Note)	The Group's other related parties
EBN Technology Corporation	An investee company accounted for using equity method (Affiliates)
Guangsheng (Tianjin) Technology Co., Ltd.	An investee company accounted for using equity method (Affiliates)
aetherAI Co., Ltd.	An investee company accounted for using equity method (Affiliates)
LIONS Taiwan Technology Inc.	An investee company accounted for using equity method (Affiliates)

Note : It is an affiliate of Omron Taiwan Electronics Inc., which is a director of the consolidated subsidiary, TRI. Omron Taiwan Electronics Inc. has served as a director of the subsidiary, TRI, since June 2022, and thus listed as a related party.

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(b) Significant transactions with related parties

1.Revenues from related parties

The amounts of significant sales between the Group and related parties were as follows:

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Affiliates	$ 931,353	3,281,787
Other related parties	516,886	304,053
	$ 1,448,239	3,585,840

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

2.Purchases from related parties

The amounts of purchases between the Group and related parties were as follows:

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Affiliates	$ 14	43
Other related parties	-	717
	$ 14	760

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3.Receivables from related parties

Receivables from related parties were as follows:

Account	Category of related party	December 31, 2023	December 31, 2022
Accounts receivable	Affiliates	$ 2,356	177,299
Accounts receivable	Other related parties	78,900	84,930
Other receivables	Other related parties	3,978	2,409
		$ 85,234	264,638

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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4.Payables to related parties

Payables to related parties were as follows:

Account	Category of related party	December 31, 2023	December 31, 2022
Accounts payable	Affiliates	$ -	3
Other payables	Affiliates	1,605	1,833
Other payables	Other related parties	33,763	47,238
		$ 35,368	49,074

5.Unearned revenue

Account	Category of related party	December 31, 2023	December 31, 2022
Contract liabilities	Affiliates	$ 4,449	5,097

6.Transactions of property, plant and equipment

The amounts paid to related party for acquisition of property, plant and equipment were summarized as follows:

	For the Years Ended December 31, 2023	2022
Affiliates	$ -	1,170

7.Others

	For the Years Ended December 31, 2023	2022
Affiliates		
Other income	$ 1,226	634
Other losses	(4,876)	(8,074)
	$ (3,650)	(7,440)
Other related parties		
Rental income	$ 28,047	27,456
Other income	4,672	3,772
Donation expenses	(61,249)	(90,974)
Employee benefits	(460,221)	(595,417)
Other losses	(140)	(1,430)
	$ (488,891)	(656,593)

(c) Transactions with key management personnel

Compensation for key management personnel includes:

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Short-term employee benefits	$ 922,044	764,235
Post-employment benefits	2,879	2,709
	$ 924,923	766,944

(8) Assets Pledged as Security

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

Assets pledged as security	Object	December 31, 2023	December 31, 2022
Pledged time deposits	Customs collateral and deposits for factory lease, etc.	$ 64,018	55,107
Other financial assets-current	Deposits for government project and bid	10,453	-
Guarantee deposits paid	Deposits for office and factory lease, and long-term material purchase contracts, etc.	809,434	743,299
		$ 883,905	798,406

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments：

1.The contractual commitments for the acquisition of property, plant and equipment not recognized by the Group were as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 4,271,421	3,136,767

2.Promissory notes issued as guarantee for purchasing, borrowings, foreign exchange forward contracts and import or export bills advance were as follows:

	December 31, 2023	December 31, 2022
NTD	$ 52,860,000	51,510,000
USD (in thousands)	10,431,650	9,930,784

(b) As of December 31, 2023 and 2022, the guarantee notes received from outsourcing, vendor performance, and construction contracts amounted to $501,389 and $603,076, respectively.

(c) Significant litigation:

1.Litigation 1:

In October 2017, QSI and its subsidary, Quanta Storage America, Inc., received the investigation result from the Court of Justice of the European Union on the first instance antitrust remedy and the fine of EUR 7,146 thousand. QSI filed for an appeal in September 2019. On June 16, 2022, the Court of Final Appeal of the European Union handed down its judgment, which upheld the previous court's decision to impose a fine of EUR 7,146 thousand on QSI and its subsidiary, Quanta Storage America, Inc., and ruled that QSI may claim half of the costs related to the first instance litigation and the full amount of the costs related to the second instance litigation from the European Commission. QSI had recognized the estimated full amount of the fine in 2017, and there is no significant impact on QSI’s finance.

2.Litigation 2:

QSI’s subsidiary, TMT, received a notice from the outsourcing human resources agency in May 2020 regarding contract dispute on human resourcing agreement, demanding for a compensation of THB 6,229 thousand. The court ruled that TMT needed to pay THB 1,300 thousand, which was paid in full in 2022.

3.Litigation 3:

For the purpose of constructing QSI’s headquarters, the Company and QSI have signed a purchase contract for the real estate located at No. 4, Wenming 1st St., Guishan Dist., Taoyuan City on October 19, 2021, wherein QSI had completed the registration and acquired the ownership of the real estate on November 10, 2021. However, after QSI completed the registration of ownership, the property was still occupied by the original lessees, Beautiful Card Corporation and Valid Card Manufacturing Taiwan Limited. Therefore, QSI had appointed an attorney to appeal to the court for the ownership restitution, and demanded for compensatory damage on December 9, 2021. Valid Card Manufacturing Taiwan Limited and Beautiful Card Corporation had reached a settlement with QSI, wherein the agreed settlement fee was paid in full in August 2022 and December 2022, respectively. Beautiful Card Corporation had returned the aforementioned property to QSI in July 2022.

4.Litigation 4:

QSI's subsidiary, TMT, and World Electric (Thailand) Ltd., completed the registration of ownership transfer for Chonburi plant in Thailand in 2021. However, the seller claimed that some of its assets remain stored in the plant after the transfer of ownership. The seller then filed a lawsuit on July 11, 2022, demanding that TMT should pay compensation amounting to THB 9,440 thousand for denying seller's entry to the plant to retrieve its assets. In November 2023, the subsidiary, TMT, received the first instance to pay for the compensatory damage of THB 2,186 thousand. The subsidiary, TMT, has filed for an appeal.

5.Litigation 5:

QSI's subsidiary, TMT, and World Electric (Thailand) Ltd., completed the registration of ownership transfer for Chonburi plant in Thailand in 2021. However, TCL Overseas Marketing Ltd. (TCL), the creditor of World Electric (Thailand) Ltd., filed a lawsuit in March 2023 against TMT, alleging that the registration of ownership transfer infringed its claims against the seller, World Electric (Thailand) Ltd., and demanded for an annulment of the above contract. TCL Overseas Marketing Ltd. withdrew the aforementioned litigation charges and claims from the court in July 2023.

6.Litigation 6:

QMN, a subsidiary of QMI, has received a labor lawsuit and mediation has been held in August 2023. The Group will continue to pay close attention to the development of the incident and evaluate the situation in a timely manner. QMN has therefore appointed an external attorney on this case.

7.Litigation 7:

QMN, a subsidiary of QMI, received a salary lawsuit filed by employees against the company in November 2023. The hearing was scheduled to be held on May 14, 2024. QMN has therefore appointed an external attorney on this case.

The Group will evaluate the reasonableness of recognized expenses during every financial reporting period based on the nature of the case, the expected loss and materiality of the amount, the progress of the case, and the comments of the professional consultants. Also, the Group have made necessary adjustments in a manner deemed appropriate. However, the final amount will not be set until the termination of related cases. Although the Group will actively defend the aforementioned cases which have not yet reconciled and which are still in progress, the potential losses (if any) cannot be calculated accurately at the present time due to the unpredictability nature of legal cases. The Group cannot rule out the possibility that they fail to win or settle all the related cases. The related fines, judgement amounts, or reconciliation might have material negative impact on the business, operations, and prospects of the Group.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

In response to the company's future business growth and operation needs, QSI's Board of Directors resolved to build a new office building on January 5, 2024, for the operation headquarters by self-commissioning. QSI signed a civil engineering contract amounting to $1,018,980 on February 19, 2024.

(12) Others

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

By item \ By function	For the Years Ended December 31, 2023			For the Years Ended December 31, 2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	21,523,443	19,976,960	41,500,403	31,061,573	18,831,195	49,892,768
Labor and health insurance	2,492,564	1,467,427	3,959,991	2,896,535	1,335,380	4,231,915
Pension	2,320,692	969,718	3,290,410	3,144,069	897,224	4,041,293
Others	1,460,127	656,194	2,116,321	3,582,648	820,224	4,402,872
Depreciation	7,982,029	1,819,497	9,801,526	7,089,827	1,432,878	8,522,705
Amortization	1,207,085	428,276	1,635,361	1,145,170	435,101	1,580,271

(13) Other Disclosures

(a) Information on significant transactions

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

1. Fund financing to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short -term financing	Loss allowance	Collateral Name	Collateral Value	Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
0	The Company	QCH	Other receivables	Yes	76,762,500 (USD 2,500,000)	76,762,500 (USD 2,500,000)	55,781,638 (USD 1,816,696)	-	1	329,313,629	Business contact	-		-	186,207,111	186,207,111

Note 1: The numbers denote the following:
1. 0 is issuer.
2. Investees are listed by names and numbered starting with 1.

Note 2: Purpose of fund financing for the borrower:
1. For those companies with business contact, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:
(1) Limitation on the Company's total fund financing amount and individual party
- 1) The Company's cumulative total of fund financing amount (including business contact and short-term financing), cannot exceed its net asset value.
- 2) The cumulative amount of short-term financing cannot exceed 40% of the net asset value on its most recent financial statements. The amount of each fund financing cannot exceed the borrower's double net asset value, and should be calculated in combination with the amount of guarantees and endorsements for those companies. For subsidiaries not within the territory of the ROC that are 100% directly or indirectly owned by the Company, the amount of fund financing is not restricted to this regulation. However, the cumulative amount still cannot exceed 40% of the Company's net asset value. For each applying for loans due to business contact, the fund financing amount is limited to its amount of business contact in current portion. Before proceeding the fund financing application, each application should be assessed carefully in accordance with the regulations of Article 3, paragraph 1, of this operating procedure. If it complies with the requirements, the current and previous amount of financing should be aggregated. If the aggregate amount exceeds the amount limitation of "business contact", the excess amount should be reclassified as "short-term financing", and the fund financing items and amounts should be listed separately when the Board of Directors reports the resolution.

- 3) The net asset value mentioned above refers to total equity attributable to owners of the parent on the balance sheet which is certified by the external accountant.

(2) Limitation on the subsidiaries' total fund financing amount and individual party
- 1) The Company's total fund financing amount cannot exceed four times of its net asset value.
- 2) For those companies with business contact, the amount of each fund financing cannot exceed the trading amount between the two parties. The trading amount means the higher of sales or purchases.
- 3) For those companies with short-term financing needs, the amount of each fund financing cannot exceed two times of the borrower's net asset value, and should be calculated together with guarantees and endorsements for those companies. For foreign companies that are 100% directly or indirectly owned by the Company, or foreign companies that are 100% directly or indirectly owned by the Company leading to the Company, the amount of fund financing is not restricted to above 3 items. However, the amount of each fund financing cannot exceed four times of the Company's net asset value.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 3)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
0	The Company	QIL	2	186,207,111	30,090,900 (USD 980,000)	30,090,900 (USD 980,000)	3,224,025 (USD 105,000)	-	16.16%	186,207,111	Y		

Note 1: 0 is issuer.

Note 2: Maximum amount for guarantees and endorsements:
1. The total amount of guarantees and endorsements cannot exceed 50% of the Company's net asset value for the current year.
2. The amount of each guarantee and endorsement cannot exceed 20% of the Company's net asset value for the current year.
3. If the amount of each guarantee and endorsement reaches $10,000, the aggregate of the amount of guarantee and endorsement, long-term investment, and fund financing cannot exceed 30% of the Company's net asset value stated in recent financial statements.
4. For guarantees and endorsements to those companies with business contact, the accumulated amount cannot exceed the trading amount between the two parties for the current year.
5. For companies that are more than 90% directly or indirectly owned by the Company, the amount of each guarantee and endorsement cannot exceed 10% of the Company's net asset value.
6. For companies that are 100% directly or indirectly owned by the Company, the amount of each guarantee and endorsement is not restricted to item 1, but cannot exceed the Company's net asset value for the current year.
7. The total amount of guarantees and endorsements of the Company and its subsidiaries cannot exceed 50% of the Company's net asset value for the current year. The amount of guarantees and endorsements of the Company and its subsidiaries for each company cannot exceed 20% of the Company's net asset value for the current year.

Note 3: Relationship with the Company:
1. The company has business relationship.
2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
3. The investee company which is held more than 50% of its total outstanding common shares by the Company and its subsidiaries.
4. For companies that are 90% directly or indirectly owned by the Company.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Number of shares	Ending balance: Carrying amount	Ending balance: Percentage of shares	Ending balance: Fair value (Note 1)	Peak Holding Percentage	Note
	Beneficiary Certificate								
The Company	Taishin 1699 Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	315,983,794	4,405,604	- %	4,405,604	- %	
〃	Jih Sun Money Market Fund	-	〃	266,956,498	4,072,288	- %	4,072,288	- %	
〃	Union Money Market Fund	-	〃	202,021,158	2,742,437	- %	2,742,437	- %	
〃	Prudential Financial Money Market Fund	-	〃	9,050,646	147,152	- %	147,152	- %	

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
The Company	FSITC Taiwan Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	188,075,320	2,960,023	- %	2,960,023	- %	
〃	Fubon Chi-Hsiang Money Market Fund	-	〃	99,716,988	1,605,782	- %	1,605,782	- %	
〃	CTBC Hwa-win Money Market Fund	-	〃	238,548,261	2,699,221	- %	2,699,221	- %	
〃	Franklin Templeton Sinoam Money Market Fund	-	〃	126,191,599	1,340,912	- %	1,340,912	- %	
〃	Capital Money Market Fund	-	〃	194,380,788	3,224,175	- %	3,224,175	- %	
〃	Hua Nan Phoenix Money Market Fund	-	〃	146,318,275	2,447,115	- %	2,447,115	- %	
〃	Yuanta De Bao Money Market Fund	-	〃	122,853,565	1,516,873	- %	1,516,873	- %	
〃	Mega Diamond Money Market Fund	-	〃	116,204,874	1,498,985	- %	1,498,985	- %	
〃	SinoPac TWD Money Market Fund	-	〃	70,112,461	1,002,678	- %	1,002,678	- %	
	Common Stock								
〃	Ever Fortune.AI Co., Ltd.	-	Non-current financial assets-mandatorily measured at FVTPL	2,573,000	248,295	2.61%	248,295	2.86%	
〃	Airoha Technology Corp.	-	〃	215,000	124,055	0.13%	124,055	0.15%	
〃	Amphastar Pharmaceuticals, Inc.	-	〃	39,622	75,246	0.08%	75,246	0.08%	
〃	Plus Automation Inc.	-	〃	13,505,692	100,903	0.68%	100,903	0.68%	
〃	AU Optronics Corporation	-	Current financial assets at FVOCI	355,144,245	6,445,867	4.61%	6,445,867	4.61%	
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	638,085	4,436	2.75%	4,436	2.75%	
〃	Intelligo Technology Inc.	-	〃	692,526	85,056	1.09%	85,056	1.19%	
〃	CDIB Bioscience Ventures I, Inc.	-	〃	3,545,123	10,982	16.00%	10,982	16.00%	
〃	CDIB Capital Innovation Accelerator Co., Ltd.	-	〃	16,976,999	286,273	17.86%	286,273	17.86%	
	Others								
〃	SBCVC Fund III, L.P.	-	〃	-	11,724	- %	11,724	- %	
〃	Viscovery (Cayman) Holding Company Ltd.	-	〃	1,000,391	-	4.52%	-	4.52%	
〃	Translink Capital Partners II, L.P.	-	〃	-	219,712	- %	219,712	- %	
〃	Tier IV, Inc.	-	〃	125,000	271,500	1.77%	271,500	1.77%	
〃	Lumus, LTD.	-	〃	93,347	176,875	1.92%	176,875	1.92%	
〃	Lumus, LTD.(C-1)	-	〃	317,460	614,099	6.52%	614,099	6.53%	
〃	PHI Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	556,627	- %	556,627	- %	

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
The Company	Achi Capital Partners Fund L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	39,194	- %	39,194	- %	
〃	Matter Venture Fund	-	〃	-	180,685	- %	180,685	- %	
	Common Stock								
QSI	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	252,022	0.07%	252,022	0.07%	
〃	Far EasTone Telecommunications Co., Ltd.	-	〃	3,709,000	295,978	0.10%	295,978	0.10%	
〃	Chuanghwa Telecom Co., Ltd.	-	〃	2,720,000	326,400	0.04%	326,400	0.04%	
〃	Far Eastern New Century Corporation	-	〃	80,000	2,496	- %	2,496	- %	
	Beneficiary Certificate								
〃	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	107,178,500	1,634,954	- %	1,634,954	- %	
〃	Fubon Chi-Hsiang Money Market Fund	-	〃	22,016,766	354,545	- %	354,545	- %	
〃	Taishin 1699 Money Market Fund	-	〃	46,926,829	654,277	- %	654,277	- %	
	Debt Commodity Instrument								
〃	Fubon Life Insurance Co., Ltd. Common Corporate Bonds	-	Non-current financial assets measured at amortized cost	-	90,000	- %	104,631	- %	
〃	Shin Kong Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	50,000	- %	59,245	- %	
〃	Nan Shan Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	90,000	- %	104,906	- %	
〃	Tai-Tech Advanced Electronics Co., Ltd. Unsecured Convertible Corporate Bonds	-	Current financial assets-mandatorily measured at FVTPL	90,000	10,431	- %	10,431	- %	
〃	Yulon Finance Corporation Unsecured Convertible Corporate Bonds	-	〃	100,000	10,170	- %	10,170	- %	
	Beneficiary Certificate								
TRI	Jih Sun Money Market Fund	-	〃	20,883,435	318,566	- %	318,566	- %	
〃	Taishin 1699 Money Market Fund	-	〃	31,157,525	434,414	- %	434,414	- %	
	Preferred Stock								
〃	CDF Preferred Share B	-	〃	479,000	3,387	- %	3,387	- %	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares A	-	Current financial assets at FVOCI	465,000	28,412	- %	28,412	- %	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)		
	Debt Commodity Instrument								
TRI	Fubon Life Insurance Co., Ltd. Common Corporate Bonds	-	Non-current financial assets measured at amortized cost	-	90,000	- %	104,631	- %	
〃	Amazon.com, Inc. U.S. dollar-denominated Corporate Bonds	-	〃	-	27,459	- %	27,714	- %	
〃	TSMC Arizona Corporation U.S. dollar-denominated Corporate Bonds	-	〃	-	25,787	- %	26,341	- %	
〃	TSMC GLOBAL LTD. U.S. dollar-denominated Corporate Bonds	-	〃	-	50,510	- %	51,086	- %	
〃	Apple Inc. US dollar-denominated Corporate Bonds	-	〃	-	52,468	- %	55,211	- %	
	Beneficiary Certificate								
QMIT	Shin Kong Chi-Shin Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	22,421,570	356,559	- %	356,559	- %	
	Common Stock								
QVC	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	521,117	3,621	2.25%	3,621	2.25%	
〃	Ostar Meditech Corp.	-	〃	834,000	-	9.25%	-	10.69%	
〃	Lumus, LTD.	-	〃	168,023	318,371	3.45%	318,371	3.45%	
〃	Amphastar Pharmaceuticals, Inc.	-	Non-current financial assets-mandatorily measured at FVTPL	22,701	43,111	0.05%	43,111	0.05%	
	Others								
〃	Translink Capital Partners III L.P.	-	Non-current financial assets at FVOCI	-	163,971	- %	163,971	- %	
〃	China Renewable Energy Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	701,765	- %	701,765	- %	
	Beneficiary Certificate								
QCTI	Mega Diamond Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	12,494,581	161,174	- %	161,174	- %	
〃	Union Money Market Fund	-	〃	6,178,538	83,743	- %	83,743	- %	
〃	FSITC Taiwan Money Market Fund	-	〃	13,766,423	216,663	- %	216,663	- %	
	Common Stock								
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	476,982	3,315	2.06%	3,315	2.06%	

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Number of shares	Ending balance: Carrying amount	Ending balance: Percentage of shares	Ending balance: Fair value (Note 1)	Peak Holding Percentage	Note
	Common Stock								
RTK	Quanta Computer Inc.	Parent company of RTK	Non-current financial assets at FVOCI	8,108,885	1,820,445	0.21%	1,820,445	0.21%	
〃	Ostar Meditech Corp.	-	〃	258,914	-	2.87%	-	2.87%	
〃	E.SUN Financial Holdings Co., Ltd.	-	〃	3,225,136	83,208	0.02%	83,208	0.02%	
〃	Mega Financial Holdings Co., Ltd.	-	〃	1,952,748	76,548	0.01%	76,548	0.01%	
〃	First Financial Holding Co., Ltd.	-	〃	1,106,557	30,319	0.01%	30,319	0.01%	
〃	Taiwan Mobile Co., Ltd.	-	〃	230,000	22,678	0.01%	22,678	0.01%	
〃	Taiwan Cooperative Financial Holdings Co., Ltd.	-	〃	2,764,122	73,802	0.02%	73,802	0.02%	
	Beneficiary Certificate								
QCTTW	Union Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	17,563,552	238,426	- %	238,426	- %	

Note 1: The market values for non-public listed companies are the net asset values. The net asset values use recent unaudited financial statements of those companies.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance: Shares/ Units	Beginning balance: Amount	Purchases: Shares/ Units	Purchases: Amount	Sales: Shares/ Units	Sales: Price	Sales: Cost	Sales: Disposal gain (loss)	Ending balance: Shares/ Units	Ending balance: Amount
Quanta Computer Inc.	Taishin 1699 Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	45,363,567	624,439	1,199,085,587	16,637,336	928,465,360	12,872,984	12,856,315	16,669	315,983,794	4,405,604
〃	Taishin Ta-Chong Money Market Fund	〃	-	-	-	-	253,635,493	3,679,280	253,635,493	3,681,741	3,679,280	2,461	-	-
〃	Jih Sun Money Market Fund	〃	-	-	-	-	872,364,611	13,267,292	605,408,113	9,205,098	9,195,164	9,934	266,956,498	4,072,288
〃	Hua Nan Phoenix Money Market Fund	〃	-	-	114,183	1,886	617,386,720	10,286,455	471,182,628	7,851,966	7,841,300	10,666	146,318,275	2,447,115
〃	Mega Diamond Money Market Fund	〃	-	-	-	-	232,409,748	2,997,578	116,204,874	1,498,938	1,498,640	298	116,204,874	1,498,985
〃	Union Money Market Fund	〃	-	-	23,879,883	320,368	683,056,621	9,249,261	504,915,346	6,835,661	6,827,284	8,377	202,021,158	2,742,437
〃	Prudential Financial Money Market Fund	〃	-	-	-	-	28,160,201	457,146	19,109,555	310,406	310,000	406	9,050,646	147,152
〃	FSITC Taiwan Money Market Fund	〃	-	-	-	-	550,652,203	8,645,209	362,576,883	5,695,181	5,685,298	9,883	188,075,320	2,960,023

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Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
Quanta Computer Inc.	FSITC Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	-	-	1,726,457	314,970	1,726,457	315,203	314,970	233	-	-
〃	UPAMC James Bond Money Market Fund	〃	-	-	-	-	49,402,681	843,210	49,402,681	843,379	843,210	169	-	-
〃	Fubon Chi-Hsiang Money Market Fund	〃	-	-	11,448,578	182,140	899,258,164	14,407,856	810,989,754	12,995,712	12,984,263	11,449	99,716,988	1,605,782
〃	Yuanta De-Li Money Market Fund	〃	-	-	21,242,556	351,976	16,292,722	270,280	37,535,278	622,680	622,244	436	-	-
〃	Yuanta De-Bao Money Market Fund	〃	-	-	-	-	216,650,562	2,673,361	93,796,997	1,157,146	1,156,540	606	122,853,565	1,516,873
〃	Capital Money Market Fund	〃	-	-	163,022	2,671	946,031,014	15,631,505	751,813,248	12,425,597	12,410,118	15,479	194,380,788	3,224,175
〃	SinoPac TWD Money Market Fund	〃	-	-	-	-	140,224,922	2,002,643	70,112,461	1,002,643	1,000,000	2,643	70,112,461	1,002,678
〃	CTBC Hwa-win Money Market Fund	〃	-	-	-	-	737,593,765	8,323,063	499,045,504	5,629,172	5,623,917	5,255	238,548,261	2,699,221
〃	Franklin Templeton Sinoam Money Market Fund	〃	-	-	5,188,321	54,491	308,331,146	3,269,500	187,327,868	1,987,573	1,983,131	4,442	126,191,599	1,340,912
QSI	Jih Sun Money Market Fund	〃	-	-	15,882,811	239,367	133,358,288	2,030,640	42,062,599	640,940	636,796	4,144	107,178,500	1,634,954
〃	Union Money Market Fund	〃	-	-	58,680,813	787,250	-	-	58,680,813	789,183	786,565	2,618	-	-
〃	Fubon Chi-Hsiang Money Market Fund	〃	-	-	5,664,546	90,119	56,805,668	908,847	40,453,448	648,065	644,682	3,384	22,016,766	354,545
〃	Taishin 1699 Money Market Fund	〃	-	-	-	-	46,926,829	650,000	-	-	-	-	46,926,829	654,277
〃	Taishin Ta-Chong Money Market Fund	〃	-	-	-	-	53,369,923	772,732	53,369,923	776,160	772,732	3,427	-	-
TRI	Jih Sun Money Market Fund	〃	-	-	-	-	29,669,921	451,000	8,786,486	133,431	132,759	672	20,883,435	318,566
〃	Taishin 1699 Money Market Fund	〃	-	-	-	-	32,526,125	450,000	1,368,600	19,000	18,909	91	31,157,525	434,414
RTK	Nomura Taiwan Money Market Fund	〃	-	-	3,520,016	58,281	12,855,421	214,000	16,375,437	272,765	272,281	484	-	-
QCTTW	Union Money Market Fund	〃	-	-	15,466,307	207,493	48,607,657	656,000	46,510,412	656,700	625,235	1,465	17,563,552	238,426
QMIT	Shin Kong Chi-Shin Money Market Fund	〃	-	-	22,652,778	356,000	22,421,570	250,000	22,652,778	253,650	249,441	4,209	22,421,570	356,559

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital ：

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
QMH	Construction in progress	2023/07/25~ 2024/02/01	675,000	Based on the terms in the contract	Visicons construction and investment joint stock company	Non-related	-	-	-	-	Bargain	Construction for the new factory	None
QMN	Construction in progress	2023/10/06	2,479,000	Based on the terms in the contract	Mclarney construction, Inc.	Non-related	-	-	-	-	Bargain	Construction for the new factory	None
QMH	Construction in progress	2023/11/10	605,000	Based on the terms in the contract	Visicons construction and investment joint stock company	Non-related	-	-	-	-	Bargain	Construction for the new factory	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	
Quanta Computer Inc.	QCH	Associate	Sales	(329,313,629)	(36.27)%	Net 45~120 days	-	-	50,968,540	23.41%	
〃	QCTJ	〃	〃	(1,217,247)	(0.13)%	〃	-	-	313,380	0.14%	
〃	QCTK	〃	〃	(585,344)	(0.06)%	〃	-	-	230,864	0.11%	
〃	QCT-USA	〃	〃	(3,641,966)	(0.40)%	〃	-	-	606,637	0.28%	
〃	QDL(HK)	〃	〃	(965,531)	(0.11)%	〃	-	-	-	- %	
〃	TFQ	〃	〃	(199,897)	(0.02)%	〃	-	-	-	- %	
〃	QCTTW	〃	〃	(187,973)	(0.02)%	Net 120 days	-	-	21,132	0.01%	
〃	TCC	〃	Purchases	352,964,525	39.88%	Net 45~120 days	-	-	(15,777,034)	(32.12)%	
〃	TFC	〃	〃	16,405,478	1.85%	〃	-	-	(2,424,296)	(4.94)%	
〃	TFQ	〃	〃	481,399,287	54.39%	〃	-	-	-	- %	
〃	QMB	The same ultimate parent company	〃	17,388,325	1.96%	〃	-	-	-	- %	
〃	QCH	Associate	〃	8,930,291	1.01%	〃	-	-	-	- %	
〃	QDL(HK)	〃	〃	8,066,207	0.91%	〃	-	-	(6,548,725)	(13.33)%	
QSI	TMT	〃	Sales	(225,751)	(2.41)%	Net 90 days	-	-	48,113	2.10%	
〃	〃	〃	Purchases	4,499,166	55.35%	〃	-	-	(890,423)	(38.09)%	
〃	QSS	〃	〃	3,415,931	42.03%	〃	-	-	(1,400,089)	(59.90)%	

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			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
QSS	QSI	The same ultimate parent company	Sales	(3,415,931)	(99.59)%	Net 90 days	-	-	1,400,089	99.39%	
TMT	〃	〃	Purchases	225,751	6.90%	〃	-	-	(48,113)	(7.39)%	
〃	〃	〃	Sales	(4,499,166)	(99.95)%	〃	-	-	890,423	99.99%	
TRI	TRS	Associate	〃	(116,668)	(10.27)%	Net 120 days	-	-	74,168	35.98%	
〃	ORT	Other related parties	〃	(392,726)	(34.57)%	Net 60 days	-	-	51,699	25.08%	
〃	OMC	〃	〃	(120,531)	(10.61)%	〃	-	-	27,201	13.19%	
RTK	TGC	The same ultimate parent company	Purchases	370,886	44.95%	〃	-	-	-	- %	
QCH	Quanta Computer Inc.	Ultimate parent company	Sales	(8,930,291)	(1.95)%	Net 45~120 days	-	-	-	- %	
〃	〃	〃	Purchases	329,313,629	72.34%	〃	-	-	(50,968,540)	(61.70)%	
〃	QMN	Associate	〃	4,839,486	1.06%	Net 120 days	-	-	(758,028)	(0.92)%	
QCT-USA	Quanta Computer Inc.	Ultimate parent company	〃	3,641,966	0.41%	Net 45~120 days	-	-	(606,637)	(100.00)%	
QCTK	〃	〃	〃	585,344	96.07%	〃	-	-	(230,864)	(100.00)%	
QCTJ	〃	〃	〃	1,217,247	0.14%	〃	-	-	(313,380)	(100.00)%	
QDL(HK)	〃	〃	Sales	(8,066,207)	(79.12)%	〃	-	-	6,548,725	90.87%	
〃	TFC	Associate	〃	(810,989)	(7.95)%	〃	-	-	170,431	2.36%	
〃	Quanta Computer Inc.	Ultimate parent company	Purchases	965,531	9.47%	〃	-	-	-	- %	
QCN	QSN	Associate	Sales	(107,998)	(97.65)%	Net 45~120 days	-	-	321,913	100.00%	
QMB	Quanta Computer Inc.	Ultimate parent company	〃	(17,388,325)	(75.76)%	〃	-	-	-	- %	
〃	TCC	The same ultimate parent company	〃	(4,794,558)	(20.89)%	〃	-	-	832,054	27.85%	
〃	〃	〃	Purchases	740,207	3.30%	Net 45 days	-	-	(142,360)	(1.25)%	
〃	TFC	〃	〃	141,439	0.63%	Net 45~120 days	-	-	(63,246)	(0.55)%	
〃	TFQ	〃	〃	790,573	3.53%	Net 45 days	-	-	(105,695)	(0.92)%	
QMN	QCH	Associate	Sales	(4,839,486)	(97.19)%	Net 120 days	-	-	758,028	97.87%	
QCTTW	Quanta Computer Inc.	Ultimate parent company	Purchases	187,973	99.71%	〃	-	-	(21,132)	(99.36)%	

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			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
QSN	QCN	Associate	Purchases	107,998	77.74%	Net 45~120 days	-	-	(321,913)	(100.00)%	
TGC	RTK	The same ultimate parent company	Sales	(370,886)	(91.03)%	Net 60 days	-	-	-	- %	
TLC	TCC	Associate	〃	(153,361)	(21.76)%	Net 60~120 days	-	-	22,827	13.98%	
〃	TFC	〃	〃	(269,202)	(38.20)%	Net 45~120 days	-	-	53,213	32.58%	
〃	TCC	〃	Purchases	170,647	25.56%	Net 60~120 days	-	-	(22,929)	(78.22)%	
TCC	Quanta Computer Inc.	Ultimate parent company	Sales	(352,964,525)	(92.62)%	Net 45~120 days	-	-	15,777,034	45.02%	
〃	TLC	Associate	〃	(170,647)	(0.04)%	Net 60~120 days	-	-	22,929	0.07%	
〃	TTC	〃	〃	(26,589,777)	(6.98)%	Net 45 days	-	-	7,742,569	22.09%	
〃	QMB	The same ultimate parent company	〃	(740,207)	(0.19)%	〃	-	-	142,360	0.41%	
〃	TFQ	Associate	Purchases	439,708	0.12%	Net 45~120 days	-	-	(284,269)	(0.49)%	
〃	TLC	〃	〃	153,361	0.04%	Net 60~120 days	-	-	(22,827)	(0.04)%	
〃	QMB	The same ultimate parent company	〃	4,794,558	1.28%	Net 45~120 days	-	-	(832,054)	(1.42)%	
TFC	Quanta Computer Inc.	Ultimate parent company	Sales	(16,405,478)	(79.50)%	〃	-	-	2,424,296	14.71%	
〃	TTC	Associate	〃	(807,841)	(3.91)%	〃	-	-	1,092,723	6.63%	
〃	YDCQ	〃	〃	(1,202,039)	(5.83)%	Net 120 days	-	-	304,947	1.85%	
〃	QMB	The same ultimate parent company	〃	(141,439)	(0.69)%	Net 45~120 days	-	-	63,246	0.38%	
〃	TLC	Associate	Purchases	269,202	1.36%	〃	-	-	(53,213)	(0.37)%	
〃	QDL(HK)	〃	〃	810,989	4.09%	〃	-	-	(170,431)	(1.17)%	
TFQ	Quanta Computer Inc.	Ultimate parent company	Sales	(481,399,287)	(97.58)%	〃	-	-	-	- %	
〃	TCC	Associate	〃	(439,708)	(0.09)%	〃	-	-	284,269	0.48%	
〃	YDCQ	〃	〃	(3,782,368)	(0.77)%	Net 120 days	-	-	344,210	0.58%	

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			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
TFQ	QMB	The same ultimate parent company	Sales	(790,573)	(0.16)%	Net 45~120 days	-	-	105,695	0.18%	
〃	Quanta Computer Inc.	Ultimate parent company	Purchases	199,897	0.04%	〃	-	-	-	- %	
YDCQ	Guangsheng (Tianjin) Technology Co., Ltd.	Affiliate	Sales	(905,748)	(16.36)%	Net 60~90 days	-	-	-	- %	
〃	TFC	Associate	Purchases	1,202,039	24.12%	Net 120 days	-	-	(304,947)	(46.98)%	
〃	TFQ	〃	〃	3,782,368	75.88%	〃	-	-	(344,210)	(53.02)%	
TTC	TCC	〃	〃	26,589,777	97.05%	Net 45 days	-	-	(7,742,569)	(87.63)%	
〃	TFC	〃	〃	807,841	2.95%	Net 45~120 days	-	-	(1,092,723)	(12.37)%	

Note 1: The purchase/sale prices listed above are not comparable to the one for other trading partners. There is no significant difference in terms and conditions of the agreed payment terms and general purchasing terms.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
Quanta Computer Inc.	QCH	Associate	50,968,540	4.58	-	-	41,146,138	-
〃	QCH	〃	55,781,638	-	-	-	-	-
〃	QCTJ	〃	313,380	2.16	-	-	210,023	-
〃	QCTK	〃	230,864	0.92	-	-	172,106	-
〃	QCT-USA	〃	606,637	5.26	-	-	553,583	-
〃	TFQ	〃	15,502,520	-	-	-	-	-
〃	QMB	〃	7,606,474	-	-	-	-	-
QSS	QSI	The same ultimate parent company	1,400,089	2.54	-	-	353,108	-
TMT	〃	〃	890,423	4.88	-	-	260,993	-
TCC	Quanta Computer Inc.	Ultimate parent company	15,777,034	21.32	-	-	-	-
〃	TTC	Associate	7,742,569	3.46	-	-	-	-
〃	QMB	The same ultimate parent company	142,360	7.39	-	-	-	-

TFQ	YDCQ	Associate	344,210	3.01	-	-	-	-
〃	TCC	〃	284,269	1.44	-	-	-	-
〃	QMB	The same ultimate parent company	105,695	13.32	-	-	-	-

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party: Amount	Past-due receivables from related party: Action taken	Amount received in subsequent period	Loss allowance
TFC	TTC	Associate	1,092,723	0.75	-	-	-	-
〃	YDCQ	〃	304,947	3.01	-	-	-	-
〃	Quanta Computer Inc.	Ultimate parent company	2,424,296	13.53	-	-	-	-
QMN	QCH	Associate	758,028	6.64	-	-	-	-
QCN	QSN	〃	321,913	0.36	-	-	-	-
QDL(HK)	Quanta Computer Inc.	Ultimate parent company	6,548,725	1.90	-	-	-	-
〃	TFC	Associate	170,431	8.57	-	-	-	-
QMB	TCC	The same ultimate parent company	832,054	4.81	-	-	-	-
QSI-USA	QCA	Associate	142,725	-	-	-	-	-

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Notes (6)(b) and (6)(x) for related information.

10. Business relationships and significant inter-company transactions:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the company	Name of the counter-party	Nature of relationship (Note 2)	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	Quanta Computer Inc.	QCH、QCT-USA、QDL(HK)、QCTJ、QCTK、TFQ、QCTTW	1	Sales	336,111,587	Terms not comparable to other general trading partners	30.96%
〃	〃	TFC、TCC、TFQ、TCQ、QCH、QMB、QDL(HK)	1	Purchases	885,154,113	Terms not comparable to other general trading partners	81.54%
〃	〃	QCH、QCT-USA、QCTJ、QCTK、QCTTW	1	Accounts receivable	52,140,553	The same as the term for other general trading partners	7.56%
〃	〃	TFQ、QMB	1	Other account receivables	23,108,994	The same as the term for other general trading partners	3.35%
〃	〃	QCH	1	Long-term receivables	55,781,638	The same as the term for other general trading partners	8.08%
〃	〃	TCC、TFC、QDL(HK)	1	Accounts payable	24,750,055	The same as the term for other general trading partners	3.59%

Note 1: The numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

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(b) Information on investees:

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount: December 31, 2023	Initial investment amount: December 31, 2022	Balance as of December 31, 2023: Shares	Balance as of December 31, 2023: Ratio of shares	Balance as of December 31, 2023: Carrying amount	Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
Quanta Computer Inc.	QCJ	Japan	After-sales service and sale of computers and telecommunication products	3,115	3,115	200	100.00%	2,165	100.00%	(3)	(3)	
〃	QIL and its subsidiaries	Cayman, U.S.A., etc.	Investment company, holding company, sale, manufacture and after-sales service of computer peripherals	34,529,964	31,334,424	112,457,138	100.00%	61,241,768	100.00%	10,151,863	10,926,584	Note 1
〃	QSI and its subsidiaries	Taiwan	Manufacture and sale of computer storage devices and peripherals	243,142	243,142	82,881,664	29.78%	2,429,628	29.78%	1,112,063	331,118	
〃	QVC	Taiwan	Venture capital	2,000,133	2,000,133	200,000,000	100.00%	2,197,523	100.00%	56,180	56,180	
〃	QADC	U.S.A	Research and development of electronic products	30,705	-	1,000,000	100.00%	26,507	100.00%	(4,322)	(4,322)	
〃	QCTI	Taiwan	Investment company	600,000	600,000	60,000,000	100.00%	636,241	100.00%	13,778	13,778	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	232,750	232,750	17,500,000	75.19%	363,637	75.19%	4,784	3,597	
〃	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	96,721	96,721	3,150,000	17.50%	11,892	17.50%	(8,708)	(1,524)	
〃	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	807,586	807,586	18,603,598	36.76%	152,352	36.76%	92,837	(391,050)	Note 4
〃	QCTTW and its subsidiaries	Taiwan	Sale of computers and peripherals	741,995	741,995	48,200,000	100.00%	140,464	100.00%	2,098	2,033	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	125,625	125,625	8,375,000	25.00%	-	25.00%	(105,348)	-	
〃	ThinkTech	Brazil	Sale of computers and peripherals	-	842,916	-	- %	-	85.57%	(69)	(59)	
〃	QT Medical, Inc.	U.S.A	Research and development and manufacture of medical equipment	122,783	92,078	2,192,315	11.34%	105,237	13.57%	(80,887)	(8,512)	
〃	QMB	Thailand	Manufacture and sale of computers, peripherals and consumer products	3,000,441	3,000,441	599,999,997	100.00%	3,144,689	100.00%	387,517	387,517	
〃	QCTS	Singapore	Sale and after-sales service of computer peripherals	76,763	76,763	2,500,000	100.00%	13,991	100.00%	(31,223)	(31,223)	

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of December 31, 2023			Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
				December 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount				
Quanta Computer Inc.	aetherAI Co., Ltd.	Taiwan	Research and development and manufacture of medical equipment	227,294	221,894	9,532,858	15.83%	101,759	15.86%	(74,566)	(11,698)	
〃	LIONS Taiwan Technology Inc.	Taiwan	Sale of computers and peripherals	173,632	173,632	4,574,146	20.38%	120,583	20.38%	(81,081)	(16,524)	
〃	QMH	Vietnam	Manufacture and sale of computers, peripherals and consumer products	1,535,250	-	-	100.00%	1,524,169	100.00%	(11,417)	(11,417)	
QSI	QSI (CAYMAN)	Cayman	Investment company	1,606,486	1,606,486	-	100.00%	2,082,040	100.00%	101,470	102,759	Note 1
〃	NU Inc.	Taiwan	Wholesale and retail of computers and peripherals	86,709	86,709	3,862,227	29.80%	21,792	29.80%	57	(149)	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	10,978	10,978	1,001,000	2.98%	-	2.98%	(105,348)	-	
〃	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,446,975	1,446,975	15,999,998	100.00%	2,016,630	100.00%	83,402	70,832	
〃	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	79.95%	1,314,766	79.95%	11,182	11,537	Note 1
〃	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00%	19,023	51.00%	(3,356)	(1,712)	
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,182,757	1,182,757	-	100.00%	1,944,935	100.00%	73,653	Note 3	
〃	E-Forward (SAMOA)	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	30,705	30,705	-	100.00%	111,645	100.00%	27,716	〃	
QSL (BVI)	QHH	Hong Kong	Investment company	850,488	850,488	-	100.00%	1,460,992	100.00%	65,732	〃	
〃	QIH	Hong Kong	Investment company	546,143	546,143	-	100.00%	478,179	100.00%	7,574	〃	
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sales service of computer storage devices and components of peripherals	30,705	30,705	-	100.00%	88,669	100.00%	26,804	〃	
TRI	TRH	Hong Kong	Investment company	120,943	120,943	-	100.00%	33,314	100.00%	2,873	〃	
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,588	4,588	-	100.00%	4,347	100.00%	(36)	Note 3	
RTK	RTKI	SAMOA	Investment company	48,069	48,069	1,565,000	100.00%	1,535	100.00%	924	924	
QCTI	QSI and its subsidiaries	Taiwan	Manufacture and sale of computer storage devices and peripherals	33,526	33,526	1,212,000	0.44%	40,229	0.44%	1,112,063	4,842	

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of December 31, 2023			Highest percentage of ownership during the year	Net income (loss) of the investee	Investment income (loss)	Note
				December 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount				
QCTI	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	8,571	8,571	409,194	0.81%	22,704	0.81%	92,837	751	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	115,500	115,500	5,775,000	24.81%	120,526	24.81%	4,784	1,187	
QVC	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	96,721	96,721	3,150,000	17.50%	11,892	17.50%	(8,708)	(1,524)	

Note 1: The difference to the subsidiary is mainly unrealized gross profit from sales.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: The profit or loss of the invested company is included in the investment company.
Note 4: Evaluated to have indicators of impairment in 2023 and recognized impairment loss of $407,292.

(c) Information on investment in Mainland China:

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow							
The Company													
TFC (2)1) (Note 4)	Manufacture and sale of computers and peripherals	3,686,135	(2)	1,882,505	-	-	1,882,505	447,099	100.00%	100.00%	447,099	11,285,483	2,172,858
TCC (2)1)	Manufacture and sale of computers and peripherals	3,933,311	(2)	3,584,657	-	-	3,584,657	3,114,579	100.00%	100.00%	3,114,579	16,308,040	9,829,979
TTC (2)1)	Sale and after-sales service of computers and peripherals	685,950	(2)	732,253	-	-	732,253	422,281	100.00%	100.00%	422,281	1,915,508	884
TLC (2)1)	After-sales service of laptop computers	245,737	(2)	242,570	-	-	242,570	38,792	100.00%	100.00%	38,792	1,642,671	12,602
TGC (2)1)	Manufacture and sale of computers and peripherals	304,077	(2)	300,909	-	-	300,909	10,937	100.00%	100.00%	10,937	898,144	44,018
TWW (2)1)	Storage service	291,698	(2)	291,698	-	-	291,698	47,755	100.00%	100.00%	47,755	911,342	-
TFQ (2)1)	Processing, manufacture and sale of computers	9,150,090	(2)	9,150,090	-	-	9,150,090	4,197,793	100.00%	100.00%	4,197,793	25,863,964	-
TWQ (2)3)	Storage service	153,525	(2)	153,525	-	-	153,525	6,508	100.00%	100.00%	6,508	365,504	-
TNC (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	8,289,736	(2)	8,289,736	-	-	8,289,736	(6,093)	100.00%	100.00%	(6,093)	1,464,616	-

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Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow							
TCQ (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	1,535,250	(2)	1,535,250	-	-	1,535,250	(12,198)	100.00%	100.00%	(12,198)	2,092,564	-
KSH (2)1)	Manufacture and sale of precision machinery, peripherals and metallic molds	552,690	(2)	242,262	-	-	242,262	(33,236)	100.00%	100.00%	(33,236)	1,155,755	-
YDCQ (2)1)	Sale of servers and switches	30,705	(2)	30,705	-	-	30,705	184,044	100.00%	100.00%	184,044	318,169	-
DSY (2)3)	Manufacture and sale of optical equipment and electric components	21,676	(2)	-	21,676	-	21,676	2,930	25.77%	100.00%	(4,714)	22,428	-
QCTBJ (2)1)	Software technology development, advisory service, sale of servers and switches	4,335	(2)	4,335	-	-	4,335	644	100.00%	100.00%	644	6,583	-
ZYES (2)1)	Manufacture and sale of computers and components of peripherals	2,548,515	(2)	2,722,612	-	-	2,722,612	(15,213)	100.00%	100.00%	(15,213)	116,829	-
SJDT (2)3)	Manufacture and sale of computers and components of peripherals	221,076	(2)	42,004	-	-	42,004	(65,531)	100.00%	100.00%	(65,531)	304,199	-
DSY (2)3)	Manufacture and sale of optical equipment and electric components	460,575	(2)	62,178	-	-	62,178	6,721	17.50%	17.50%	1,176	51,031	-
QSI													
QSS (2)1)	Manufacture and sale of computer storage devices and components of peripherals	614,100	(2)	614,100	-	-	614,100	64,765	100.00%	100.00%	64,765	1,450,422	3,106,062
Techman (2)1)	Manufacture and sale of computer storage devices and components of peripherals	245,640	(2)	245,640	-	-	245,640	7,099	100.00%	100.00%	7,099	475,410	445,323
TRS (2)1)	After-sales service and sale of industrial collaborative robots and components of peripherals	122,820	(2)	122,820	-	-	122,820	2,873	100.00%	100.00%	2,873	33,314	-
QVC													
DSY (2)3)	Manufacture and sale of optical equipment and electric components	460,575	(2)	62,178	-	-	62,178	6,721	17.50%	17.50%	1,176	51,031	-

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Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Highest Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Guangsheng (Tianjin) Technology Co., Ltd.(2)3)	Computer software development and related consulting and technical services; sale of computer hardware and software and electronic products	65,028	(2)	13,006	-	-	13,006	(23,481)	20.00%	20.00%	(4,696)	5,241	-
RTK													
RTKL (2)1)	Import and export business and wholesale of electronic products	46,880	(2)	46,880	-	1,521	45,359	65	100.00%	100.00%	65	-	1,521

2. Limitation on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission MOEA	Limitation on Investment in Mainland China Authorized by Investment Commission MOEA (Note 3)
The Company	29,145,986	36,842,120	-
QSI	982,560	1,013,265	-
QVC	75,184	1,023,358	1,318,514
RTK	45,359	46,880	1,684,752

Note 1: Investments in Mainland China are differentiated by the following three methods:
(1) Direct investment in Mainland China with remittance through a third region.
(2) Indirect investment in Mainland China through an existing investee company in a third region.
(3) Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:
(1) If the corporation is in the set-up phase, notes are required.
(2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
- 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
- 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
- 3) Others

Note 3:(1) Maximum limitation of the Company and QSI: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.
(2) Maximum limitation of QVC and RTK: the maximum limitation is the higher of $80,000 for small and medium size enterprises or sixty percent of these companies' net asset value or consolidated net asset value.

Note 4: The difference between the issued capital and cumulative investment amount is the difference between the price paid and the cost of the machinery equipment.

Note 5: Viscovery (Cayman) Holding Company Limited, an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD72 thousand investment amount authorized by Investment Commission MOEA.

Note 6: China Renewable Energy Fund, L.P. (CREF), an investee of QVC, holds investment in Mainland China. Therefore, QVC has increased USD29,930 thousand investment amount authorized by Investment Commission MOEA.

Note 7: PHI Fund, L.P., an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD4,720 thousand investment amount authorized by Investment Commission MOEA.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
CIANYU INVESTMENT LTD.	572,401,374	14.81%
Barry Lam	415,738,138	10.76%

Note: (1)The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company’s ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2)In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder’s declaration of insider’s equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to the website of Market Observation Post System.

(14) Segment Information

(a) General information:

The management of the group identifies the entity’s operating segments based on the decision of the chief operating decision maker. The Group's main operating activities are manufacturing, processing, and sales of laptop computers and telecommunication products. In accordance with the Financial Accounting Standards, the Group's electronic segment is a reportable segment collectively because it reaches the quantization threshold. Other segments, such as repair or new business investment, are not disclosed as reportable segments because the amounts are insignificant.

(b) Information about reportable segments and their measurement and reconciliations:

The Company uses the income from operations as the measurement for segment profit and the basis of performance assessment. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note (4).

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The Group’ s operating segments financial information and reconciliation were as follows:

For the Years Ended December 31, 2023	Electronic department	Other department	Adjustment and elimination	Total
Operating revenue:				
Revenue from external customers	$ 1,081,733,676	3,877,376	-	1,085,611,052
Inter-segment revenue	1,270,629,980	1,619,383	(1,272,249,363)	-
Interest revenue	10,348,403	271,839	-	10,620,242
Total	**$ 2,362,712,059**	**5,768,598**	**(1,272,249,363)**	**1,096,231,294**
Interest expense	$ (8,574,664)	(340,378)	18	(8,915,024)
Share of profit (loss) of associates and joint ventures accounted for using equity method	19,611,522	30,949,714	(50,605,863)	(44,627)
Reportable segment profit (loss)	**$ 41,605,497**	**(1,321,038)**	**204,127**	**40,488,586**
For the Years Ended December 31, 2022				
Operating revenue:				
Revenue from external customers	$ 1,275,258,755	5,170,557	-	1,280,429,312
Inter-segment revenue	1,636,055,889	1,989,718	(1,638,045,607)	-
Interest revenue	4,914,018	104,149	-	5,018,167
Total	**$ 2,916,228,662**	**7,264,424**	**(1,638,045,607)**	**1,285,447,479**
Interest expense	$ (4,230,124)	(140,006)	52	(4,370,078)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,812,797	3,022,700	(4,932,912)	(97,415)
Reportable segment profit (loss)	**$ 31,530,163**	**(1,096,238)**	**(711,256)**	**29,722,669**

(c) Geographical information

Geographical information	December 31, 2023	December 31, 2022
Non-current assets：		
China	$ 30,042,875	34,830,088
Taiwan	20,593,216	22,153,519
Other countries	16,299,119	13,321,127
Total	**$ 66,935,210**	**70,304,734**

Geographical revenue information please refer to Note (6)(u).

Non-current assets include property, plant and equipment, investment properties, intangible assets, right-of-use assets, and other assets, but do not include financial instruments, deferred tax assets, and pension fund assets.

(d) Major customers (More than 10% of revenue)

	For the Years Ended December 31,	
	2023	2022
A	$ 352,059,386	593,912,288
B	254,246,484	149,475,851
	$ 606,305,870	**743,388,139**

Stock Code:2382

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023

Address: **No.188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.**
Telephone: **(03)327-2345**

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

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Independent Auditors' Review Report

To the Board of Directors of Quanta Computer Inc.:

Introduction

We have reviewed the accompanying consolidated statements of financial position of Quanta Computer Inc. and its subsidiaries ("the Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, and changes in equity and cash flows for the six months ended June 30, 2024 and 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4 (b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to TWD71,624,361 thousand and TWD66,004,834 thousand, constituting 9.57% and 9.88% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to TWD17,168,246 thousand and TWD10,624,237 thousand, constituting 3.09% and 2.14% of consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income amounting to TWD6,289 thousand, TWD774,214 thousand, TWD382,626 thousand and TWD1,068,323 thousand, constituting 0.04%, 6.23%, 1.10% and 5.48% of consolidated total comprehensive income for the three months and six months ended June 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6 (h), the other equity accounted investments of the Group in its investee companies of TWD453,828 thousand and TWD342,153 thousand as of June 30, 2024 and 2023, respectively, and its equity in net loss on these investee companies of TWD13,579 thousand, TWD11,194 thousand, TWD20,275 thousand and TWD23,717 thousand for the three months and six months ended June 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Tsao-Jen Wu and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)
August 9, 2024

Notes to Readers

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

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024, DECEMBER 31, 2023, AND JUNE 30, 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		June 30, 2024		December 31, 2023		June 30, 2023	
	ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note (6)(a))	$ 144,964,133	19	177,234,068	26	162,478,976	24
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	3,684,327	1	34,140,554	5	2,973,951	1
1120	Current financial assets at fair value through other comprehensive income (Note (6)(c))	7,361,596	1	7,351,175	1	7,461,120	1
1172	Accounts receivable, net (Notes (6)(e) and (7))	276,034,440	37	259,907,337	38	255,121,516	38
1200	Other receivables, net (Notes (6)(f) and (7))	3,183,386	-	2,168,363	-	3,191,489	1
1310	Inventories (Note (6)(g))	184,570,190	25	123,763,907	18	148,178,154	22
1476	Other current financial assets (Note (8))	1,717,449	-	1,814,450	-	2,301,068	1
1479	Other current assets, others (Note (6)(m))	41,516,593	6	4,067,736	1	4,156,091	1
		663,032,114	89	610,447,590	89	585,862,365	89
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	2,412,598	-	2,069,881	-	2,035,188	-
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	3,213,204	-	2,456,490	-	2,510,380	-
1535	Non-current financial assets at amortised cost, net (Note (6)(d))	1,176,340	-	476,224	-	-	-
1550	Investments accounted for using equity method (Note (6)(h))	453,828	-	378,396	-	342,153	-
1600	Property, plant and equipment (Note (6)(i))	64,368,356	9	60,819,571	9	62,419,982	9
1755	Right-of-use assets (Note (6)(j))	4,616,836	1	3,819,827	1	3,651,840	1
1760	Investment property, net (Note (6)(k))	67,712	-	68,077	-	68,442	-
1780	Intangible assets (Note (6)(l))	417,045	-	505,492	-	786,421	-
1840	Deferred tax assets	6,534,668	1	6,512,335	1	7,499,942	1
1980	Other non-current financial assets (Note (8))	714,676	-	843,919	-	737,178	-
1995	Other non-current assets, others (Note (6)(m))	1,666,437	-	1,722,243	-	2,143,817	-
		85,641,700	11	79,672,455	11	82,195,343	11
	TOTAL ASSETS	$ 748,673,814	100	690,120,045	100	668,057,708	100

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024, DECEMBER 31, 2023, AND JUNE 30, 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		June 30, 2024		December 31, 2023		June 30, 2023	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Notes (6)(e) and (6)(n))	$ 132,993,562	18	156,978,475	23	156,953,352	23
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	3,803	-	-	-
2130	Current contract liabilities (Notes (6)(v) and (7))	91,938,205	12	80,743,437	12	80,447,712	12
2170	Accounts payable	236,403,518	32	168,322,432	24	169,748,240	25
2219	Other payables (Note (7))	43,898,628	6	45,538,365	7	44,210,616	7
2230	Current tax liabilities	13,234,449	2	13,069,316	2	13,718,016	2
2250	Current provisions	311,749	-	299,817	-	292,823	-
2280	Current lease liabilities (Note (6)(p))	1,381,668	-	1,151,455	-	1,209,558	-
2305	Other current financial liabilities	11,341,959	1	9,471,947	1	9,272,097	1
2320	Long-term liabilities, current portion (Note (6)(o))	1,818,367	-	1,818,367	-	5,088,067	1
2365	Current refund liabilities	5,770,184	1	4,975,809	1	4,294,685	1
2399	Other current liabilities, others	415,641	-	639,526	-	765,745	-
		539,507,930	72	483,012,749	70	486,000,911	72
	Non-Current liabilities:						
2540	Long-term borrowings (Note (6)(o))	5,669,563	1	5,930,743	1	3,615,901	1
2570	Deferred tax liabilities	7,112,926	1	5,010,157	1	3,365,482	1
2580	Non-current lease liabilities (Note (6)(p))	2,504,872	-	1,871,183	-	2,204,613	-
2640	Net defined benefit liability, non-current	300,691	-	297,511	-	519,368	-
2670	Other non-current liabilities, others	111,137	-	105,376	-	88,300	-
		15,699,189	2	13,214,970	2	9,793,664	2
	Total liabilities	555,207,119	74	496,227,719	72	495,794,575	74
	Equity attributable to owners of parent (Note (6)(s)):						
3100	Share capital	38,626,274	5	38,626,274	5	38,626,274	6
3200	Capital surplus	14,376,765	2	14,294,831	2	14,267,514	2
3300	Retained earnings	127,834,465	17	135,402,556	20	112,185,245	17
3400	Other equity	5,416,898	1	(1,783,456)	-	430,677	-
3500	Treasury shares	(333,094)	-	(333,094)	-	(333,094)	-
	Total equity attributable to owners of parent	185,921,308	25	186,207,111	27	165,176,616	25
36XX	**Non-controlling interests**	7,545,387	1	7,685,215	1	7,086,517	1
	Total equity	193,466,695	26	193,892,326	28	172,263,133	26
	TOTAL LIABILITIES AND EQUITY	$ 748,673,814	100	690,120,045	100	668,057,708	100

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the Three Months Ended June 30,				For the Six Months Ended June 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (Notes (6)(v) and (7))**	$ 309,954,132	100	245,029,412	100	568,893,510	100	511,210,362	100
5000	**Operating costs (Note (6)(g))**	283,345,488	91	224,147,083	91	520,335,252	91	472,762,345	93
	Gross profit from operations	26,608,644	9	20,882,329	9	48,558,258	9	38,448,017	7
5920	Add: Realized profit from sales	-	-	-	-	-	-	5,446	-
		26,608,644	9	20,882,329	9	48,558,258	9	38,453,463	7
	Operating expenses:								
6100	Selling expenses	2,465,819	1	1,543,056	1	4,635,575	1	3,993,414	1
6200	General and administrative expenses	2,650,139	1	2,731,661	1	5,369,636	1	4,770,741	1
6300	Research and development expenses	6,284,655	2	5,320,347	2	11,647,208	2	10,543,996	2
		11,400,613	4	9,595,064	4	21,652,419	4	19,308,151	4
	Net operating income	15,208,031	5	11,287,265	5	26,905,839	5	19,145,312	3
	Non-operating income and expenses:								
7100	Interest income (Note (6)(x))	3,046,847	1	3,041,536	1	5,580,565	1	5,271,220	1
7010	Other income (Note (6)(x))	375,160	-	319,838	-	385,069	-	332,133	-
7020	Other gains and losses, net (Notes (6)(x) and (7))	2,636,514	1	1,864,289	1	4,458,265	1	3,147,217	1
7050	Financial costs (Note (6)(x))	(1,650,620)	(1)	(2,082,462)	(1)	(3,176,389)	(1)	(4,512,529)	(1)
7060	Share of loss of associates accounted for using equity method (Note (6)(h))	(13,579)	-	(11,194)	-	(20,275)	-	(23,717)	-
		4,394,322	1	3,132,007	1	7,227,235	1	4,214,324	1
900	**Profit before tax**	19,602,353	6	14,419,272	6	34,133,074	6	23,359,636	4
950	**Less: Tax expense (Note (6)(r))**	4,319,592	1	4,145,823	2	6,620,617	1	6,474,069	1
	Profit	15,282,761	5	10,273,449	4	27,512,457	5	16,885,567	3
	Other comprehensive income (loss):								
310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	8,283	-	76,227	-	(2,682)	-	1,341,424	-
349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	8,283	-	76,227	-	(2,682)	-	1,341,424	-
360	**Components of other comprehensive income that will be reclassified to profit or loss**								
361	Exchange differences on translation	1,950,927	1	2,067,072	1	7,399,153	1	1,250,419	1
370	Shares of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit and loss (Note (6)(h))	6,306	-	793	-	9,159	-	1,335	-
399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	1,957,233	1	2,067,865	1	7,408,312	1	1,251,754	1
	Other comprehensive income, net of income tax	1,965,516	1	2,144,092	1	7,405,630	1	2,593,178	1
500	**Total comprehensive income**	$ 17,248,277	6	12,417,541	5	34,918,087	6	19,478,745	4
	Profit attributable to:								
610	Profit, attributable to owners of parent	$ 15,128,243	5	10,124,728	4	27,196,024	5	16,598,345	3
620	Profit, attributable to non-controlling interests	154,518	-	148,721	-	316,433	-	287,222	-
		$ 15,282,761	5	10,273,449	4	27,512,457	5	16,885,567	3
	Comprehensive income attributable to:								
710	Comprehensive income, attributable to owners of parent	$ 17,039,405	6	12,282,462	5	34,395,910	6	19,150,887	4
720	Comprehensive income, attributable to non-controlling interests	208,872	-	135,079	-	522,177	-	327,858	-
		$ 17,248,277	6	12,417,541	5	34,918,087	6	19,478,745	4
	Earnings per share attributable to parent company (Note (6)(u))								
9750	**Basic earnings per share (NT dollars)**	$ 3.92		2.63		7.06		4.31	

See accompanying notes to financial statements.

9850	**Diluted earnings per share (NT dollars)**	**$**	**3.92**	**2.62**	**7.03**	**4.28**

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of Parent										
	Share Capital		Retained Earnings			Other Equity					
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance as of January 1, 2023	38,626,274	14,224,150	40,697,593	6,391,471	71,673,601	6,464,433	(8,586,298)	(333,094)	169,158,130	7,365,327	176,523,457
Profit	-	-	-	-	16,598,345	-	-	-	16,598,345	287,222	16,885,567
Other comprehensive income (loss)	-	-	-	-	-	1,270,141	1,282,401	-	2,552,542	40,636	2,593,178
Total comprehensive income (loss)	-	-	-	-	16,598,345	1,270,141	1,282,401	-	19,150,887	327,858	19,478,745
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,924,100	-	(2,924,100)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(23,175,765)	-	-	-	(23,175,765)	-	(23,175,765)
Reversal of special reserve	-	-	-	(4,269,606)	4,269,606	-	-	-	-	-	-
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	25,478	-	-	-	-	-	-	25,478	10	25,488
Adjustments of capital surplus for company' s cash dividends received by subsidiaries	-	17,886	-	-	-	-	-	-	17,886	-	17,886
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(606,678)	(606,678)
Balance as of June 30, 2023	**38,626,274**	**14,267,514**	**43,621,693**	**2,121,865**	**66,441,687**	**7,734,574**	**(7,303,897)**	**(333,094)**	**165,176,616**	**7,086,517**	**172,263,133**
Balance as of January 1, 2024	38,626,274	14,294,831	43,621,693	2,121,865	89,658,998	5,685,783	(7,469,239)	(333,094)	186,207,111	7,685,215	193,892,326
Profit	-	-	-	-	27,196,024	-	-	-	27,196,024	316,433	27,512,457
Other comprehensive income (loss)	-	-	-	-	-	7,249,520	(49,634)	-	7,199,886	205,744	7,405,630
Total comprehensive income (loss)	-	-	-	-	27,196,024	7,249,520	(49,634)	-	34,395,910	522,177	34,918,087
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	3,981,566	-	(3,981,566)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(34,763,647)	-	-	-	(34,763,647)	-	(34,763,647)

See accompanying notes to financial statements.

Reversal of special reserve	-	-	-	(338,409)	338,409	-	-	-	-	-	-
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	8,954	-	-	-	-	-	-	8,954	25	8,979
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	72,980	-	-	-	-	-	-	72,980	-	72,980
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(662,030)	(662,030)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(468)	-	468	-	-	-	-
Balance as of June 30, 2024	**$ 38,626,274**	**14,376,765**	**47,603,259**	**1,783,456**	**78,447,750**	**12,935,303**	**(7,518,405)**	**(333,094)**	**185,921,308**	**7,545,387**	**193,466,695**

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Six Months Ended June 30, 2024	2023
Cash flows from operating activities:		
Profit before tax	$ 34,133,074	23,359,636
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	4,996,577	4,805,078
Amortization expense	797,785	793,175
Expected credit loss (gain)	208,789	(61,523)
Net gain on financial assets or liabilities at fair value through profit or loss	(437,954)	(307,457)
Interest expense	3,176,389	4,512,529
Interest income	(5,580,565)	(5,271,220)
Dividend income	(385,069)	(332,133)
Share-based payments	691	-
Share of loss of associates accounted for using equity method	20,275	23,717
Loss on disposal of property, plant and equipment	69,789	71,159
Property, plant and equipment transferred to expense	-	19,573
Gain on disposal of investments	-	(214,585)
Loss (gain) on disposal of investments accounted for using equity method	5,791	(184)
Impairment loss on non-financial assets	5,151	2,756
Unrealized (realized) profit from sales	-	(5,446)
Other adjustments	251	-
Total adjustments to reconcile profit	2,877,900	4,035,439
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	680,113	1,005,730
Accounts receivable	(13,162,225)	31,648,248
Other receivables	(668,474)	(901,205)
Inventories	(60,768,291)	78,606,748
Other current assets	(37,085,651)	190,075
Other financial assets	(519)	(8,160)
Total changes in operating assets	(111,005,047)	110,541,436
Changes in operating liabilities:		
Contract liabilities	11,194,768	(5,396,860)
Accounts payable	68,152,919	(46,525,993)
Other payables	(962,269)	(3,930,913)
Provisions	11,932	8,852
Other financial liabilities	1,694,766	46,074
Other current liabilities	554,898	(1,502,562)
Net defined benefit liabilities	3,180	(5,928)
Total changes in operating liabilities	80,650,194	(57,307,330)
Total changes in operating assets and liabilities	(30,354,853)	53,234,106
Total adjustments	(27,476,953)	57,269,545

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

QUANTA COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Six Months Ended June 30,	
	2024	2023
Cash inflow generated from operations	6,656,121	80,629,181
Interest received	5,600,610	4,781,724
Dividends received	65,440	17,441
Interest paid	(3,765,043)	(4,956,146)
Income taxes paid	(4,887,487)	(6,748,677)
• **Net cash from operating activities**	3,669,641	73,723,523
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(793,633)	(6,041)
Proceeds from disposal of financial assets at fair value through other comprehensive income	23,814	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	6,113
Acquisition of financial assets measured at amortized cost	(687,454)	-
Acquisition of financial assets at fair value through profit or loss	-	(530,575)
Proceeds from disposal of financial assets at fair value through profit or loss	29,867,547	-
Acquisition of investments accounted for using equity method	(114,600)	-
Proceeds from disposal of investments accounted for using equity method	-	7,633
Proceeds from capital reduction of investments accounted for using equity method	25,963	-
Acquisition of property, plant and equipment	(6,212,223)	(4,786,718)
Proceeds from disposal of property, plant and equipment	481,375	420,336
Acquisition of intangible assets	(90,533)	(142,604)
Decrease in other financial assets	288,358	830,612
Increase in other non-current assets	(464,485)	(706,415)
• **Net cash from (used in) investing activities**	22,324,129	(4,907,659)
Cash flows from financing activities:		
Decrease in short-term borrowings	(23,984,913)	(48,240,238)
Proceeds from long-term borrowings	25,342,329	3,207,481
Repayments of long-term borrowings	(25,786,734)	(43,135,648)
Repayments of principal portion of lease liabilities	(651,784)	(577,369)
Increase (decrease) in other financial liabilities	3,484	(24)
Increase (decrease) in other non-current liabilities	3,983	(1,789)
Cash dividends paid	(35,312,315)	(23,127,111)
Cash dividends returned	36	14
• **Net cash used in financing activities**	(60,385,914)	(111,874,684)
Effect of exchange rate changes on cash and cash equivalents	2,122,209	900,502
Net decrease in cash and cash equivalents	(32,269,935)	(42,158,318)
Cash and cash equivalents at the beginning of period	177,234,068	204,637,294
Cash and cash equivalents at the end of period	$ 144,964,133	162,478,976

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Overview

Quanta Computer Inc. (the "Company") was incorporated on May 9, 1988, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. The Company and its subsidiaries (together referred to as the "Group") engage primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements for the six months ended June 30, 2024 and 2023 were authorized for issuance by the Board of Directors on August 9, 2024.

(3) New Standards, Amendments and Interpretations Adopted:

(a) The impact of the IFRS Accounting Standards 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, 2024:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.	January 1, 2027

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Standards or Interpretations	Content of amendment	Effective date per IASB
	● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of Material Accounting Policies

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. Hereinafter referred to as the "IFRS Accounting Standards endorsed by FSC" for full annual consolidated financial statements.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2024	Shareholding December 31, 2023	Shareholding June 30, 2023	Note
The Company	Quanta International Limited (QIL)	Holding company	100.00%	100.00%	100.00%	
〃	QCJ Co., Ltd. (QCJ)	After-sales service of computers	100.00%	100.00%	100.00%	Note 2
〃	Quanta Computer Technology Investment Corp. (QCTI)	Investment company	100.00%	100.00%	100.00%	Note 2
〃	Quanta Venture Capital Co., Ltd. (QVC)	Venture capital	100.00%	100.00%	100.00%	Note 2
〃	Quanta Cloud Technology Inc. (QCTTW)	Sale of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	QMB Co., Ltd. (QMB)	Manufacture and sale of computers, peripherals and consumer products	100.00%	100.00%	100.00%	Note 2
〃	Quanta Cloud Technology Singapore Pte. Ltd. (QCTS)	Sale and after-sales service of computer peripherals	100.00%	100.00%	100.00%	Note 2
〃	QADC Corporation (QADC)	Research and development of electronic products	100.00%	100.00%	100.00%	Note 2
〃	QMH COMPUTER CO. LTD. (QMH)	Manufacture and sale of computers, peripherals and consumer products	100.00%	100.00%	100.00%	Note 2
The Company and QCTI	Quanta Storage Inc. (QSI)	Manufacture and sale of computer storage devices and peripherals	30.22%	30.22%	30.22%	Note 1
〃	RoyalTek Company Ltd. (RTK)	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	37.57%	37.57%	37.57%	Note 1
〃	Quanta Microsystem Inc. (QMIT)	Electronic company	100.00%	100.00%	100.00%	Note 2
QIL	QCE Computer B.V. (QCE)	Sale and after-sales service of computer peripherals	100.00%	100.00%	100.00%	Note 2
〃	Access International Company (AIC)	Holding company	100.00%	100.00%	100.00%	
〃	Quanta ASIA LTD. (QAL)	Holding company	100.00%	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

〃	Quanta Cloud Technology USA LLC (QCT-USA)	Sale of computer peripherals	100.00%	100.00%	100.00%	Note 2
〃	QCT Inc. (QCTC)	Holding company	100.00%	100.00%	100.00%	Note 2
AIC	Quanta Manufacturing Incorporation (QMI)	Assembly and processing of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	Quanta Service Incorporation (QSI-USA)	After-sales service of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	Quanta Computer USA, Inc. (QCA)	After-sales service of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	QCH, Inc., a Nevada corporation (QCH)	Sale of computers and peripherals	100.00%	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2024	Shareholding December 31, 2023	Shareholding June 30, 2023	Note
QMI	Quanta Manufacturing Nashville LLC (QMN)	Assembly and processing of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QSI-USA	Quanta Service Nashville LLC (QSN)	After-sales service of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QCA	Quanta Computer Nashville LLC (QCN)	After-sales service of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QCH	QCH Nashville LLC (QCHN)	Sale of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QAL	Quanta Development Ltd. (QDL)	Holding company	100.00%	100.00%	100.00%	
〃	Quanta International Technology Ltd. (QIT)	Holding company	100.00%	100.00%	100.00%	Note 2
〃	Q_Bus International Limited (Q_Bus)	Holding company	100.00%	100.00%	100.00%	Note 2
〃	QCT (Beijing) Co., Ltd. (QCTBJ)	Software technology development, advisory service, sale of servers and switches	100.00%	100.00%	100.00%	Note 2
QCTC	QCT Korea Inc. (QCTK)	Sale of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QIT	QCG Computer GmbH (QCG)	Assembly and processing of computers and peripherals	100.00%	100.00%	100.00%	Note 2
QDL	Quanta Development (HONG KONG) Limited (QDL(HK))	Sale of computers and peripherals, and investment company	100.00%	100.00%	100.00%	
QDL (HK)	Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	100.00%	
〃	Tech-Com (Chongqing) Computer Co., Ltd. (TCQ)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00%	100.00%	100.00%	Note 2
〃	Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	Sale and after-sales service of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	After-sales service of computers	100.00%	100.00%	100.00%	Note 2

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2024	Shareholding December 31, 2023	Shareholding June 30, 2023	Note
〃	Tech-Giant (Shanghai) Computer Co., Ltd. (TGC)	Manufacture and sale of computers and peripherals	100.00%	100.00%	100.00%	Note 2
〃	Tech-Wave (Shanghai) Logistics Co., Ltd. (TWW)	Storage service	100.00%	100.00%	100.00%	Note 2
〃	Tech-Full Computer (Changshu) Co., Ltd. (TNC)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00%	100.00%	100.00%	Note 2
〃	Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	Processing, manufacture and sale of computers	100.00%	100.00%	100.00%	

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2024	Shareholding December 31, 2023	Shareholding June 30, 2023	Note
QDL (HK)	Tech-Wave (Chongqing) Logistics Co., Ltd. (TWQ)	Storage service	100.00%	100.00%	100.00%	Note 2
〃	Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	Manufacture and sale of precision machinery, peripherals and metallic molds	100.00%	100.00%	100.00%	Note 2
〃	CloudTech (Chongqing) Technology Co., Ltd. (YDCQ)	Sale of servers and switches	100.00%	100.00%	100.00%	Note 2
〃	Dragon Grand Group Limited (DGDT)	Investment company and trading company	100.00%	100.00%	100.00%	Note 2
〃	Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. (DSY)	Manufacture and sale of optical equipment and electronic components	25.77%	25.77%	100.00%	Note 2 and Note 4
DGDT	Dragontech Metallic Industry Co., Ltd. (SJDT)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	100.00%	Note 2
Q_Bus	Tech Chain Ltd. (TCL)	Holding company	100.00%	100.00%	100.00%	Note 2
TCL	Tech Chain (HONG KONG) Limited (TCLHK)	Holding company	100.00%	100.00%	100.00%	Note 2
TCLHK	Zhan Yun (Shanghai) Electronics Co., Ltd. (ZYES)	Manufacture and sale of computers and components of peripherals	100.00%	100.00%	100.00%	Note 2
QSI	Quanta Storage International Ltd. (QSI (CAYMAN))	Investment company	100.00%	100.00%	100.00%	
〃	Techman Electronics (Thailand) Co., Ltd. (TMT)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	100.00%	
〃	TM SMT SDN. BHD. (JVM)	Sale of computer storage devices and components of peripherals	51.00%	51.00%	51.00%	Note 2
〃	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	79.95%	79.95%	79.95%	
QSI (CAYMAN)	Quanta Storage (BVI) Ltd. (QSL (BVI))	Investment company	100.00%	100.00%	100.00%	
〃	E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Manufacture and sale of computer storage devices and components of peripherals	- %	100.00%	100.00%	Note 2. The liquidation process was completed in March 2024.
QSL(BVI)	Quanta Storage Holding (Hong Kong) Ltd. (QHH)	Investment company	100.00%	100.00%	100.00%	

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

			Shareholding			
Name of Investor	**Name of Subsidiary**	**Principal Activity**	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**	**Note**
〃	Techman Electronic (Hong Kong) Limited (QIH)	Investment company	100.00%	100.00%	100.00%	
QHH	Quanta Storage (Shanghai), Ltd. (QSS)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	100.00%	
QIH	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage devices and components of peripherals	100.00%	100.00%	100.00%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2024	Shareholding December 31, 2023	Shareholding June 30, 2023	Note
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sales service of computer storage devices and components of peripherals	- %	100.00%	100.00%	Note 3. The liquidation process was completed in March 2024.
TRI	Techman Robot (HONG KONG) Ltd. (TRH)	Investment company	100.00%	100.00%	100.00%	
TRH	Techman Robot (Shanghai) Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	100.00%	100.00%	100.00%	
JVM	TM SMT (Thailand) COMPANY LIMITED. (JVMT)	Sale of computer storage devices and components of peripherals	100.00%	100.00%	100.00%	Note 2
RTK	Royaltek International Enterprises Ltd. (RTKI)	Investment company	100.00%	100.00%	100.00%	
RTKI	Royaltek Trading (Changshu) Co., Ltd. (RTKL)	Import and export business and wholesale of electronic products	- %	- %	100.00%	The liquidation process was completed in November 2023.
QMIT	Quanta Cloud Technology Japan Inc. (QCTJ)	Sale of computer peripherals	100.00%	100.00%	100.00%	Note 2
QCTTW	Quanta Cloud Technology Germany GmbH (QCTG)	Sale of computer peripherals	100.00%	100.00%	100.00%	Note 2
〃	Quanta Cloud Technology Japan K.K. (QCJK)	Sale of computer peripherals	100.00%	100.00%	100.00%	Note 2

Note 1: Although the Company holds less than half of these companies’ voting right, the Company has actual effect to lead these companies’ activities, considering the fact that these companies’ other equity shares are highly separated and considering the participation of other shareholders from previous shareholders’ meetings. In addition, no other sign suggests that any collectively decision-making agreement between other shareholders exist. Therefore, the Company considers these companies as subsidiaries.

Note 2: Companies are non-significant on June 30, 2024 and 2023, and their financial statements have not been reviewed.

Note 3: Companies are non-significant on June 30, 2024, and their financial statements have not been reviewed. Companies are significant on June 30, 2023, and their financial statements have been reviewed.

Note 4: DSY increased its capital in cash on October 13, 2023. Since the Group did not participate in the cash capital increase, the shareholding ratio of DSY was reduced from 100% to 25.77%. Considering that the Group obtained a majority of its board seats, which indicates

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			June 30, 2024	December 31, 2023	June 30, 2023	

the Group has an actual effect to lead the relevant activities. Therefore, the Group treats it as a subsidiary.

2. Subsidiaries excluded from the interim consolidated financial statements: None.

(c) Classification of Current and Non-current Assets and Liabilities

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

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

The Group classifies a liability as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to settle a liability in the operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. It does not have the right at the end of the reporting period to defer settlement of a liability for at least twelve months after the reporting period.

(d) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying pre-tax income for the interim reporting period by the effective annual tax rate best estimated by the management. This should be recognized fully as tax expense for the current period.

(e) Employee Benefits

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

(5) Major Sources of Significant Accounting Assumptions, Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates, which will be assessed and adjusted consistently along with their historical experience and other factors.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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In the preparation of the consolidated financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of Significant Accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2023 annual consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2023, for other related information.

(a) Cash and cash equivalents

		June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand, demand deposits and checking accounts	$	29,896,519	63,450,520	74,374,841
Time deposits		100,526,432	110,696,780	87,088,305
Short-term notes and bills		14,541,182	3,086,768	1,015,830
Cash and cash equivalents in consolidated statements of cash flows	$	144,964,133	177,234,068	162,478,976

The Group's currency risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(y).

(b) Financial assets and liabilities at fair value through profit or loss

		June 30, 2024	December 31, 2023	June 30, 2023
Mandatorily measured at fair value through profit or loss:				
Non-derivative financial assets				
Beneficiary certificates	$	5,541,741	35,594,837	4,394,773
Stocks in listed companies		393,295	494,094	511,749
Stocks in unlisted companies		106,637	100,903	102,332
Convertible corporate bonds listed on domestic markets		49,991	20,601	-
Derivative instruments not used for hedging				
Forward foreign exchange contracts		5,261	-	285
Held-for-trading financial liabilities:				
Derivative instruments not used for hedging				
Forward foreign exchange contracts		-	(3,803)	-
Total	$	6,096,925	36,206,632	5,009,139
Current	$	3,684,327	34,136,751	2,973,951
Non-current		2,412,598	2,069,881	2,035,188

Total	$ 6,096,925	36,206,632	5,009,139

The Group held derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments that did not apply hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	June 30, 2024			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	50,000	USD against NTD	2024.07.05~2024.09.13
US dollars purchased	USD	39,000	NTD against USD	2024.07.08~2024.09.18

	December 31, 2023			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	15,000	USD against NTD	2024.01.11~2024.01.29
US dollars purchased	USD	24,000	NTD against USD	2024.01.05~2024.02.06

	June 30, 2023			
	Amount (in thousands)		Currency	Maturity period
Forward foreign exchange contracts				
US dollars sold	USD	22,176	USD against NTD	2023.07.26~2023.10.11
US dollars purchased	USD	20,000	NTD against USD	2023.08.04~2023.09.27

1.Convertible corporate bonds

1) The Group held unsecured convertible corporate bonds issued by TAI-TECH Advanced Electronics Co., Ltd. with a maturity date of October 31, 2026, and a conversion period from February 1, 2024 to October 31, 2026.

2) The Group held unsecured convertible corporate bonds issued by Yulon Finance Corporation with a maturity date of November 20, 2028, and a conversion period from February 21, 2024 to November 20, 2028.

3) The Group held unsecured convertible corporate bonds issued by LUNGTEH SHIPBUILDING CO., LTD., with a maturity date of June 25, 2027, and a conversion period from September 26, 2024 to June 25, 2027.

2.For price risk, please refer to Note (6)(y).

3.The aforesaid financial assets were not pledged as collateral.

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

		June 30, 2024	December 31, 2023	June 30, 2023
Equity instruments at fair value through other comprehensive income				
Stocks in listed companies	$	7,726,780	7,649,102	7,749,397
Stocks in unlisted companies		664,076	749,306	828,293
Preferred stocks in unlisted companies		2,183,944	1,409,257	1,393,810
Total	$	10,574,800	9,807,665	9,971,500

1.Equity investments at fair value through other comprehensive income

The Group designated the 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.

For the six months ended June 30, 2024, the Group has sold its investments in equity instruments measured at fair value through other comprehensive income. The shares sold had a fair value of $23,814. The Group has transferred the aforementioned cumulative loss on disposal of $1,247 from other equity to retained earnings.

2.For market risk and other price risk, please refer to Note (6)(y).

3.The aforesaid financial assets were not pledged as collateral.

(d) Financial assets measured at amortized cost

		June 30, 2024	December 31, 2023	June 30, 2023
Debt commodity investment	$	1,176,340	476,224	-

1.Investments in debt instruments measured at amortized cost

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

2.In September 2023 and June 2024, the Group purchased corporate bonds issued by Fubon Life Insurance Co., Ltd., with a face value of $180,000 and $200,000, respectively. The coupon rate and the effective interest rate were both 3.70%.

3.In October 2023 and June 2024, the Group purchased corporate bonds issued by Nan Shan Life Insurance Co., Ltd., with a face value of $90,000 and $100,000, respectively. The coupon rate and the effective interest rate were both 3.75%.

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4. In October 2023, the Group purchased a corporate bond of Shin Kong Life Insurance Co., Ltd. with a face value of $50,000. The coupon rate and the effective interest rate were both 4%.
5. In April 2024, the Group purchased a corporate bond issued by Cathay Life Insurance Co., Ltd., with a face value of $130,000. The coupon rate and the effective interest rate were both 3.70%.
6. In May 2024, the Group purchased a U.S. dollar-denominated corporate bond issued by Cathay Life Insurance Co., Ltd., with a face value of USD8,000 thousand. The coupon rate and the effective interest rate were both 5.80%.
7. In July and August 2023, the Group purchased U.S. dollar-denominated corporate bonds issued by TSMC GLOBAL LTD., with a face value of USD1,000 thousand. The coupon rates were 2.25% and 1.375%, and the effective interest rates were 4.84% and 4.90%, respectively.
8. In August 2023, the Group purchased a U.S. dollar-denominated corporate bond issued by TSMC Arizona Corporation, with a face value of USD1,000 thousand. The coupon rate and the effective interest rate were 2.50% and 5.02%, respectively.
9. In July 2023, the Group purchased a U.S. dollar-denominated corporate bond issued by Amazon.com, Inc., with a face value of USD1,000 thousand. The coupon rate and the effective interest rate were 4.05% and 4.80%, respectively.
10. On October 5 and October 20, 2023, the Group purchased a U.S. dollar-denominated corporate bond issued by Apple Inc., with a face value of USD1,000 thousand. The coupon rates were 3.25% and 1.65%, and the effective interest rates were 4.94% and 5.23%, respectively.
11. For fair value information, please refer to Note (6)(y).
12. None of the aforesaid financial assets were pledged as collateral.

(e) Accounts receivable

		June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable-measured as amortized cost	$	216,143,632	200,651,613	194,984,649
Accounts receivable-fair value through other comprehensive income		60,826,619	59,984,273	61,066,147
Less: Allowance for impairment		(935,811)	(728,549)	(929,280)
Net	$	276,034,440	259,907,337	255,121,516

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, such accounts receivable was measured at fair value through other comprehensive income.

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The Group applies the simplified approach to provide for its expected credit loss, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit loss, 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 provisions were determined as follows:

	June 30, 2024		
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 266,221,760	0.04%	108,095
1 to 60 days past due	10,213,384	6.13%	626,436
61 to 120 days past due	338,280	28.52%	96,460
More than 121 days past due	196,827	53.26%	104,820
	$ 276,970,251		935,811

	December 31, 2023		
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 240,027,378	0.04%	102,849
1 to 60 days past due	20,003,018	1.06%	212,268
61 to 120 days past due	292,933	50.04%	146,593
More than 121 days past due	312,557	85.37%	266,839
	$ 260,635,886		728,549

	June 30, 2023		
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 249,253,758	0.04%	103,893
1 to 60 days past due	5,747,760	4.64%	266,861
61 to 120 days past due	710,836	51.23%	364,187
More than 121 days past due	338,442	57.42%	194,339
	$ 256,050,796		929,280

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

		For the Six Months Ended June 30, 2024	2023
Balance as of January 1	$	728,549	1,065,121
Impairment loss recognized (reversed)		206,035	(71,477)
Recovery of bad debts previously written off		-	(64,608)
Effect of movements in exchange rate		1,227	244
Balance as of June 30	$	935,811	929,280

The aforementioned financial assets of the Group were not pledged as collateral or borrowings.

The Group signed the accounts receivable factoring agreements without recourse with different financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The amounts receivable from financial institutions were recognized upon the derecognition of those trade receivables. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

Unit: in thousands

June 30, 2024

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	$ 2,596,000	US$ 1,874,472	US$ 80,000	-	5.79%	None

December 31, 2023

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	$ -	US$ 1,953,567	US$ -	-	None	None

June 30, 2023

Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	$ -	US$ 1,961,020	US$ -	-	None	None

The Group signed the accounts receivable factoring agreements with different financial institutions. According to the agreements, the Group bears almost all risks and rewards, and thus is ineligible for derecognizing the financial assets. The carrying amount of the accounts receivable factored but yet derecognized at the reporting date were as follows:

Unit：in thousands

June 30, 2024					
Purchaser	**Amount transferred but has yet to be derecognized**	**Credit Line**	**Credit Advanced (accounted under short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Financial Institutions	$ -	US$ 500,000	US$ -	None	None

December 31, 2023					
Purchaser	**Amount transferred but has yet to be derecognized**	**Credit Line**	**Credit Advanced (accounted under short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Financial Institutions	$ -	US$ 500,000	US$ -	None	None

June 30, 2023					
Purchaser	**Amount transferred but has yet to be derecognized**	**Credit Line**	**Credit Advanced (accounted under short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Financial Institutions	$ -	US$ 500,000	US$ -	None	None

(f) Other receivables

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Other receivables	$ 3,199,403	2,181,626	3,208,560
Less: Allowance for impairment	(16,017)	(13,263)	(17,071)
	$ 3,183,386	2,168,363	3,191,489

As of June 30, 2024, December 31, 2023, and June 30, 2023, the aging analysis of other receivables which were past due were as follows:

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
1 to 60 days past due	$ 123,364	10,050	61,401
61 to 120 days past due	37,683	20,192	8,993
More than 121 days past due	12,438	4,955	47,783

Total	$ 173,485	35,197	118,177

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The movements in the allowance for impairment for other receivables were as follows:

	For the Six Months Ended June 30,	
	2024	2023
Balance as of January 1	$ 13,263	7,117
Impairment loss recognized	2,754	9,954
Balance as of June 30	$ 16,017	17,071

The aforesaid financial assets were not pledged as collateral.

(g) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	$ 48,921,063	45,078,009	67,148,282
Work-in-process	8,306,449	3,129,279	4,762,014
Raw materials	118,363,334	70,425,158	71,282,117
Inventory in-transit	8,979,344	5,131,461	4,985,741
Total	$ 184,570,190	123,763,907	148,178,154

For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the details of cost of goods sold were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of goods sold	$ 281,664,767	223,995,232	519,135,214	469,924,673
Net amount of inventory obsolescence and disposal of scrapping	2,214,083	2,912,858	4,273,460	5,328,676
Loss of inventory valuation and obsolescence reversed	(446,711)	(2,671,967)	(2,892,634)	(2,290,081)
Others	(86,651)	(89,040)	(180,788)	(200,923)
Total	$ 283,345,488	224,147,083	520,335,252	472,762,345

The factor leading to the net realizable value of inventories lower than the cost no longer exist, resulting in the increase in net realizable value to be recognized as reversal of inventories write-down.

The aforesaid inventories were not pledged as collateral.

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(h) Investments accounted for using equity method

The Group' s financial information for investments accounted for using equity method that are individually insignificant were as follows:

		June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of individually insignificant associates' equity	$	453,828	378,396	342,153

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2024	2023	2024	2023
Attributable to the Group:					
Loss from continuing operation	$	(13,579)	(11,194)	(20,275)	(23,717)
Other comprehensive income		6,306	793	9,159	1,335
Total comprehensive income (loss)	$	(7,273)	(10,401)	(11,116)	(22,382)

The aforesaid investments accounted for using equity method were not pledged as collateral.

Investments were accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(i) Property, plant and equipment

The movements in the cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 2024 and 2023, were as follows:

		Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2024	$	9,136,885	32,396,040	73,528,248	2,194,011	117,255,184
Additions		-	110,979	2,152,641	3,822,451	6,086,071
Disposal and obsolescence		-	(59,820)	(1,768,298)	-	(1,828,118)
Reclassification and effect of movements in exchange rate		74,124	1,426,970	3,887,336	(541,705)	4,846,725
Balance as of June 30, 2024	$	9,211,009	33,874,169	77,799,927	5,474,757	126,359,862

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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		Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Balance as of January 1, 2023	$	9,137,098	31,616,556	71,749,826	2,018,279	114,521,759
Additions		-	53,458	2,247,214	1,031,842	3,332,514
Disposal and obsolescence		-	(9,734)	(2,003,235)	-	(2,012,969)
Reclassification and effect of movements in exchange rate		18,265	357,746	1,102,342	(367,167)	1,111,186
Balance as of June 30, 2023	$	9,155,363	32,018,026	73,096,147	2,682,954	116,952,490
Depreciation and impairment loss:						
Balance as of January 1, 2024	$	-	13,847,544	42,588,069	-	56,435,613
Depreciation for the period		-	567,674	3,737,629	-	4,305,303
Disposal and obsolescence		-	(59,820)	(1,217,134)	-	(1,276,954)
Impairment loss reversed		-	-	(90)	-	(90)
Effect of movements in exchange rate		-	595,490	1,932,144	-	2,527,634
Balance as of June 30, 2024	$	-	14,950,888	47,040,618	-	61,991,506
Balance as of January 1, 2023	$	-	12,764,035	38,532,346	-	51,296,381
Depreciation for the period		-	548,103	3,636,844	-	4,184,947
Disposal and obsolescence		-	(9,734)	(1,511,740)	-	(1,521,474)
Impairment loss recognized		-	-	2,756	-	2,756
Effect of movements in exchange rate		-	130,834	439,064	-	569,898
Balance as of June 30, 2023	$	-	13,433,238	41,099,270	-	54,532,508
Carrying amount:						
Balance as of January 1, 2024	$	9,136,885	18,548,496	30,940,179	2,194,011	60,819,571
Balance as of June 30, 2024	$	9,211,009	18,923,281	30,759,309	5,474,757	64,368,356
Balance as of January 1, 2023	$	9,137,098	18,852,521	33,217,480	2,018,279	63,225,378
Balance as of June 30, 2023	$	9,155,363	18,584,788	31,996,877	2,682,954	62,419,982

As of June 30, 2024, December 31, 2023, and June 30, 2023, the aforesaid property, plant and equipment were not pledged as collateral.

The Group has been building new factories and expanding production lines in various operating entities since 2021. Since relevant civil engineering and installation projects were still in progress as of June 30, 2024, they were accounted for as construction in progress and equipment to be inspected. Please refer to Note(9)(a) for details of significant unrecognized contractual commitments associated with acquisition of property, plant and equipment.

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(j) Right-of-use assets

The Group leases assets including land, buildings, machinery and equipment, and transportation equipment. The movements in right-of-use assets were as follows:

		Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:						
Balance as of January 1, 2024	$	1,119,522	6,977,393	22,891	495	8,120,301
Additions		-	1,283,629	9,923	-	1,293,552
Reductions		-	(104,676)	(23,802)	-	(128,478)
Effect of movements in exchange rate		62,808	407,520	1,086	-	471,414
Balance as of June 30, 2024	$	1,182,330	8,563,866	10,098	495	9,756,789
Balance as of January 1, 2023	$	477,287	6,976,931	86,166	495	7,540,879
Additions		-	63,240	-	-	63,240
Reductions		(2,631)	(200,048)	-	-	(202,679)
Effect of movements in exchange rate		6,133	77,143	1,206	-	84,482
Balance as of June 30, 2023	$	480,789	6,917,266	87,372	495	7,485,922
Depreciation and impairment loss:						
Balance as of January 1, 2024	$	102,989	4,176,381	20,911	193	4,300,474
Depreciation for the period		4,044	683,474	3,308	83	690,909
Reductions		-	(99,866)	(23,802)	-	(123,668)
Effect of movements in exchange rate		17,910	253,465	863	-	272,238
Balance as of June 30, 2024	$	124,943	5,013,454	1,280	276	5,139,953
Balance as of January 1, 2023	$	56,971	3,252,108	62,495	28	3,371,602
Depreciation for the period		9,230	596,168	14,285	83	619,766
Reductions		(2,631)	(200,048)	-	-	(202,679)
Effect of movements in exchange rate		830	43,411	1,152	-	45,393
Balance as of June 30, 2023	$	64,400	3,691,639	77,932	111	3,834,082
Carrying amount:						
Balance as of January 1, 2024	$	1,016,533	2,801,012	1,980	302	3,819,827
Balance as of June 30, 2024	$	1,057,387	3,550,412	8,818	219	4,616,836
Balance as of January 1, 2023	$	420,316	3,724,823	23,671	467	4,169,277
Balance as of June 30, 2023	$	416,389	3,225,627	9,440	384	3,651,840

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Please refer to Note(9)(a) for details of significant unrecognized contractual commitments associated with acquisition of right-of-use assets.

(k) Investment property

Investment property comprises factories that are leased to third parties under operating leases, as well as properties that are owned by the Group. The rent income of the leases of investment properties is fixed.

	Land and land improvement	Buildings	Total
Carrying amount:			
Balance as of January 1, 2024	$ 52,664	15,413	68,077
Balance as of June 30, 2024	$ 52,664	15,048	67,712
Balance as of January 1, 2023	$ 52,664	16,143	68,807
Balance as of June 30, 2023	$ 52,664	15,778	68,442

There were no significant additions, disposals, or recognition and reversal of impairment loss of investment property for the six months ended June 30, 2024 and 2023. Please refer to Note (12) for depreciation amounts this period. Please refer to Note (6)(k) of the consolidated financial statements for the year ended December 31, 2023, for other related information.

The fair value of the investment property was not significantly different from those disclosed in Note (6)(k) of the consolidated financial statements for the year ended December 31, 2023.

As of June 30, 2024, December 31, 2023, and June 30, 2023, the aforesaid investment properties were not pledged as collateral.

(l) Intangible assets

	Goodwill	Software and trademark	Total
Carrying amount:			
Balance as of January 1, 2024	$ -	505,492	505,492
Balance as of June 30, 2024	$ -	417,045	417,045
Balance as of January 1, 2023	$ 407,292	461,785	869,077
Balance as of June 30, 2023	$ 407,292	379,129	786,421

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

There were no significant additions, disposals, or recognition and reversal of impairment loss of intangible assets for the six months ended June 30, 2024 and 2023. Based on the value-in-use calculation using cash flow projections, the Group recognized the goodwill impairment loss of satellite navigation. As of June 30, 2024 and December 31, 2023, the accumulated impairment losses amounted to $407,292. Please refer to Note (12) for amortization amounts this period. Please refer to Note (6)(l) of the consolidated financial statements for the year ended December 31, 2023, for other related information.

(m) Other current assets and Other non-current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayment for purchases	$ 38,003,539	22,384	37,197
Other	5,179,491	5,767,595	6,262,711
	$ 43,183,030	5,789,979	6,299,908

(n) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Credit loan	$ 132,993,562	156,978,475	156,953,352
Range of interest rates	4.27%~5.96%	2.10%~6.30%	1.55%~5.85%

The Group’ s currency risk, interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(y).

The Group has agreements with different financial institutions to offset its financial assets and liabilities. The following table lists the netting information of these financial assets and liabilities as of June 30, 2024, December 31, 2023, and June 30, 2023:

June 30, 2024			
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position
Bank deposits / Bank borrowings	$ 158,957,684	158,957,684	-

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

December 31, 2023			
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position
Bank deposits / Bank borrowings	$ 183,844,234	183,844,234	-

June 30, 2023			
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position
Bank deposits / Bank borrowings	$ 311,708,171	311,708,171	-

(o) Long-term borrowings

	Amount			
Names of financial institution	Non-current portion	Current portion	Total	Collateral or Guarantee
June 30, 2024				
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (vii)	$ 1,784,750	-	1,784,750	None
Syndicated agreement with Taipei Fubon Bank and other 22 participating banks (i)	1,622,500	-	1,622,500	None
National development agreement with TaiShin International Bank (ii)	343,750	375,000	718,750	None
National development agreement with Mega International Commercial Bank (iii)	318,367	318,367	636,734	None
National development agreement with Taipei Fubon Bank (iv)	385,417	375,000	760,417	None
National development agreement with E.SUN Commercial Bank (v)	500,000	500,000	1,000,000	None
National development agreement with CTBC Bank (vi)	250,000	250,000	500,000	None
CTBC Bank (viii)	464,779	-	464,779	None
Total	$ 5,669,563	1,818,367	7,487,930	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Names of financial institution	Amount Non-current portion	Current portion	Total	Collateral or Guarantee
December 31, 2023				
Syndicated agreement with Taipei Fubon Bank and other 22 participating banks (i)	$ 3,224,025	-	3,224,025	None
National development agreement with TaiShin International Bank (ii)	531,250	375,000	906,250	None
National development agreement with Mega International Commercial Bank (iii)	477,551	318,367	795,918	None
National development agreement with Taipei Fubon Bank (iv)	572,917	375,000	947,917	None
National development agreement with E.SUN Commercial Bank (v)	750,000	500,000	1,250,000	None
National development agreement with CTBC Bank (vi)	375,000	250,000	625,000	None
Total	$ 5,930,743	1,818,367	7,749,110	
June 30, 2023				
Syndicated agreement with Mizuho Bank and other 19 participating banks (ix)	$ -	3,269,700	3,269,700	None
National development agreement with TaiShin International Bank (ii)	718,750	375,000	1,093,750	None
National development agreement with Mega International Commercial Bank (iii)	636,735	318,367	955,102	None
National development agreement with Taipei Fubon Bank (iv)	760,416	375,000	1,135,416	None
National development agreement with E.SUN Commercial Bank (v)	1,000,000	500,000	1,500,000	None
National development agreement with CTBC Bank (vi)	500,000	250,000	750,000	None
Total	$ 3,615,901	5,088,067	8,703,968	

(i) Effective August 2023, the Company and its subsidiary, QIL, entered into syndicated credit agreements with Taiwan Fubon Bank and other 22 participating financial institutions. The agreements included two trenches, A and B. In trench A, the term facility and revolving facility available to the company amounted to USD1,000,000 thousand. In trench B, the term facility and revolving facility available to QIL amounted to USD500,000 thousand. The agreement amounted to USD1,500,000 thousand with floating interest rate for a period of 3 years. The borrowing duration is allowed to be extended for 2 years, but the extension is limited to one time only. According to the agreements, the Company takes joint and several liabilities for QIL’s repayments.

(ii) Effective June 2019, the Company entered into credit agreement with TaiShin International Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

(iii) Effective June 2019, the Company entered into credit agreement with Mega International Commercial Bank. The loan facility of agreement amounted to $1,300,000 with floating interest rates for a period of 7 years. The agreement started on June 19, 2019.

(iv) Effective June 2019, the Company entered into credit agreement with Taipei Fubon Bank. The loan facility of agreement amounted to $1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.

(v) Effective June 2019, the Company entered into credit agreement with E.SUN Commercial Bank. The loan facility of agreement amounted to $2,000,000 with floating interest rates for a period of 7 years. The agreement started on July 3, 2019.

(vi) Effective June 2019, the Company entered into credit agreement with CTBC Bank. The loan facility of agreement amounted to $1,000,000 with floating interest rates for a period of 7 years. The agreement started on July 4, 2019.

(vii) Effective October 2020, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mega International Commercial Bank and other 17 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD1,200,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is extended for 2 years with Mega International Commercial Bank and other 17 participating financial institutions in November 2023. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.

(viii) Effective January 2024, QMH entered into credit agreement with CTBC Bank. The loan facility of agreement amounted to USD70,000 thousand with floating interest rates for a period of 5 years. The agreement started on March 22, 2024.

(ix) Effective July 2018, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mizuho Bank and other 19 participating financial institutions. The agreement included two trenches, A and B. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD560,000 thousand. In trench B, the term facility and revolving facility available amounted to USD320,000 thousand, and the agreement amounted to USD880,000 thousand for a period of 3 years. The borrowing duration is allowed to extend for 2 years with Mizuho Bank and other 19 participating financial institutions in July 2021. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD596,000 thousand. In trench B, the term facility and revolving facility available amounted to USD284,000 thousand. The loan bears floating interest rates. According to the agreements, the Company takes joint and several liabilities for QIL’ s repayments. The loan was settled upon maturity.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(x) Under the agreements with QIL and the agreement of QMH, the Company shall adhere to certain financial provisions such as consolidated current ratios, leverage ratios, interest coverage ratios and tangible net worth at the end dates of the semi-annual and the annual accounting periods (June 30 and December 31). Otherwise, the borrowings will be considered due and payable immediately. As of June 30, 2024, the Company was in compliance with the above financial covenants, thus, the loan is classified as a non-current liability. Moreover, the Group expects to comply with the covenants at the end dates of the semi-annual and the annual accounting periods for at least 12 months after the reporting date.

(xi) The interest rates for all aforementioned credit facilities were 0.7200%~6.0792%, 0.5950%~6.1158% and 0.5950%~5.9081% as of June 30, 2024, December 31, 2023, and June 30, 2023, respectively.

(xii) The Group' s currency risk, interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(y).

(p) Lease liabilities

The carrying amount of the Group' s lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	$ 1,381,668	1,151,455	1,209,558
Non-current	$ 2,504,872	1,871,183	2,204,613

For the maturity analysis, please refer to Note (6)(y).

The amounts recognized in profit or loss were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Interests expenses on lease liabilities	$ 23,365	18,255	46,980	37,861
Variable lease payments not included in the measurement of lease liabilities	$ 15,225	167,703	41,660	252,658
Expenses relating to short-term leases	$ 112,024	92,914	238,271	218,165

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Six Months Ended June 30,	
	2024	2023
Total cash outflow for leases	$ 995,582	1,086,586

1. Land and Building leases

The Group leases land and buildings for its office space, warehouse and staff dormitory. The leases typically run for a period of 1 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other leases

The Group leases machinery and office equipment, which are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

1.Defined benefit plans

In prior fiscal year, there was no material volatility of the market, reimbursement and settlement or other material one-time events. As a result, pension cost in the accompanying interim financial statements is measured and disclosed as of December 31, 2023 and 2022.

The details of the Group' s expenses were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating costs	$ 256	463	519	944
Selling expenses	128	174	252	346
General and administrative expenses	1,406	2,382	2,804	4,760
Research and development expenses	899	1,306	1,803	2,626
	$ 2,689	4,325	5,378	8,676

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2.Defined contribution plans

The Group' s pension expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating costs	$ 27,600	29,388	55,210	62,673
Selling expenses	8,564	8,185	16,953	16,468
General and administrative expenses	22,423	22,947	44,729	46,672
Research and development expenses	99,724	89,939	196,117	179,759
Total	**$ 158,311**	**150,459**	**313,009**	**305,572**

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

3.The Group' s pension expenses of foreign subsidiaries allocated in accordance with local laws and regulations were $656,298, $689,305, $1,295,796 and $1,311,255 for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023.

(r) Income taxes

The details of the Group's income tax expense were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Current tax expense				
Current period	$ 3,403,162	3,454,102	5,514,226	6,222,401
Adjustment for prior periods	(135)	-	(984,951)	-
	3,403,027	3,454,102	4,529,275	6,222,401
Deferred tax expense				
Origination and reversal of temporary differences	916,565	691,721	2,091,342	251,668
Income tax expense from continuing operations	**$ 4,319,592**	**4,145,823**	**6,620,617**	**6,474,069**

The Company's tax returns through 2021 have been assessed and approved by the Tax Authority.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(s) Share capital and other equity

Except for the following disclosure, there is no significant difference in capital and other equity for the six months ended June 30, 2024 and 2023. Please refer to Note (6)(r) of the consolidated financial statements for the year ended December 31, 2023, for other related information.

1.Retained earnings

According to the Articles of Incorporation, wherein Article 27-2 stipulated that the Company's earnings distribution or loss off-setting may be made after the end of each half of the fiscal year in accordance with Article 228-1 of the Company Act. Earnings distributed in the form of cash shall be approved by the Board of Directors.

According to the amended Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches its paid-in capital. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed in accordance with the relevant laws or regulations, or as outlined by the Articles of Incorporation.

The 2023 earnings to be appropriated were resolved by the Board of Directors as follows:

	The date the resolution was approved by the Board of Directors	Dividend per share (NTD)－cash	Amount
Dividends distributed to ordinary shareholders			
The first half of 2023	August 11, 2023	$ -	-
The second half of 2023	March 15, 2024	9.00	34,763,647
Total			$ 34,763,647

The 2022 earnings to be appropriated were resolved by the Board of Directors as follows:

	The date the resolution was approved by the Board of Directors	Dividend per share (NTD)－cash	Amount
Dividends distributed to ordinary shareholders			
The first half of 2022	August 12, 2022	$ -	-
The second half of 2022	March 15, 2023	6.00	23,175,765
Total			$ 23,175,765

2.Treasury stock

The Company’ s shares held by its subsidiaries were as follows:

	June 30, 2024		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	2,529,972

	December 31, 2023		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	1,820,445

	June 30, 2023		
	Shares (in thousands)	Cost	Market price
RTK	8,109	$ 333,094	1,232,550

3.Other equity after tax

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2024	$ 5,685,783	(7,469,239)	(1,783,456)
Exchange differences on translation of foreign financial assets	7,240,361	-	7,240,361
Exchange differences on associates accounted for using equity method	9,159	-	9,159
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(49,634)	(49,634)
Disposal of investments measured at fair value through other comprehensive income	-	468	468
Balance as of June 30, 2024	$ 12,935,303	(7,518,405)	5,416,898

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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	Exchange differences on translation of foreign financial statement	Unrealized (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$ 6,464,433	(8,586,298)	(2,121,865)
Exchange differences on translation of foreign financial assets	1,268,806	-	1,268,806
Exchange differences on associates accounted for using equity method	1,335	-	1,335
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	1,282,401	1,282,401
Balance as of June 30, 2023	$ 7,734,574	(7,303,897)	430,677

4.Non-controlling interests after tax

	For the Six Months Ended June 30, 2024	2023
Balance as of January 1	$ 7,685,215	7,365,327
Shares attributed to non-controlling interests		
Net profit	316,433	287,222
Exchange differences on translation of foreign financial statement	158,792	(18,387)
Unrealized gains from financial assets measured at fair value through other comprehensive income	46,952	59,023
Changes in non-controlling interests	(662,030)	(606,678)
Others	25	10
Balance as of June 30	$ 7,545,387	7,086,517

(t) Share-based payment

There were no significant changes in share-based payment during the periods from January 1 to June 30, 2024. For the related information, please refer to note(6)(s) to the consolidated financial statements for the year ended December 31, 2023.

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(u) Earnings per share

For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Profit attribute to ordinary shareholders of the Company	$ 15,128,243	10,124,728	27,196,024	16,598,345

Unit：thousand shares

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519	3,854,519	3,854,519

2.Diluted earnings per share

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Profit attribute to ordinary shareholders of the Company	$ 15,128,243	10,124,728	27,196,024	16,598,345

Unit：thousand shares

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519	3,854,519	3,854,519
Effect of employee stock compensation	8,381	11,277	14,960	26,396
Weighted average number of ordinary shares (diluted)	3,862,900	3,865,796	3,869,479	3,880,915

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(v) Revenue from contracts with customers

1.Disaggregation of Revenue

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Primary geographical markets:				
America	$ 205,664,673	136,745,954	351,942,085	277,848,899
Mainland China	19,662,293	23,392,728	39,461,198	48,325,565
Netherlands	8,098,289	10,329,096	17,013,594	22,073,933
Japan	12,008,990	13,365,597	26,458,830	30,474,063
Other countries	64,519,887	61,196,037	134,017,803	132,487,902
	$ 309,954,132	245,029,412	568,893,510	511,210,362
Major products:				
Electronic products	$ 308,678,293	244,419,228	566,725,550	509,885,317
Other products	1,275,839	610,184	2,167,960	1,325,045
	$ 309,954,132	245,029,412	568,893,510	511,210,362

2.Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Contract liabilities	$ 91,938,205	80,743,437	80,447,712

For details on trade receivables and allowance for impairment, please refer to Note (6)(e).

The amounts of revenue recognized for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the periods were $5,831,025, $9,518,859, $11,382,843 and $32,566,177, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include employees of the Company’ s affiliated companies who meet certain conditions.

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For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the Company appropriated its employee remuneration amounting to $1,512,650, $1,058,000, $2,614,850 and $1,714,200 and directors' remuneration for both periods amounting to $3,600, $3,600, $7,200 and $7,200, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax for each period, excluding the remuneration to employees and directors, multiplied by the percentages of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2024 and 2023.

For the years ended December 31, 2023 and 2022, the remuneration to employees amounted to $3,887,479 and $3,002,714 and the remuneration to directors for both years amounted to $14,000. The amount of employees' remuneration and directors' remuneration were identical to that of the estimation stated in the financial statements for 2023. The distribution of employee and directors' remuneration for 2023 and 2022 was resolved and the information is available on the Market Observation Post System website.

(x) Non-operating income and expenses

1.Interest income

The details of interest income were as follows:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2024	2023	2024	2023
Interest income from bank deposits	$	3,004,133	3,022,467	5,503,614	5,246,671
Others interest income		42,714	19,069	76,951	24,549
Total interest income	$	3,046,847	3,041,536	5,580,565	5,271,220

2.Other income

The details of other income were as follows:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2024	2023	2024	2023
Dividend income	$	375,160	319,838	385,069	332,133

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3.Other gains and losses

The details of other gains and losses were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Loss on disposal of property, plant and equipment	$ (34,700)	(27,497)	(69,789)	(71,159)
Gain (loss) on disposal of investment and financial liabilities	(5,781)	214,585	(5,791)	214,769
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	204,491	187,088	437,954	307,457
Impairment loss on non-financial assets	-	-	(5,241)	-
Reversal of impairment (loss) recognized in profit or loss, property, plant and equipment	90	-	90	(2,756)
Fee expense arising from sale of receivables	(24,094)	(72,366)	(31,515)	(98,708)
Subsidy	85,977	41,050	310,458	211,158
Foreign exchange gain	1,605,570	1,798,272	2,891,394	2,649,764
Others	804,961	(276,843)	930,705	(63,308)
Net	$ 2,636,514	1,864,289	4,458,265	3,147,217

4.Financial costs

The details of financial costs were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Interest expenses	$ 1,650,620	2,082,462	3,176,389	4,512,529

(y) Financial instruments

Except for the condition mentioned below, there was no significant change in the fair value of the Group' s financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note (6)(x) of the consolidated financial statements for the year ended December 31, 2023.

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1.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
June 30, 2024							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 140,481,492	141,816,339	134,734,939	914,101	3,734,498	2,432,801	-
Payables	291,644,105	291,644,105	290,885,857	286,748	471,500	-	-
Lease liabilities	3,886,540	4,086,822	732,904	724,816	1,448,958	821,739	358,405
	$ 436,012,137	437,547,266	426,353,700	1,925,665	5,654,956	3,254,540	358,405
December 31, 2023							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 164,727,585	166,137,851	154,741,786	4,921,862	1,834,596	4,639,607	-
Payables	223,332,744	223,332,744	222,514,096	570,534	248,114	-	-
Lease liabilities	3,022,638	3,132,382	636,133	568,649	1,390,928	515,400	21,272
Derivative financial liabilities							
Other forward foreign exchange contract:							
Outflow	26,496	26,496	26,496	-	-	-	-
Inflow	(22,693)	(22,693)	(22,693)	-	-	-	-
	$ 391,086,770	392,606,780	377,895,818	6,061,045	3,473,638	5,155,007	21,272
June 30, 2023							
Non-derivative financial liabilities							
Long-term and short-term borrowings	$ 165,657,320	166,708,271	154,812,864	8,236,496	1,834,641	1,824,270	-
Payables	223,230,953	223,230,953	222,884,304	57,701	288,948	-	-
Lease liabilities	3,414,171	3,535,863	640,400	627,348	1,568,494	670,298	29,323
	$ 392,302,444	393,475,087	378,337,568	8,921,545	3,692,083	2,494,568	29,323

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

2.Currency risks

1) Exposure to foreign currency risks

Functional currency	Exchange rate	Currency	June 30, 2024 Foreign currency (in thousands)	June 30, 2024 Carrying amount (NTD)
Financial assets				
Monetary items				
NTD	32.450	USD	$ 9,884,875	320,752,438
NTD	34.710	EUR	65,624	2,277,823
USD	0.140	CNY	3,923,845	17,866,190
Financial liabilities				
Monetary items				
NTD	32.450	USD	7,408,245	239,596,814
NTD	34.710	EUR	62,831	2,133,461
USD	0.140	CNY	2,768,469	12,605,489

Functional currency	Exchange rate	Currency	December 31, 2023 Foreign currency (in thousands)	December 31, 2023 Carrying amount (NTD)
Financial assets				
Monetary items				
NTD	30.705	USD	$ 10,090,628	309,831,062
NTD	33.980	EUR	68,235	2,318,624
USD	0.141	CNY	4,665,859	20,314,187
Financial liabilities				
Monetary items				
NTD	30.705	USD	6,351,682	194,824,466
NTD	33.980	EUR	83,699	2,806,748
USD	0.141	CNY	4,901,210	21,247,779

			June 30, 2023	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (NTD)
Financial assets				
Monetary items				
NTD	31.140	USD	$ 10,172,858	316,777,881
NTD	0.215	JPY	2,920,876	627,988
NTD	33.810	EUR	114,129	3,858,693
USD	0.754	CAD	56,634	1,329,766
USD	0.138	CNY	5,129,807	22,080,257
Financial liabilities				
Monetary items				
NTD	31.140	USD	5,933,247	184,264,951
NTD	33.810	EUR	109,643	3,647,017
USD	0.138	CNY	6,060,096	26,116,334

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. Assuming other variables remain the same, a 1% depreciation or appreciation of the NTD against foreign currency for the six months ended June 30, 2024 and 2023, would have increased or decreased the net profit after tax by $692,486 and $1,045,170, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to $2,891,394 and $2,649,764, respectively.

3.Interest rate analysis

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

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate increases or decreases by 0.25% (25 basis points), the Group’s net income would have increased or decreased by $17,580 and decreased or increased by $169,453 for the six months ended June 30, 2024 and 2023, due to the Group’s bank time deposits and borrowings at variable rates. This analysis assumes that all other variables remain constant.

4.Other price risks

If the equity and the debt instrument prices change, and they are based on the same basis for both years and assume that all other variables remain the same, the impact to comprehensive income will be as follows:

	For the Six Months Ended June 30,			
	2024		2023	
Equity price on the reporting date	**Other comprehensive income after-tax**	**Profit (loss) after-tax**	**Other comprehensive income after-tax**	**Profit (loss) after-tax**
Stock－Increase 7%	$ 740,236	38,495	698,005	42,986
Stock－Decrease 7%	$ (740,236)	(38,495)	(698,005)	(42,986)
Beneficiary certificates －Increase 1%	$ -	55,417	-	43,948
Beneficiary certificates －Decrease1%	$ -	(55,417)	-	(43,948)

5.Fair value information

1) The categories and fair values of financial instruments

The measurement basis of the financial assets and liabilities at fair value through profit or loss and the financial assets at fair value through other comprehensive income is repetitive. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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	June 30, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 6,091,664	4,068,721	-	2,022,943	6,091,664
Forward foreign exchange contracts	5,261	-	5,261	-	5,261
Sub-total	6,096,925	4,068,721	5,261	2,022,943	6,096,925
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	7,726,780	7,726,780	-	-	7,726,780
Stocks in unlisted companies	2,848,020	-	-	2,848,020	2,848,020
Accounts receivable	60,826,619	-	-	-	-
Sub-total	71,401,419	7,726,780	-	2,848,020	10,574,800
Financial assets measured at amortized cost					
Cash and cash equivalents	144,964,133	-	-	-	-
Debt commodity investments	1,176,340	-	1,179,646	-	1,179,646
Accounts receivable	215,207,821	-	-	-	-
Other receivables	3,183,386	-	-	-	-
Other financial assets	2,432,125	-	-	-	-
Sub-total	366,963,805	-	1,179,646	-	1,179,646
Total	$ 444,462,149	11,795,501	1,184,907	4,870,963	17,851,371
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 132,993,562	-	-	-	-
Accounts payable and other payables	280,302,146	-	-	-	-
Long-term borrowings	7,487,930	-	-	-	-
Other financial liabilities	11,341,959	-	-	-	-
Lease liabilities	3,886,540	-	-	-	-
Total	$ 436,012,137	-	-	-	-

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 36,210,435	34,631,261	-	1,579,174	36,210,435
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	7,649,102	7,649,102	-	-	7,649,102
Stocks in unlisted companies	2,158,563	-	-	2,158,563	2,158,563
Accounts receivable	59,984,273	-	-	-	-
Sub-total	69,791,938	7,649,102	-	2,158,563	9,807,665
Financial assets measured at amortized cost					
Cash and cash equivalents	177,234,068	-	-	-	-
Debt commodity investments	476,224	-	533,765	-	533,765
Accounts receivable	199,923,064	-	-	-	-
Other receivables	2,168,363	-	-	-	-
Other financial assets	2,658,369	-	-	-	-
Sub-total	382,460,088	-	533,765	-	533,765
Total	$ 488,462,461	42,280,363	533,765	3,737,737	46,551,865
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	$ 3,803	-	3,803	-	3,803
Financial liabilities measured at amortized cost					
Short-term borrowings	156,978,475	-	-	-	-
Accounts payable and other payables	213,860,797	-	-	-	-
Long-term borrowings	7,749,110	-	-	-	-
Other financial liabilities	9,471,947	-	-	-	-
Lease liabilities	3,022,638	-	-	-	-
Sub-total	391,082,967	-	-	-	-
Total	$ 391,086,770	-	3,803	-	3,803

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	June 30, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 5,009,139	3,482,048	-	1,526,806	5,008,854
Forward foreign exchange contracts	285	-	285	-	285
Sub-total	5,009,424	3,482,048	285	1,526,806	5,009,139
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	7,749,397	7,749,397	-	-	7,749,397
Stocks in unlisted companies	2,222,103	-	-	2,222,103	2,222,103
Accounts receivable	61,066,147	-	-	-	-
Sub-total	71,037,647	7,749,397	-	2,222,103	9,971,500
Financial assets measured at amortized cost					
Cash and cash equivalents	162,478,976	-	-	-	-
Accounts receivable	194,055,369	-	-	-	-
Other receivables	3,191,489	-	-	-	-
Other financial assets	3,038,246	-	-	-	-
Sub-total	362,764,080	-	-	-	-
Total	$ 438,811,151	11,231,445	285	3,748,909	14,980,639
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 156,953,352	-	-	-	-
Accounts payable and other payables	213,958,856	-	-	-	-
Long-term borrowings	8,703,968	-	-	-	-
Other financial liabilities	9,272,097	-	-	-	-
Lease liabilities	3,414,171	-	-	-	-
Total	$ 392,302,444	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

7. A. Financial assets measured at amortized cost

l. If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

8. B. Financial liabilities measured at amortized cost

m. If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

9. A. Non-derivative financial instruments

n. The fair value of financial instruments traded in an active market is based on quoted market price. The quotation, which is published by the main exchange center, is included in the fair value of the listed securities instruments.

o. The Group holds the financial instruments with the active market, the categories and characteristics of fair value are listed as follow:

p. Certificates-open-end mutual funds, stocks of public quoted companies and debt investments with quoted market price are the financial instruments with standard terms and conditions and traded in an active market. These fair values are based on market quoted price.

q. The Group holds the financial instrument without active market, the categories and characteristics of fair value are listed as follows:

r. Debt instrument without quoted prices: The discounted cash flow method is used to estimate the fair value. The main assumption for the model is to discount the expected future cash flow by using a discount rate that reflects the time value of money and risks.

s. Equity instrument without quoted prices: The market price method and the net asset value method are used to estimate the fair value. The market price method uses recent financing activity of investment target or market price of similar financial instrument, including consider market condition, to estimate fair value. The main assumption for the net asset value method is using the net asset value per share as the measuring basis.

10. B. Derivative financial instruments

t. Forward exchange rate to date is used to estimate the fair value of forward foreign contract.

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4) For the six months ended June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2.

5) Changes in level 3 of the fair value

	At fair value through profit or loss		Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss		Unquoted equity instruments
Balance as of January 1, 2024	$	1,579,174	2,158,563
Total gains and losses recognized			
In profit or loss		162,470	-
In other comprehensive income		-	43,108
Acquisition		281,299	646,349
Balance as of June 30, 2024	$	2,022,943	2,848,020
Balance as of January 1, 2023	$	1,088,022	2,253,678
Total gains and losses recognized			
In profit or loss		107,106	-
In other comprehensive income		-	(25,462)
Reclassification and effect of movements in exchange rate		(5)	-
Acquisition		332,473	-
Disposal / Redemption		(790)	(6,113)
Balance as of June 30, 2023	$	1,526,806	2,222,103

The aforementioned total gains and losses were recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income". The details of the assets which the Group still held as of June 30, 2024 and 2023, were as follows:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,	
		2024	2023	2024	2023
Total gains and losses recognized					
In profit or loss (accounted as "other gains and losses")	$	28,724	177,723	162,470	107,106
In other comprehensive income (loss) (accounted as "unrealized gains and losses from financial assets at fair value through other comprehensive income")		7,167	(978)	43,108	(25,462)

6) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income-equity investments.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair values
Financial assets at fair value through profit or loss-equity instruments without active market	Net asset value method	• Net asset value	• The estimated fair value would increase if the net asset value were higher.
Financial assets at fair value through other comprehensive income-equity instruments without active market	Net asset value method	• Net asset value	• The estimated fair value would increase if the net asset value were higher.

(z) Financial risk management

There were no significant differences of the Group’s financial risk management and policies with those disclosed in Note (6)(y) of the consolidated financial statements for the year ended December 31, 2023.

(aa) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in Note (6)(z) of the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group’s capital management information as disclosed for the year ended December 31, 2023.

(ab) Financing activities not affecting current cash flow

For the six months ended June 30, 2024 and 2023, the Group’s financing activities which did not affect the current cash flow were acquisition of right-of-use assets from leasing. Please refer to Note (6)(j).

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Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	June 30, 2024
Long-term borrowings	$ 7,749,110	(444,405)	-	183,225	7,487,930
Short-term borrowings	156,978,475	(23,984,913)	-	-	132,993,562
Lease liabilities	3,022,638	(651,784)	1,288,993	226,693	3,886,540
Total liabilities from financing activities	$ 167,750,223	(25,081,102)	1,288,993	409,918	144,368,032

	January 1, 2023	Cash flows	Non-cash changes: Others	Non-cash changes: Movements in exchange rate	June 30, 2023
Long-term borrowings	$ 49,337,452	(39,928,167)	-	(705,317)	8,703,968
Short-term borrowings	204,712,153	(48,240,238)	-	481,437	156,953,352
Lease liabilities	3,934,559	(577,369)	63,240	(6,259)	3,414,171
Total liabilities from financing activities	$ 257,984,164	(88,745,774)	63,240	(230,139)	169,071,491

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Quanta Culture & Education Foundation	Same chairman (other related parties)
Quanta Computer Employee Welfare Committee	Same chairman (other related parties)
Quanta Arts Foundation	Same chairman (other related parties)
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Company's chairman is a member of the council of CNAIC. (other related parties)
SINOCON Industrial Standards Foundation (SINOCON)	The Company's chairman is a member of the council of SINOCON. (other related parties)
Institute for Biotechnology and Medicine Industry (IBMI)	The Company's chairman is a member of the council of IBMI. (other related parties)
OMRON Corporation	The Group's other related parties
Omron Robotics and Safety Technologies, Inc.	The Group's other related parties
EBN Technology Corporation	An investee company accounted for using equity method (Affiliates)
Guangsheng (Tianjin) Technology Co., Ltd.	An investee company accounted for using equity method (Affiliates)

Name of related party	Relationship with the Group
aetherAI Co., Ltd.	An investee company accounted for using equity method (Affiliates)
LIONS Taiwan Technology Inc.	An investee company accounted for using equity method (Affiliates)

(b) Significant transactions with related parties

1.Revenues from related parties

The amounts of significant sales between the Group and related parties were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Affiliates	$ 8,212	515,539	13,227	851,129
Other related parties	140,501	122,096	277,576	294,652
	$ 148,713	637,635	290,803	1,145,781

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

2.Purchases from related parties

The amounts of purchases between the Group and related parties were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Affiliates	$ 4	3	13	14

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3.Receivables from related parties

Receivables from related parties were as follows:

Account	Category of related party	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Affiliates	$ 2,816	2,356	545,761
Accounts receivable	Other related parties	94,525	78,900	54,926
Other receivables	Other related parties	1,800	3,978	2,655

Name of related party	Relationship with the Group			
	$	99,141	85,234	603,342

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4.Payables to related parties

Payables to related parties were as follows:

Account	Category of related party	June 30, 2024	December 31, 2023	June 30, 2023
Other payables	Affiliates	$ 27	1,605	764
Other payables	Other related parties	50,367	33,763	39,294
		$ 50,394	35,368	40,058

5.Unearned revenue

Account	Category of related party	June 30, 2024	December 31, 2023	June 30, 2023
Contract liabilities	Affiliates	$ 423	4,449	6,284

6.Others

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Affiliates				
Other income	$ -	815	202	1,858
Other expenses	(4,075)	(1,349)	(7,401)	(1,675)
Other related parties				
Rental income	3,501	5,575	7,001	11,150
Other income	1,009	982	2,167	2,053
Donation expenses	(14,422)	(8,749)	(19,122)	(8,749)
Employee benefits	(131,990)	(101,696)	(246,518)	(208,223)
Other expenses	(20)	(54)	(70)	(120)

(c) Transactions with key management personnel

Compensation for key management personnel includes:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Short-term employee benefits	$ 334,348	231,493	591,483	403,076
Post-employment benefits	747	711	1,476	1,440
	$ 335,095	232,204	592,959	404,516

(8) Assets Pledged as Security

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

Assets pledged as security	Object	June 30, 2024	December 31, 2023	June 30, 2023
Pledged time deposits	Customs collateral and deposits for factory lease, etc.	$ 68,906	56,248	56,042
Other financial assets-current	Deposits for government project and bid	8,216	10,453	-
Guarantee deposits paid	Deposits for office and factory lease, and long-term material purchase contracts, etc.	668,051	809,434	702,983
		$ 745,173	876,135	759,025

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments：

1.The contractual commitments for the acquisition of property, plant and equipment and right-of-use assets not recognized by the Group were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	$ 4,790,899	4,271,421	3,690,783
Right-of-use assets	857,400	-	-
	$ 5,648,299	4,271,421	3,690,783

2.Promissory notes issued as guarantee for purchasing, borrowings, foreign exchange forward contracts and import or export bills advance were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
NTD	$ 54,360,000	52,860,000	52,410,000
USD (in thousands)	10,439,500	10,437,583	9,686,583

(b) As of June 30, 2024, December 31, 2023, and June 30, 2023, the guarantee notes received from outsourcing, vendor performance, and construction contracts amounted to $607,249, $501,389 and $598,256, respectively.

(c) Significant litigation:

1.Litigation 1:

In October 2017, QSI received the investigation result from the Court of Justice of the European Union on the first instance antitrust remedy and the fine of EUR 7,146 thousand. QSI filed for an appeal in September 2019. On June 16, 2022, the Court of Final Appeal of the European Union handed down its judgment, which upheld the previous court's decision to impose a fine of EUR 7,146 thousand on QSI and ruled that QSI may claim half of the costs related to the first instance litigation and the full amount of the costs related to the second instance litigation from the European Commission. QSI had recognized the estimated full amount of the fine in 2017, and there is no significant impact on QSI’ s finance.

2.Litigation 2:

QSI's subsidiary, TMT, and World Electric (Thailand) Ltd., completed the registration of ownership transfer for Chonburi plant in Thailand in 2021. However, the seller claimed that some of its assets remain stored in the plant after the transfer of ownership. The seller then filed a lawsuit on July 11, 2022, demanding that TMT should pay compensation amounting to THB 9,440 thousand for denying seller's entry to the plant to retrieve its assets. In November 2023, the subsidiary, TMT, received the first instance to pay for the compensatory damage of THB 2,186 thousand. The subsidiary, TMT, has filed for an appeal.

3.Litigation 3:

QMN, a subsidiary of QMI, has received a labor lawsuit and mediation has been held in August 2023. The Group will continue to pay close attention to the development of the incident and evaluate the situation in a timely manner. QMN has therefore appointed an external attorney on this case.

4.Litigation 4:

QMN, a subsidiary of QMI, received a salary lawsuit filed by employees against the company in November 2023. QMN has therefore appointed an external attorney on this case.

5.Litigation 5:

In June 2024, QSI received a lawsuit filed by plaintiffs (three employees, including Mr. Lu) in the Civil Litigation Division of Taiwan Taoyuan District Court, against the payment of severance fee and other matters, demanding that QSI should pay compensation amounting to $3,490. QSI has therefore appointed an external attorney on this case.

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The Group will evaluate the reasonableness of recognized expenses during every financial reporting period based on the nature of the case, the expected loss and materiality of the amount, the progress of the case, and the comments of the professional consultants. Also, the Group have made necessary adjustments in a manner deemed appropriate. However, the final amount will not be set until the termination of related cases. Although the Group will actively defend the aforementioned cases which have not yet reconciled and which are still in progress, the potential losses (if any) cannot be calculated accurately at the present time due to the unpredictability nature of legal cases. The Group cannot rule out the possibility that they fail to win or settle all the related cases. The related fines, judgement amounts, or reconciliation might have material negative impact on the business, operations, and prospects of the Group.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

On August 9, 2024, the Board of Directors resolved the fourth issuance of unsecured overseas convertible bonds. These bonds are intended for the procurement of materials in foreign currencies, with a maximum issuance value of USD 1,000,000 thousand.

(12) Others

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

By function / By item	For the Three Months Ended June 30, 2024			For the Three Months Ended June 30, 2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	5,188,364	5,718,518	10,906,882	5,652,431	4,961,310	10,613,741
Labor and health insurance	555,505	347,302	902,807	604,771	315,318	920,089
Pension	553,497	263,801	817,298	605,171	238,918	844,089
Others	346,665	172,505	519,170	348,084	138,006	486,090
Depreciation	2,271,676	263,496	2,535,172	1,970,430	459,426	2,429,856
Amortization	285,867	112,998	398,865	301,290	86,617	387,907

By function / By item	For the Six Months Ended June 30, 2024			For the Six Months Ended June 30, 2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	10,183,270	10,908,998	21,092,268	10,836,977	9,507,770	20,344,747
Labor and health insurance	1,132,795	769,536	1,902,331	1,168,042	706,679	1,874,721
Pension	1,092,530	521,653	1,614,183	1,149,999	475,504	1,625,503
Others	706,011	319,143	1,025,154	676,282	274,376	950,658
Depreciation	4,249,938	746,639	4,996,577	3,932,353	872,725	4,805,078

Amortization	574,291	223,494	797,785	601,471	191,704	793,175

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2024:

1. Fund financing to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period (Foreign Currencies in Thousands)	Ending balance (Foreign Currencies in Thousands)	Actual usage amount during the period (Foreign Currencies in Thousands)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short -term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Name	Value		
0	The Company	QCH	Other receivables	Yes	81,125,000 (USD 2,500,000)	81,125,000 (USD 2,500,000)	58,951,771 (USD 1,816,696)	-	1	329,313,629	Business contact	-		-	185,921,308	185,921,308
〃	〃	QMH	〃	〃	162,250 (USD 5,000)	162,250 (USD 5,000)	162,250 (USD 5,000)	5.99%	2	-	Business operation	-		-	185,921,308	185,921,308

- Note 1: The numbers denote the following:
  1. 0 is issuer.
  2. Investees are listed by names and numbered starting with 1.
- Note 2: Purpose of fund financing for the borrower:
  1. For those companies with business contact, please fill in 1.
  2. For those companies with short-term financing needs, please fill in 2.
- Note 3: Maximum limitation on fund financing:
  (1) Limitation on the Company’s total fund financing amount and individual party
  1) The Company’s cumulative total of fund financing amount (including business contact and short-term financing), cannot exceed its net asset value.
  2) The cumulative amount of short-term financing cannot exceed 40% of the net asset value on its most recent financial statements. The amount of each fund financing cannot exceed the borrower's double net asset value, and should be calculated in combination with the amount of guarantees and endorsements for those companies. For subsidiaries not within the territory of the ROC that are 100% directly or indirectly owned by the Company, the amount of fund financing is not restricted to this regulation. However, the cumulative amount still cannot exceed 40% of the Company's net asset value. For each applying for loans due to business contact, the fund financing amount is limited to its amount of business contact in current portion. Before proceeding the fund financing application, each application should be assessed carefully in accordance with the regulations of Article 3, paragraph 1, of this operating procedure. If it complies with the requirements, the current and previous amount of financing should be aggregated. If the aggregate amount exceeds the amount limitation of "business contact", the excess amount should be reclassified as "short-term financing", and the fund financing items and amounts should be listed separately when the Board of Directors reports the resolution.
  3) The net asset value mentioned above refers to total equity attributable to owners of the parent on the balance sheet which is certified by the external accountant.
  (2) Limitation on the subsidiaries’ total fund financing amount and individual party
  1) The Company’s total fund financing amount cannot exceed four times of its net asset value.
  2) For those companies with business contact, the amount of each fund financing cannot exceed the trading amount between the two parties. The trading amount means the higher of sales or purchases.
  3) For those companies with short-term financing needs, the amount of each fund financing cannot exceed two times of the borrower’s net asset value, and should be calculated together with guarantees and endorsements for those companies. For foreign companies that are 100% directly or indirectly owned by the Company, or foreign companies that are 100% directly or indirectly owned by the Company leading to the Company, the amount of fund financing is not restricted to above 3 items. However, the amount of each fund financing cannot exceed four times of the Company’s net asset value.
- Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Foreign Currencies in Thousands)	Balance of guarantees and endorsements as of reporting date (Foreign Currencies in Thousands)	Actual usage amount during the period (Foreign Currencies in Thousands)	Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	QIL	2	185,921,308	31,801,000 (USD 980,000)	31,801,000 (USD 980,000)	3,407,250 (USD 105,000)	-	17.10%	185,921,308	Y		

- Note 1: 0 is issuer.
- Note 2: Maximum amount for guarantees and endorsements:
  1. The total amount of guarantees and endorsements cannot exceed 50% of the Company’ s net asset value for the current year.
  2. The amount of each guarantee and endorsement cannot exceed 20% of the Company’ s net asset value for the current year.
  3. If the amount of each guarantee and endorsement reaches $10,000, the aggregate of the amount of guarantee and endorsement, long-term investment, and fund financing cannot exceed 30% of the Company’ s net asset value stated in recent financial statements.
  4. For guarantees and endorsements to those companies with business contact, the accumulated amount cannot exceed the trading amount between the two parties for the current year.
  5. For companies that are more than 90% directly or indirectly owned by the Company, the amount of each guarantee and endorsement cannot exceed 10% of the Company’ s net asset value.
  6. For companies that are 100% directly or indirectly owned by the Company, the amount of each guarantee and endorsement is not restricted to item 1, but cannot exceed the Company’ s net asset value for the current year.
  7. The total amount of guarantees and endorsements of the Company and its subsidiaries cannot exceed 50% of the Company’ s net asset value for the current year. The amount of guarantees and endorsements of the Company and its subsidiaries for each company cannot exceed 20% of the Company’ s net asset value for the current year.
- Note 3: Relationship with the Company:
  1. The company has business relationship.
  2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
  3. The investee company which is held more than 50% of its total outstanding common shares by the Company and its subsidiaries.
  4. For companies that are 90% directly or indirectly owned by the Company.
- Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)	
	Common Stock							
The Company	Ever Fortune.AI Co., Ltd.	-	Non-current financial assets-mandatorily measured at FVTPL	2,573,000	308,760	2.61%	308,760	
〃	Amphastar Pharmaceuticals, Inc.	-	〃	39,622	51,429	0.08%	51,429	
〃	Plus Automation Inc.	-	〃	13,505,692	106,637	0.68%	106,637	
〃	AU Optronics Corporation	-	Current financial assets at FVOCI	355,144,245	6,321,567	4.61%	6,321,567	
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	638,085	8,334	2.75%	8,334	
〃	Intelligo Technology Inc.	-	〃	692,526	89,890	1.09%	89,890	
〃	CDIB Bioscience Ventures I, Inc.	-	〃	3,545,123	3,220	16.00%	3,220	
〃	CDIB Capital Innovation Accelerator Co., Ltd.	-	〃	16,976,999	295,256	17.86%	295,256	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)	
	Others							
The Company	SBCVC Fund III, L.P.	-	Non-current financial assets at FVOCI	-	12,336	- %	12,336	
〃	Viscovery (Cayman) Holding Company Ltd.	-	〃	1,000,391	-	4.52%	-	
〃	Translink Capital Partners II, L.P.	-	〃	-	211,892	- %	211,892	
〃	Tier IV, Inc.	-	〃	125,000	252,125	1.77%	252,125	
〃	Lumus, LTD.	-	〃	93,347	186,926	1.92%	186,926	
〃	Lumus, LTD.(C-1)	-	〃	317,460	648,999	6.52%	648,999	
〃	Cesium Astro, Inc.	-	〃	1,116,021	649,000	3.74%	649,000	
〃	PHI Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	632,780	- %	632,780	
〃	Achi Capital Partners Fund L.P.	-	〃	-	67,351	- %	67,351	
〃	Matter Venture Fund	-	〃	-	297,165	- %	297,165	
	Common Stock							
QSI	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	273,492	0.07%	273,492	
〃	Far EasTone Telecommunications Co., Ltd.	-	〃	3,709,000	311,927	0.10%	311,927	
〃	Chuanghwa Telecom Co., Ltd.	-	〃	2,720,000	341,360	0.04%	341,360	
〃	Far Eastern New Century Corporation	-	〃	80,000	2,820	- %	2,820	
	Beneficiary Certificate							
〃	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	46,983,253	721,517	- %	721,517	
〃	Franklin Templeton Sinoam Money Market Fund	-	〃	27,050,300	289,484	- %	289,484	
〃	Fubon Chi-Hsiang Money Market Fund	-	〃	7,942,586	128,747	- %	128,747	
〃	Taishin 1699 Money Market Fund	-	〃	46,926,829	658,764	- %	658,764	
	Debt Commodity Instrument							
〃	Fubon Life Insurance Co., Ltd. Common Corporate Bonds	-	Non-current financial assets measured at amortized cost	-	290,000	- %	291,991	
〃	Shin Kong Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	50,000	- %	49,991	
〃	Nan Shan Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	190,000	- %	190,228	
〃	Cathay Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	100,000	- %	100,997	
〃	Cathay Life Insurance Co., Ltd. U.S. dollar-denominated Corporate Bonds	-	〃	-	194,700	- %	194,667	

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)	
QSI	Tai-Tech Advanced Electronics Co., Ltd. Unsecured Convertible Corporate Bonds	-	Current financial assets-mandatorily measured at FVTPL	90,000	11,691	- %	11,691	
〃	Yulon Finance Corporation Unsecured Convertible Corporate Bonds	-	〃	100,000	9,900	- %	9,900	
〃	LUNGTEH SHIPBUILDING CO., LTD., Unsecured Convertible Corporate Bonds	-	〃	200,000	28,400	- %	28,400	
	Beneficiary Certificate							
TRI	Jih Sun Money Market Fund	-	〃	10,892,461	167,274	- %	167,274	
〃	Taishin 1699 Money Market Fund	-	〃	31,157,525	437,393	- %	437,393	
〃	CDF Preferred Share B	-	〃	479,000	3,640	- %	3,640	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares A	-	Current financial assets at FVOCI	892,000	55,929	- %	55,929	
〃	Cathay Financial Holding Co., Ltd. Preferred Shares A	-	〃	892,000	54,501	- %	54,501	
	Debt Commodity Instrument							
〃	Fubon Life Insurance Co., Ltd. Common Corporate Bonds	-	Non-current financial assets measured at amortized cost	-	90,000	- %	89,991	
〃	Cathay Life Insurance Co., Ltd. Common Corporate Bonds	-	〃	-	30,000	- %	30,299	
〃	Cathay Life Insurance Co., Ltd. U.S. dollar-denominated Corporate Bonds	-	〃	-	64,900	- %	64,889	
〃	Amazon.com, Inc. U.S. dollar-denominated Corporate Bonds	-	〃	-	29,060	- %	27,562	
〃	TSMC Arizona Corporation U.S. dollar-denominated Corporate Bonds	-	〃	-	27,531	- %	27,728	
〃	TSMC GLOBAL LTD. U.S. dollar-denominated Corporate Bonds	-	〃	-	54,092	- %	53,851	
〃	Apple Inc. U.S. dollar-denominated Corporate Bonds	-	〃	-	56,057	- %	57,452	
	Beneficiary Certificate							
QMIT	Shin Kong Chi-Shin Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	22,124,365	354,143	- %	354,143	
QVC	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	521,117	6,806	2.25%	6,806	
〃	Ostar Meditech Corp.	-	〃	834,000	-	9.25%	-	
〃	Lumus, LTD.	-	〃	168,023	336,464	3.45%	336,464	
〃	Amphastar Pharmaceuticals, Inc.	-	Non-current financial assets-mandatorily measured at FVTPL	22,701	29,466	0.05%	29,466	
	Others							
〃	Translink Capital Partners III L.P.	-	Non-current financial assets at FVOCI	-	161,912	- %	161,912	
〃	China Renewable Energy Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	919,010	- %	919,010	

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Carrying amount	Percentage of shares	Fair value (Note 1)	
	Beneficiary Certificate							
QCTI	Mega Diamond Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	12,494,581	162,247	- %	162,247	
〃	Union Money Market Fund	-	〃	5,258,333	76,775	- %	76,775	
〃	FSITC Taiwan Money Market Fund	-	〃	13,766,423	218,126	- %	218,126	
	Common Stock							
〃	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	476,982	6,229	2.06%	6,229	
RTK	The Company	Parent company of RTK	〃	8,108,885	2,529,972	0.21%	2,529,972	
〃	Ostar Meditech Corp.	-	〃	258,914	-	2.87%	-	
〃	E.SUN Financial Holdings Co., Ltd.	-	〃	4,155,136	118,629	0.02%	118,629	
〃	Mega Financial Holdings Co., Ltd.	-	〃	2,353,418	95,078	0.01%	95,078	
〃	First Financial Holding Co., Ltd.	-	〃	1,850,557	52,001	0.01%	52,001	
〃	Taiwan Cooperative Financial Holdings Co., Ltd.	-	〃	3,004,122	78,107	0.02%	78,107	
	Beneficiary Certificate							
〃	Nomura Taiwan Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	7,124,692	120,050	- %	120,050	
〃	CTBC Hwa-win Money Market Fund	-	〃	18,016,638	205,222	- %	205,222	
QCTTW	Union Money Market Fund	-	〃	6,270,815	85,693	- %	85,693	

- Note 1: The market values for unlisted companies are the net asset values. The net asset values use recent unaudited financial statements of those companies.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
The Company	Taishin 1699 Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	315,983,794	4,405,604	314,539,900	4,400,000	630,523,694	8,835,422	8,805,446	29,976	-	-
〃	Taishin Ta-Chong Money Market Fund	〃	-	-	-	-	40,187,509	590,000	40,187,509	590,480	590,000	480	-	-
〃	Yuanta Wan Tai Money Market Fund	〃	-	-	-	-	228,794,442	3,576,440	228,794,442	3,577,440	3,576,440	1,000	-	-
〃	Jih Sun Money Market Fund	〃	-	-	266,956,498	4,072,288	32,664,794	500,000	299,621,292	4,586,117	4,572,127	13,990	-	-
〃	Hua Nan Phoenix Money Market Fund	〃	-	-	146,318,275	2,447,115	41,661,459	700,000	187,979,734	3,153,831	3,147,041	6,790	-	-

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Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance Shares/ Units	Beginning balance Amount	Purchases Shares/ Units	Purchases Amount	Sales Shares/ Units	Sales Price	Sales Cost	Sales Disposal gain (loss)	Ending balance Shares/ Units	Ending balance Amount
The Company	Hua Nan Kirin Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	-	-	24,283,240	300,000	24,283,240	300,092	300,000	92	-	-
〃	Mega Diamond Money Market Fund	〃	-	-	116,204,874	1,498,985	256,077,818	3,308,900	372,282,692	4,820,189	4,807,838	12,351	-	-
〃	Union Money Market Fund	〃	-	-	202,021,158	2,742,437	142,274,187	1,938,200	344,295,345	4,690,841	4,680,537	10,304	-	-
〃	Prudential Financial Money Market Fund	〃	-	-	9,050,646	147,152	12,260,687	200,000	21,311,333	348,266	347,146	1,120	-	-
〃	FSITC Taiwan Money Market Fund	〃	-	-	188,075,320	2,960,023	215,184,844	3,400,000	403,260,164	6,376,709	6,359,910	16,799	-	-
〃	FSITC Money Market Fund	〃	-	-	-	-	2,720,866	500,000	2,720,866	500,800	500,000	800	-	-
〃	Cathay Taiwan Money Market Fund	〃	-	-	-	-	43,449,433	557,000	43,449,433	557,178	557,000	178	-	-
〃	UPAMC James Bond Money Market Fund	〃	-	-	-	-	99,020,905	1,704,000	99,020,905	1,704,507	1,704,000	507	-	-
〃	Fubon Chi-Hsiang Money Market Fund	〃	-	-	99,716,988	1,605,782	172,531,032	2,787,000	272,248,020	4,400,883	4,392,733	8,150	-	-
〃	Shin Kong Chi-Shin Money Market Fund	〃	-	-	-	-	219,407,584	3,500,000	219,407,584	3,504,644	3,500,000	4,644	-	-
〃	Yuanta De-Li Money Market Fund	〃	-	-	-	-	265,505,220	4,466,120	265,505,220	4,469,406	4,466,120	3,286	-	-
〃	Yuanta De-Bao Money Market Fund	〃	-	-	122,853,565	1,516,873	363,678,391	4,506,500	486,531,956	6,029,797	6,023,321	6,476	-	-
〃	Capital Money Market Fund	〃	-	-	194,380,788	3,224,175	120,263,678	2,000,000	314,644,466	5,236,991	5,224,058	12,933	-	-
〃	SinoPac TWD Money Market Fund	〃	-	-	70,112,461	1,002,678	49,688,142	713,000	119,800,603	1,720,715	1,715,643	5,072	-	-
〃	TCB Taiwan Money Market Fund	〃	-	-	-	-	28,657,675	300,000	28,657,675	300,181	300,000	181	-	-
〃	CTBC Hwa-win Money Market Fund	〃	-	-	238,548,261	2,699,221	329,052,627	3,737,000	567,600,888	6,449,727	6,436,146	13,581	-	-
〃	Franklin Templeton Sinoam Money Market Fund	〃	-	-	126,191,599	1,340,912	126,583,290	1,350,000	252,774,889	2,700,304	2,690,858	9,446	-	-
〃	Cesium Astro, Inc.	Non-current financial assets at FVOCI	-	-	-	-	1,116,021	646,350	-	-	-	-	1,116,021	649,000
QSI	Union Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	-	-	48,342,713	657,346	48,342,713	658,195	657,346	849	-	-
〃	Jih Sun Money Market Fund	〃	-	-	107,178,500	1,634,954	30,821,099	471,670	91,016,346	1,395,088	1,386,340	8,748	46,983,253	721,517
〃	Fubon Chi-Hsiang Money Market Fund	〃	-	-	22,016,766	354,545	34,817,511	562,884	48,891,691	790,521	788,449	2,072	7,942,586	128,747

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Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
TRI	Jih Sun Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	20,883,435	318,566	9,813,751	150,000	19,804,725	303,000	301,792	1,208	10,892,461	167,274
RTK	Nomura Taiwan Money Market Fund	〃	-	-	-	-	13,869,477	233,000	6,744,785	113,301	113,000	301	7,124,692	120,050
〃	CTBC Hwa-win Money Market Fund	〃	-	-	-	-	18,016,638	205,000	-	-	-	-	18,016,638	205,222

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital ：

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
QSI	Construction in progress	2024/02/19	1,018,980	101,898	XU YUAN Construction Co., Ltd.	Non-related	-	-	-	-	Bargain	Construction of headquaters buliding	None
QMH	Construction in progress	2023/07/25~ 2024/02/01	675,000	Based on the terms in the contract	Visicons construction and investment joint stock company	Non-related	-	-	-	-	Bargain	Construction for the new factory	None
QMN	Construction in progress	2023/10/06	2,479,000	Based on the terms in the contract	Mclarney construction, Inc.	Non-related	-	-	-	-	Bargain	Construction for the new factory	None
QMH	Construction in progress	2023/11/10	605,000	Based on the terms in the contract	Visicons construction and investment joint stock company	Non-related	-	-	-	-	Bargain	Construction for the new factory	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	
The Company	QCH	Associate	Sales	(208,065,533)	(43.42)%	Net 45~120 days	-	-	69,741,457	28.31%	
〃	QCTJ	〃	〃	(243,871)	(0.05)%	〃	-	-	201,425	0.08%	
〃	QCTK	〃	〃	(489,064)	(0.10)%	〃	-	-	374,218	0.15%	
〃	QCT-USA	〃	〃	(2,304,194)	(0.48)%	Net 120 days	-	-	699,470	0.28%	
〃	QDL(HK)	〃	〃	(218,709)	(0.05)%	Net 45~120 days	-	-	-	- %	
〃	TFQ	〃	〃	(104,971)	(0.02)%	〃	-	-	-	- %	

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

QUANTA COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
〃	TCC	〃	Purchases	146,128,341	33.34%	〃	-	-	(10,120,380)	(10.63)%	
〃	TFC	〃	〃	6,803,903	1.55%	〃	-	-	(5,475,076)	(5.75)%	
〃	TFQ	〃	〃	240,588,725	54.89%	〃	-	-	(18,783,533)	(19.73)%	
〃	QMB	The same ultimate parent company	〃	28,075,813	6.41%	〃	-	-	-	- %	
〃	QCH	Associate	〃	9,078,189	2.07%	〃	-	-	-	- %	
〃	QDL(HK)	〃	〃	3,834,679	0.87%	〃	-	-	(3,351,089)	(3.52)%	
QSI	TMT	Associate	Purchases	1,526,718	50.63%	Net 90 days	-	-	(971,478)	(50.70)%	
〃	QSS	〃	〃	1,405,185	46.60%	〃	-	-	(904,974)	(47.22)%	
QSS	QSI	The same ultimate parent company	Sales	(1,405,185)	(99.87)%	〃	-	-	904,974	99.28%	
TMT	〃	〃	〃	(1,526,718)	(98.21)%	〃	-	-	971,478	98.74%	
TRI	TRS	Associate	〃	(109,735)	(15.14)%	Net 120 days	-	-	122,913	40.61%	
〃	ORT	Affiliate	〃	(217,898)	(30.06)%	Net 60 days	-	-	75,477	29.94%	
TRS	TRI	Associate	Purchases	109,735	98.96%	Net 120 days	-	-	(122,913)	(90.62)%	
QCH	The Company	Ultimate parent company	〃	208,065,533	74.71%	Net 45~120 days	-	-	(69,741,457)	(51.16)%	
〃	〃	〃	Sales	(9,078,189)	(3.21)%	〃	-	-	-	- %	
QCH	QMN	Associate	Purchases	3,249,755	1.17%	Net 120 days	-	-	(1,346,174)	(0.99)%	
QCTK	The Company	Ultimate parent company	〃	489,064	100.00%	Net 45~120 days	-	-	(374,218)	(100.00)%	
QCTJ	〃	〃	〃	243,871	100.00%	〃	-	-	(201,425)	(100.00)%	
QDL(HK)	〃	〃	Sales	(3,834,679)	(91.98)%	〃	-	-	3,351,089	89.53%	
〃	TFC	Associate	〃	(326,523)	(7.83)%	〃	-	-	154,493	4.13%	
〃	The Company	Ultimate parent company	Purchases	218,709	5.25%	〃	-	-	-	- %	
QMB	〃	〃	Sales	(28,075,813)	(89.33)%	〃	-	-	-	- %	
〃	TCC	The same ultimate parent company	〃	(3,038,399)	(9.67)%	〃	-	-	754,931	4.30%	
〃	〃	〃	Purchases	352,452	1.13%	Net 45 days	-	-	(71,694)	(0.25)%	
〃	TFC	〃	〃	171,588	0.55%	Net 45~120 days	-	-	(67,949)	(0.24)%	
〃	TFQ	〃	〃	613,931	1.97%	Net 45 days	-	-	(200,861)	(0.70)%	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
QMN	QCH	Associate	Sales	(3,249,755)	(100.00)%	Net 120 days	-	-	1,346,174	99.22%	
TLC	TFC	〃	〃	(133,366)	(45.63)%	Net 45~120 days	-	-	51,936	45.08%	
TCC	The Company	Ultimate parent company	〃	(146,128,341)	(91.26)%	〃	-	-	10,120,380	42.21%	
〃	TTC	Associate	〃	(13,589,313)	(8.49)%	Net 45 days	-	-	6,880,975	28.70%	
〃	QMB	The same ultimate parent company	〃	(352,452)	(0.22)%	〃	-	-	71,694	0.30%	
〃	〃	〃	Purchases	3,038,399	1.93%	Net 45~120 days	-	-	(754,931)	(1.66)%	
〃	TFC	Associate	〃	124,850	0.08%	〃	-	-	(108,219)	(0.24)%	
〃	TFQ	〃	〃	140,133	0.09%	〃	-	-	(136,730)	(0.30)%	
TFC	The Company	Ultimate parent company	Sales	(6,803,903)	(86.40)%	〃	-	-	5,475,076	62.76%	
〃	QMB	The same ultimate parent company	〃	(171,588)	(2.18)%	〃	-	-	67,949	0.78%	
〃	TCC	Associate	〃	(124,850)	(1.59)%	〃	-	-	108,219	1.24%	
〃	TLC	〃	Purchases	133,366	1.78%	〃	-	-	(51,936)	(1.11)%	
〃	QDL(HK)	〃	〃	326,523	4.36%	〃	-	-	(154,493)	(3.31)%	
TFQ	The Company	Ultimate parent company	Sales	(240,588,725)	(98.07)%	Net 45~120 days	-	-	18,783,533	64.66%	
〃	TCC	Associate	〃	(140,133)	(0.06)%	〃	-	-	136,730	0.47%	
〃	YDCQ	〃	〃	(692,832)	(0.28)%	Net 120 days	-	-	214,007	0.74%	
〃	QMB	The same ultimate parent company	〃	(613,931)	(0.25)%	Net 45~120 days	-	-	200,861	0.69%	
〃	KSH	Associate	Purchases	195,843	0.08%	Net 45 days	-	-	(59,656)	(0.17)%	
〃	The Company	Ultimate parent company	〃	104,971	0.04%	Net 45~120 days	-	-	-	- %	
KSH	TFQ	Associate	Sales	(195,843)	(16.17)%	Net 45 days	-	-	59,656	5.82%	
YDCQ	〃	〃	Purchases	692,832	87.42%	Net 120 days	-	-	(214,007)	61.42%	
TTC	TCC	〃	〃	13,589,313	99.35%	Net 45 days	-	-	(6,880,975)	(95.46)%	
QCT-USA	The Company	Ultimate parent company	〃	2,304,194	95.59%	Net 120 days	-	-	(699,470)	(100.00)%	

- Note 1: The purchase/sale prices listed above are not comparable to the one for other trading partners. There is no significant difference in terms and conditions of the agreed payment terms and general purchasing terms.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	QCH	Associate	69,741,457	6.89	-	-	16,351,252	-
〃	〃	〃	58,951,771	-	-	-	-	-
〃	QCTJ	〃	201,425	1.89	-	-	-	-
〃	QCTG	〃	127,205	0.80	-	-	-	-
〃	QCTK	〃	374,218	3.23	-	-	132,413	-
〃	QCT-USA	〃	699,470	7.06	-	-	-	-
〃	QMB	〃	6,824,354	-	-	-	-	-
〃	QMH	〃	163,473	-	-	-	-	-
QSS	QSI	The same ultimate parent company	904,974	2.44	-	-	243,375	-
TMT	〃	〃	971,478	3.28	-	-	198,535	-
TRI	TRS	Associate	122,913	2.23	-	-	-	-
TCC	The Company	Ultimate parent company	10,120,380	22.57	-	-	-	-
〃	TTC	Associate	6,880,975	3.72	-	-	-	-
TFQ	YDCQ	〃	214,007	4.96	-	-	-	-
〃	TCC	〃	136,730	1.33	-	-	-	-
〃	The Company	Ultimate parent company	18,783,533	51.23	-	-	-	-
〃	QMB	The same ultimate parent company	200,861	8.01	-	-	-	-
TFC	TTC	Associate	325,260	0.25	-	-	-	-
〃	YDCQ	〃	134,422	0.91	-	-	-	-
〃	TCC	〃	108,219	4.60	-	-	-	-
〃	The Company	Ultimate parent company	5,475,076	3.45	-	-	-	-
QMN	QCH	Associate	1,346,174	6.18	-	-	-	-
QCN	QSN	〃	355,812	0.09	-	-	-	-
QDL(HK)	The Company	Ultimate parent company	3,351,089	1.55	-	-	-	-
〃	TFC	Associate	154,493	4.02	-	-	-	-
QMB	TCC	The same ultimate parent company	754,931	7.66	-	-	-	-
QSI-USA	QCA	Associate	174,731	-	-	-	-	-

- Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Notes (6)(b) and (6)(y) for related information.

10. Business relationships and significant inter-company transactions:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the company	Name of the counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	QCH、QCT-USA、QDL(HK)、QCTK、QCTJ、TFQ	1	Sales	211,426,342	Terms not comparable to other general trading partners	37.16%
〃	〃	TFC、TCC、TFQ、QMB、QDL(HK)、QCH	1	Purchases	434,509,650	Terms not comparable to other general trading partners	76.38%
〃	〃	QCH、QCT-USA、QCTJ、QCTK、QCTG	1	Accounts receivable	71,143,775	The same as the term for other general trading partners	9.50%
〃	〃	QMB、QMH	1	Other accounts receivable	6,987,827	The same as the term for other general trading partners	0.93%
〃	〃	QCH	1	Long-term receivables	58,951,771	The same as the term for other general trading partners	7.87%
〃	〃	TCC、TFC、TFQ、QDL(HK)	1	Accounts payable	37,730,078	The same as the term for other general trading partners	5.04%

- Note 1: The numbers denote the following:
  1. 0 represents the Company.
  2. Subsidiaries are listed by names and numbered starting with 1.
- Note 2: Relationship with the listed companies:
  1. The Company to subsidiary
  2. Subsidiary to the Company
  3. Subsidiary to subsidiary
- Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is
  compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

(b) Information on investees:

For the six months ended June 30, 2024, the following is the information on investees (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of June 30, 2024			Net income (loss) of the investee	Investment income (loss)	Note
				June 30, 2024	December 31, 2023	Shares	Ratio of shares	Carrying amount			
The Company	QCJ	Japan	After-sales service and sale of computers and telecommunication products	3,115	3,115	200	100.00%	1,715	(308)	(308)	
〃	QIL and its subsidiaries	Cayman, U.S.A., etc.	Investment company, holding company, sale, manufacture and after-sales service of computer peripherals	38,685,004	36,492,341	119,214,188	100.00%	71,728,478	8,811,174	8,709,903	Note 1
〃	QSI and its subsidiaries	Taiwan	Manufacture and sale of computer storage devices and peripherals	243,142	243,142	82,881,664	29.78%	2,351,407	351,728	104,728	

〃	QVC	Taiwan	Venture capital	2,000,133	2,000,133	200,000,000	100.00%	2,286,132	65,844	65,844	

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of June 30, 2024			Net income (loss) of the investee	Investment income (loss)	Note
				June 30, 2024	December 31, 2023	Shares	Ratio of shares	Carrying amount			
The Company	QADC	U.S.A	Research and development of electronic products	32,450	32,450	1,000,000	100.00%	24,441	(3,503)	(3,503)	
〃	QCTI	Taiwan	Investment company	600,000	600,000	60,000,000	100.00%	633,912	5,122	5,122	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	232,750	232,750	17,500,000	75.19%	359,308	(863)	(649)	
〃	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	-	102,218	-	- %	-	2,489	436	
〃	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	807,586	807,586	18,603,598	36.76%	167,062	92,245	(39,070)	
〃	QCTTW and its subsidiaries	Taiwan	Sale of computers and peripherals	741,995	741,995	48,200,000	100.00%	(38,284)	(179,693)	(179,671)	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	125,625	125,625	8,375,000	25.00%	-	3,013	-	
〃	QT Medical, Inc.	U.S.A	Research and development and manufacture of medical equipment	129,761	129,761	2,192,315	11.34%	105,509	(15,792)	(1,791)	
〃	QMB	Thailand	Manufacture and sale of computers, peripherals and consumer products	3,170,959	3,170,959	599,999,997	100.00%	3,496,719	178,068	164,950	Note 1
〃	QCTS	Singapore	Sale and after-sales service of computer peripherals	81,125	81,125	2,500,000	100.00%	(3,605)	(18,063)	(18,063)	
〃	aetherAI Co., Ltd.	Taiwan	Research and development and manufacture of medical equipment	341,894	227,294	13,352,858	15.03%	211,027	(70,183)	(10,913)	
〃	LIONS Taiwan Technology Inc.	Taiwan	Sale of computers and peripherals	173,632	173,632	4,574,146	16.67%	116,088	(37,892)	(7,856)	
〃	QMH	Vietnam	Manufacture and sale of computers, peripherals and consumer products	1,622,500	1,622,500	-	100.00%	1,403,074	(207,074)	(207,074)	
QSI	QSI (CAYMAN)	Cayman	Investment company	1,574,474	1,697,784	-	100.00%	2,035,145	(29,189)	(28,516)	Note 1 and Note 4
〃	NU Inc.	Taiwan	Wholesale and retail of computers and peripherals	86,709	86,709	3,862,227	29.80%	21,204	(963)	(587)	
〃	EBN Technology Corporation	Taiwan	Manufacture of electronic components	10,978	10,978	1,001,000	2.98%	-	3,013	-	
〃	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,446,975	1,446,975	15,999,998	100.00%	2,211,395	76,175	75,936	Note 1
〃	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	79.95%	1,350,729	44,630	32,972	Note 1
〃	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00%	20,285	1,625	829	

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of June 30, 2024			Net income	Investment	Note
				June 30, 2024	December 31, 2023	Shares	Ratio of shares	Carrying amount	(loss) of the investee	income (loss)	
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,249,974	1,249,974	-	100.00%	2,011,492	(30,478)	Note 3	
〃	E-Forward (SAMOA)	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	-	32,450	-	- %	-	206	〃	Note 5
QSL (BVI)	QHH	Hong Kong	Investment company	898,822	898,822	-	100.00%	1,499,132	(34,386)	〃	
〃	QIH	Hong Kong	Investment company	577,181	577,181	-	100.00%	506,186	3,829	〃	
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sales service of computer storage devices and components of peripherals	-	32,450	-	- %	-	224	〃	Note 5
TRI	TRH	Hong Kong	Investment company	120,943	120,943	-	100.00%	31,635	(3,171)	〃	
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,712	4,712	-	100.00%	4,268	1	〃	
RTK	RTKI	SAMOA	Investment company	50,972	50,972	1,565,000	100.00%	1,544	9	9	
QCTI	QSI and its subsidiaries	Taiwan	Manufacture and sale of computer storage devices and peripherals	33,526	33,526	1,212,000	0.44%	39,085	351,728	1,531	
〃	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	8,571	8,571	409,194	0.81%	28,764	92,245	746	
〃	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	115,500	115,500	5,775,000	24.81%	119,967	(863)	(214)	
QVC	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	-	102,218	-	- %	-	2,489	436	

- Note 1: The difference to the subsidiary is mainly unrealized gross profit from sales.
- Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
- Note 3: The profit or loss of the invested company is included in the investment company.
- Note 4: On February 19, 2024, the Board of Directors of QSI (CAYMAN) resolved a capital reduction of USD3,800 thousand. The above amount of capital reduction was fully remitted back, and the change of registration procedure was completed on February 23, 2024.
- Note 5: The liquidation process of E-Forward (SAMOA) and QSA was completed on March 5, 2024 and March 6, 2024, respectively.

(c) Information on investment in Mainland China:

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
The Company												
TFC (2)1) (Note 4)	Manufacture and sale of computers and peripherals	3,895,623	(2)	1,989,490	-	-	1,989,490	173,207	100.00%	173,207	12,100,056	2,296,344
TCC (2)1)	Manufacture and sale of computers and peripherals	4,156,845	(2)	3,788,377	-	-	3,788,377	1,484,183	100.00%	1,484,183	18,719,028	10,388,628

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Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
TTC (2)1)	Sale and after-sales service of computers and peripherals	724,933	(2)	773,868	-	-	773,868	210,392	100.00%	210,392	2,234,761	934
TLC (2)1)	After-sales service of laptop computers	259,703	(2)	256,355	-	-	256,355	18,558	100.00%	18,558	1,754,583	13,318
TGC (2)1)	Manufacture and sale of computers and peripherals	321,358	(2)	318,010	-	-	318,010	8,210	100.00%	8,210	957,397	46,519
TWW (2)1)	Storage service	308,275	(2)	308,275	-	-	308,275	13,193	100.00%	13,193	970,329	-
TFQ (2)1)	Processing, manufacture and sale of computers	9,670,100	(2)	9,670,100	-	-	9,670,100	2,280,788	100.00%	2,280,788	29,614,630	-
TWQ (2)3)	Storage service	162,250	(2)	162,250	-	-	162,250	11,166	100.00%	11,166	395,019	-
TNC (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	8,760,851	(2)	8,760,851	-	-	8,760,851	21,822	100.00%	21,822	1,569,674	-
TCQ (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	1,622,500	(2)	1,622,500	-	-	1,622,500	20,430	100.00%	20,430	2,231,917	-
KSH (2)1)	Manufacture and sale of precision machinery, peripherals and metallic molds	584,100	(2)	256,031	-	-	256,031	(22,054)	100.00%	(22,054)	1,199,384	-
YDCQ (2)1)	Sale of servers and switches	32,450	(2)	32,450	-	-	32,450	30,206	100.00%	30,206	366,457	-
DSY (2)3)	Manufacture and sale of optical equipment and electronic components	88,333	(2)	22,766	-	-	22,766	5,892	25.77%	1,518	25,070	-
QCTBJ (2)1)	Software technology development, advisory service, sale of servers and switches	4,553	(2)	4,553	-	-	4,553	1,424	100.00%	1,424	8,334	-
ZYES (2)1)	Manufacture and sale of computers and components of peripherals	2,693,350	(2)	2,877,342	-	-	2,877,342	(7,661)	100.00%	(7,661)	115,808	-
SJDT (2)3)	Manufacture and sale of computers and components of peripherals	233,640	(2)	44,392	-	-	44,392	(12,357)	100.00%	(12,357)	309,130	-
DSY (2)3)	Manufacture and sale of optical equipment and electronic components	486,750	(2)	65,711	-	-	65,711	348	17.50%	61	57,924	-

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
QSI												
QSS (2)1)	Manufacture and sale of computer storage devices and components of peripherals	649,000	(2)	649,000	-	-	649,000	(34,595)	100.00%	(34,595)	1,487,745	3,282,583
Techman (2)1)	Manufacture and sale of computer storage devices and components of peripherals	259,600	(2)	259,600	-	-	259,600	3,880	100.00%	3,880	503,312	470,631
TRS (2)1)	After-sales service and sale of industrial collaborative robots and components of peripherals	129,800	(2)	129,800	-	-	129,800	(3,171)	100.00%	(3,171)	31,635	-
QVC												
DSY (2)3)	Manufacture and sale of optical equipment and electronic components	486,750	(2)	65,711	-	-	65,711	348	17.50%	61	57,924	-
Guangsheng (Tianjin) Technology Co., Ltd.(2)3)	Computer software development and related consulting and technical services; sale of computer hardware and software and electronic products	68,299	(2)	13,660	-	-	13,660	-	20.00%	-	-	-

2. Limitation on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company	Accumulated Investment in Mainland China as of June 30, 2024 (Foreign Currencies in Thousands)	Investment Amounts Authorized by Investment Commission MOEA (Foreign Currencies in Thousands)	Limitation on Investment in Mainland China Authorized by Investment Commission MOEA (Note 3)
The Company	30,803,491	38,942,846	-
	(USD 949,260)	(USD 1,200,088)	
QSI	1,038,400	1,070,850	-
	(USD 32,000)	(USD 33,000)	
QVC	79,371	994,288	1,318,514
	(USD 2,461)	(USD 30,641)	

- Note 1: Investments in Mainland China are differentiated by the following three methods:
  (1) Direct investment in Mainland China with remittance through a third region.
  (2) Indirect investment in Mainland China through an existing investee company in a third region.
  (3) Other methods
- Note 2: Recognition of investment gain or loss during current period is pursuant to the following:
  (1) If the corporation is in the set-up phase, notes are required.
  (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
    1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
    2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
    3) Others

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

- Note 3:(1) Maximum limitation of the Company and QSI: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.
  (2) Maximum limitation of QVC and RTK: the maximum limitation is the higher of $80,000 for small and medium size enterprises or sixty percent of these companies' net asset value or consolidated net asset value.
- Note 4: The difference between the issued capital and cumulative investment amount is the difference between the price paid and the cost of the machinery equipment.
- Note 5: Viscovery (Cayman) Holding Company Limited, an investee of the Company, holds investments in Mainland China. Therefore, the Company has increased USD72 thousand investment amount authorized by the Investment Commission, MOEA.
- Note 6: China Renewable Energy Fund, L.P. (CREF), an investee of QVC, holds investments in Mainland China. Therefore, QVC has increased USD27,242 thousand investment amount authorized by the Investment Commission, MOEA.
- Note 7: PHI Fund, L.P., an investee of the Company, holds investments in Mainland China. Therefore, the Company has increased USD4,720 thousand investment amount authorized by the Investment Commission, MOEA.
- Note 8: Achi Capital Partners Fund L.P, an investee of the Company, holds investments in Mainland China. Therefore, the Company has increased USD214 thousand investment amount authorized by the Investment Commission, MOEA.

3. Significant transactions:
   The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
CIANYU INVESTMENT LTD.	572,401,374	14.81%
Barry Lam	415,738,138	10.76%

Note: (1)The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company's ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2)In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to the website of Market Observation Post System.

(14) Segment Information

The Group' s operating segments financial information and reconciliation were as follows:

For the Three Months Ended June 30, 2024		Electronic department	Other departments	Adjustment and elimination	Total
Operating revenue:					
Revenue from external customers	$	308,678,293	1,275,839	-	309,954,132
Inter-segment revenue		354,430,340	523,034	(354,953,374)	-
Total	**$**	**663,108,633**	**1,798,873**	**(354,953,374)**	**309,954,132**
Reportable segment profit (loss)	**$**	**14,849,650**	**501,398**	**(68,287)**	**15,282,761**
For the Three Months Ended June 30, 2023					
Operating revenue:					
Revenue from external customers	$	244,419,228	610,184	-	245,029,412
Inter-segment revenue		304,163,821	392,230	(304,556,051)	-
Total	**$**	**548,583,049**	**1,002,414**	**(304,556,051)**	**245,029,412**
Reportable segment profit (loss)	**$**	**11,209,064**	**(1,055,582)**	**119,967**	**10,273,449**
For the Six Months Ended June 30, 2024					
Operating revenue:					
Revenue from external customers	$	566,725,550	2,167,960	-	568,893,510
Inter-segment revenue		669,863,842	892,643	(670,756,485)	-
Total	**$**	**1,236,589,392**	**3,060,603**	**(670,756,485)**	**568,893,510**
Reportable segment profit (loss)	**$**	**27,370,351**	**329,453**	**(187,347)**	**27,512,457**
For the Six Months Ended June 30, 2023					
Operating revenue:					
Revenue from external customers	$	509,885,317	1,325,045	-	511,210,362
Inter-segment revenue		579,665,731	732,797	(580,398,528)	-
Total	**$**	**1,089,551,048**	**2,057,842**	**(580,398,528)**	**511,210,362**
Reportable segment profit (loss)	**$**	**17,881,670**	**(995,146)**	**(957)**	**16,885,567**

REGISTERED OFFICE OF THE COMPANY

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CONVERSION AGENT, REGISTRAR, PAYING AGENT AND TRANSFER AGENT

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c/o Citibank N.A., Dublin Branch
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Dublin 1, Ireland

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ROC LEGAL ADVISORS TO THE COMPANY

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INDEPENDENT PUBLIC AUDITORS

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US$1,000,000,000

Quanta Computer Inc.
廣達電腦股份有限公司

(incorporated with limited liability in Taiwan, the Republic of China)

Currency-Linked Zero Coupon Convertible Bonds due 2029

OFFERING MEMORANDUM

September 9, 2024

Citigroup

Citigroup **HSBC**