

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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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.

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Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Besta Co., Ltd. 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, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Besta Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Inventec Besta Co., Ltd.

Chairman: Jonathan Yang

Date: March 13, 2023



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Inventec Besta Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Inventec Besta Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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 ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Impairment assessment of accounts receivable

Please refer to Note 4(g) “Financial instruments” and Note 6(c) “Notes receivable and accounts receivable” of the consolidated financial statements for details on the information about impairment assessment on accounts receivable.



Description of key audit matter

The Group judgment in determining the recoverable amounts of individual accounts receivable balances which were overdue is based on knowing the customer, historical trend and forward-looking information adjusted for certain current factors. Impairment assessment of accounts receivable is the key audit matters for our audit, as it requires management to exercise subjective and highly uncertain judgment in making assumptions and estimations based on cause for overdue and the type of customer, etc., when calculating for impairment allowances on accounts receivables.

How the matter was addressed in our audit

In relation to the key audit matter above, we have performed audit procedures that included understanding relevant policy of the Group's account receivable assessments; evaluating the reasonableness of the assessment method used by the Group; testing the policy on the valuation of accounts receivable whether it is consistent with the Group's policy; evaluating individually accounts receivable which were overdue used the data whether it is reasonable; inspecting the status of collections during the subsequent prior to ensure the adequacy of impairment assessment of accounts receivable at the balance sheet date.

Other Matter

Inventec Besta Co., Ltd. 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 unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

We 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 Shu-Ling Lien and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2023

Notes to Readers

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

The independent auditors' 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)
INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2022</u>		<u>December 31, 2021</u>				<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current Assets:						Current Liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 390,986	49	441,092	49	2130	Current contract liabilities (Note 6(o))	\$ 12,063	1	3,256	-
1140	Current contract assets (Note 6(o))	687	-	2,647	-	2150	Notes payable	-	-	13,059	2
1150	Notes receivable, net (Note 6(e))	-	-	3,892	-	2170	Accounts payable (Note 7)	92,945	12	95,601	11
1170	Accounts receivable, net (Notes 6(e) and 7)	60,957	8	121,167	13	2200	Other payables (Note 7)	39,480	5	48,221	5
1200	Other receivables (Notes 6(d) and 7)	27,465	3	29,768	3	2280	Current lease liabilities (Notes 6(j), (u) and 7)	3,851	-	3,492	-
1220	Current tax assets	40	-	114	-	2300	Other current liabilities	<u>7,708</u>	<u>1</u>	<u>11,611</u>	<u>1</u>
130X	Inventories (Note 6(e))	91,592	12	71,161	8			<u>156,047</u>	<u>19</u>	<u>175,240</u>	<u>19</u>
1476	Other current financial assets (Notes 6(i) and 8)	38,361	5	35,231	4	Non-current Liabilities:					
1479	Other current assets, others	<u>8,976</u>	<u>1</u>	<u>24,711</u>	<u>3</u>	2570	Deferred tax liabilities (Note 6(l))	13,156	2	13,156	2
		<u>619,064</u>	<u>78</u>	<u>729,783</u>	<u>80</u>	2580	Non-current lease liabilities (Notes 6(j), (u) and 7)	8,293	1	9,660	1
Non-current Assets:						2640	Net defined benefit liability, non-current (Note 6(k))	23,208	3	37,265	4
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	5,871	1	6,735	1	2670	Other non-current liabilities, others	<u>2,514</u>	<u>-</u>	<u>2,240</u>	<u>-</u>
1600	Property, plant and equipment (Note 6(f))	128,958	16	129,287	14			<u>47,171</u>	<u>6</u>	<u>62,321</u>	<u>7</u>
1755	Right-of-use assets (Note 6(g))	13,624	2	12,943	2	Total liabilities		<u>203,218</u>	<u>25</u>	<u>237,561</u>	<u>26</u>
1780	Intangible assets (Note 6(h))	9,905	1	11,043	1	Equity attributable to owners of parent: (Note 6(m))					
1840	Deferred tax assets (Note 6(l))	3,189	-	3,189	-	3100	Capital stock	623,663	78	623,663	69
1980	Other non-current financial assets (Notes 6(i) and 8)	14,571	2	15,205	2	3200	Capital surplus	100,180	13	100,180	11
1990	Other non-current assets, others	-	-	154	-	3300	Retained earnings	(18,021)	(2)	60,897	7
		<u>176,118</u>	<u>22</u>	<u>178,556</u>	<u>20</u>	3400	Other equity	<u>(113,858)</u>	<u>(14)</u>	<u>(113,962)</u>	<u>(13)</u>
								<u>591,964</u>	<u>75</u>	<u>670,778</u>	<u>74</u>
						Total equity		<u>591,964</u>	<u>75</u>	<u>670,778</u>	<u>74</u>
Total assets		<u>\$ 795,182</u>	<u>100</u>	<u>908,339</u>	<u>100</u>	Total liabilities and equity		<u>\$ 795,182</u>	<u>100</u>	<u>908,339</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(o) and 7)	\$ 599,342	100	793,429	100
5000	Operating costs (Note 6(e))	(511,525)	(85)	(694,890)	(88)
	Gross profit from operations	87,817	15	98,539	12
	Operating expenses:				
6100	Selling expenses	(75,548)	(13)	(92,780)	(12)
6200	Administrative expenses	(49,231)	(8)	(49,458)	(6)
6300	Research and development expenses	(66,612)	(11)	(68,563)	(9)
6450	Expected credit loss	(2,787)	-	(6,249)	(1)
	Total operating expenses	(194,178)	(32)	(217,050)	(28)
	Net operating loss	(106,361)	(17)	(118,511)	(16)
	Non-operating income and expenses (Note 6(q)):				
7100	Interest income	3,427	1	1,626	-
7010	Other income	8,505	1	24,969	3
7020	Other gains and losses	7,986	1	231,214	29
7050	Finance costs	(451)	-	(401)	-
	Total non-operating income and expenses	19,467	3	257,408	32
7900	Profit (loss) from continuing operations before tax	(86,894)	(14)	138,897	16
7950	Less: Income tax expenses (Note 6(l))	(6)	-	29,606	4
	Profit (loss)	(86,888)	(14)	109,291	12
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	7,970	1	(392)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,022)	-	(6,300)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	6,948	1	(6,692)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	1,126	-	7,773	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,126	-	7,773	1
	Other comprehensive income (loss), net of income tax	8,074	1	1,081	-
8500	Total comprehensive income	\$ (78,814)	(13)	110,372	12
	Earnings per share (Note 6(n))				
9750	Basic earning (losses) per share (NT dollars)	\$ (1.39)		1.75	
9850	Diluted earning (losses) per share (NT dollars)	\$ (1.39)		1.75	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Capital Stock		Retained Earnings			Other Equity		Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficit)	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Losses from Financial Assets measured at fair value through Other Comprehensive Income	
Balance at January 1, 2021	\$ 623,663	100,180	-	-	(48,002)	39,965	(155,400)	560,406
Net income for the year	-	-	-	-	109,291	-	-	109,291
Other comprehensive income (loss) for the period	-	-	-	-	(392)	7,773	(6,300)	1,081
Total comprehensive income (loss) for the period	-	-	-	-	108,899	7,773	(6,300)	110,372
Balance at December 31, 2021	623,663	100,180	-	-	60,897	47,738	(161,700)	670,778
Net loss for the year	-	-	-	-	(86,888)	-	-	(86,888)
Other comprehensive income (loss) for the period	-	-	-	-	7,970	1,126	(1,022)	8,074
Total comprehensive income (loss) for the period	-	-	-	-	(78,918)	1,126	(1,022)	(78,814)
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	6,090	-	(6,090)	-	-	-
Special reserve appropriated	-	-	-	54,807	(54,807)	-	-	-
Balance at December 31, 2022	\$ 623,663	100,180	6,090	54,807	(78,918)	48,864	(162,722)	591,964

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before income tax	\$ (86,894)	138,897
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	14,798	13,145
Amortization expense	5,152	7,518
Expected credit loss	2,787	6,249
Interest expense	451	401
Interest income	(3,427)	(1,626)
Losses (gains) on disposal of property, plant and equipment	117	(242,185)
Others	12	(18)
Total adjustments to reconcile profit (loss)	19,890	(216,516)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	1,948	5,627
Notes receivable	3,897	6,052
Accounts receivable	61,025	(27,233)
Other receivables	(685)	2,673
Inventories	(20,425)	17,619
Other current assets	15,738	2,966
Total changes in operating assets	61,498	7,704
Changes in operating liabilities:		
Contract liabilities	8,807	(36,307)
Notes payable	(13,059)	11,315
Accounts payable	(2,696)	(69,296)
Other payables	(5,581)	2,203
Other current liabilities	(3,919)	4,767
Net defined benefit liability	(6,087)	(23,620)
Total changes in operating liabilities	(22,535)	(110,938)
Total changes in operating assets and liabilities	38,963	(103,234)
Total adjustments	58,853	(319,750)
Cash outflow generated used in operations	(28,041)	(180,853)
Interest received	2,902	1,533
Interest paid	(473)	(435)
Income taxes received (paid)	80	(22,240)
Net cash flows used in operating activities	(25,532)	(201,995)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(13,373)	(3,195)
Proceeds from disposal of property, plant and equipment	76	377,584
Acquisition of intangible assets	(4,637)	(7,847)
Increase in other financial assets	(2,103)	(937)
Decrease in other non-current assets	154	108
Net cash flows (used in) from investing activities	(19,883)	365,713
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(5,485)	(5,228)
Increase (decrease) in other non-current liabilities	270	(941)
Net cash flows used in financing activities	(5,215)	(6,169)
Effect of exchange rate changes on cash and cash equivalents	524	313
Net (decrease) increase in cash and cash equivalents	(50,106)	157,862
Cash and cash equivalents at beginning of period	441,092	283,230
Cash and cash equivalents at end of period	\$ 390,986	441,092

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Overview

Inventec Besta Co., Ltd. (“the Company”) was incorporated on February 17, 1989 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 6F-1, No. 56, Lane 258, Rui Guang Road, Nei Hu Dist., Taipei, Taiwan, R.O.C. The Company and its subsidiaries (“the Group”) were engaged primarily in the design, research, development, and sale of electronic dictionaries, digital products, etc, and cloud service business. On August 21, 2007, the Taiwan Stock Exchange Corporation (TWSE) approved the IPO of the Company, and the Company’s first trading began on October 29 of the same year.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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”
- 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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
Notes to 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, ROC.. (hereinafter referred to as "IFRSs endorsed by the FSC").

(b) Basis of preparation

1. Basis of measurement

Except for the following significant items in the balance sheets, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The net defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 6(p).

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars 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 financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group.

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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2022.12.31	2021.12.31	
The Company	Inventec Besta (BVI) Co., Ltd.	Investment management	100 %	100 %	
"	Besta (Cayman) Co., Ltd.	Investment management	100 %	100 %	
Inventec Besta (BVI) Co., Ltd.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100 %	100 %	
Besta (Cayman) Co., Ltd.	Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	100 %	100 %	(Note 2)
"	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	100 %	100 %	
Besta (Kunshan) Co., Ltd.	Kunshan Besta Electronics Limited	Sale of electronic dictionaries and PDA-related products	- %	100 %	(Note 1)

Note 1: The boards of directors resolved to dissolve Kunshan Besta Electronics Limited on September 27, 2021, and the liquidation process was completed on March 14, 2022.

Note 2: The boards of directors resolved to dissolve Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process is still in progress.

3. Subsidiaries excluded from the 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 (hereinafter referred to as reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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2. Foreign operations

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

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the accumulated exchange differences related to the foreign operation are fully reclassified as profit or loss. When the Group dispose of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposed of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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(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.

(g) Financial instruments

Accounts receivable 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 an accounts 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. An accounts 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) – equity securities. 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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity securities 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 securities 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) 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 accounts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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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 asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off 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.

4) 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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Financial liabilities

1) 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.

2) 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.

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost 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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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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 straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

1) Buildings	50 years~ 55 years
2) Machinery	2 years~ 5 years
3) Furniture and office facilities	3 years~ 5 years
4) Other facilities	3 years~ 5 years

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

(j) 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 lessee

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

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

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

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

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

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

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

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

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

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

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

2. As a lessor

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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(k) Intangible assets

1. Recognition and measurement

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

2. Subsequent expenditure

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

3. Amortization

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

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

- | | |
|----------------------------|-----------------|
| 1) Royalties | 1 year~ 5 years |
| 2) Other intangible assets | 1 year~ 5 years |

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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(m) 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 probable 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 of the Group is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods-electronic products

The Group sells electronic products to customers. 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.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term of 60 days, which is consistent with the market practice.

The Group's obligation to provide a refund for faulty electronic products under the standard warranty terms is recognized as a provision for warranty.

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

2) IT Consulting, research and development services

The Group provides business IT management, design, implementation, support, research and development services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

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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.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3) Construction service contracts

The Group engaged in digital information public constructions contracting business. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days), the Group estimates the amount of variable consideration using the most likely amount. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

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.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable.

(p) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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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.

(q) Income taxes

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

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

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

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

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

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated on profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated on profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty

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 and recognize any changes in accounting estimates during the period, and the impact of those changes in accounting estimates in the next period.

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Information about assumptions and estimation uncertainties that have no significant risk of resulting in a material adjustment within the next financial year.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 299	419
Demand deposits	86,251	81,681
Foreign currency deposits	33,042	59,656
Cash equivalents - Time deposits	241,298	234,325
Cash equivalents - Bonds	<u>30,096</u>	<u>65,011</u>
Total	<u>\$ 390,986</u>	<u>441,092</u>

Please refer to Note 6(r) for the interest rate risk, and sensitivity analysis of the financial assets of the Group.

The aforesaid financial assets were not pledged as collateral.

(b) Non-current financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity instruments at fair value through other comprehensive income:		
Stocks not listed on markets	<u>\$ 5,871</u>	<u>6,735</u>

As of December 31, 2022, the balance of accumulate unrealized evaluation losses amounted to \$155,400.

The Group holds 9% of common shares of Anhui Raise Victa Technology Co., Ltd, and investing the amount of CNY 3,000 in December 2021. The main operating activities of Anhui Raise Victa Technology Co., Ltd, are intelligent voice product development. As of December 31, 2022, the balance of accumulate unrealized evaluation losses amounted to \$7,322.

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

For fair value of financial instrument, please refer to Note 6(r).

The aforesaid financial assets were not pledged as collateral.

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(c) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ -	3,897
Accounts receivable	66,917	127,864
Less: Loss allowance	<u>(5,960)</u>	<u>(6,702)</u>
	<u><u>\$ 60,957</u></u>	<u><u>125,059</u></u>

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 on December 31, 2022 and 2021. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 58,141	0.00%~2.49%	1,111
Less than 30 days past due	3,399	2.30%~15.90%	108
31 to 90 days past due	607	2.30%~38.45%	67
More than 91 days past due	<u>4,770</u>	<u>39.14%~100.00%</u>	<u>4,674</u>
	<u><u>\$ 66,917</u></u>		<u><u>5,960</u></u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 107,889	0.14%~0.76%	174
Less than 30 days past due	5,367	0.14%~6.02%	12
31 to 90 days past due	11,889	0.14%~25.62%	1,650
91 to 180 days past due	5,142	0.14%~100.00%	3,392
More than 181 days past due	<u>1,474</u>	<u>0.14%~100.00%</u>	<u>1,474</u>
	<u><u>\$ 131,761</u></u>		<u><u>6,702</u></u>

The movement in the allowance for notes and accounts receivable was as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 6,702	1,394
(Reversal of) impairment losses recognized	(742)	5,558
Amounts written off	<u>-</u>	<u>(250)</u>
Balance at December 31	<u><u>\$ 5,960</u></u>	<u><u>6,702</u></u>

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(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	\$ 35,311	34,097
Less: Loss allowance	(7,846)	(4,329)
	\$ 27,465	29,768

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for other receivables on December 31, 2022 and 2021. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2022 and 2021 were determined as follows:

December 31, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not past due	\$ 17,059	0.00%~6.22%	862
Less than 30 days past due	5,713	35.12%	2,006
31 to 90 days past due	6,923	35.19%~35.27%	2,437
More than 91 days past due	5,616	45.25%~100%	2,541
	\$ 35,311		7,846
December 31, 2021			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not past due	\$ 17,035	0.00%~0.30%	49
Less than 30 days past due	5,148	1.74%	90
31 to 90 days past due	11,135	1.76%~50.00%	3,411
More than 91 days past due	779	1.98%~100.00%	779
	\$ 34,097		4,329

The movement in the allowance for other receivables was as follows:

	For the years ended December 31, 2022	2021
Balance at January 1	\$ 4,329	3,535
Impairment losses recognized	3,517	794
Balance at December 31	\$ 7,846	4,329

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(e) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials and consumables	\$ 41,358	19,507
Work in process	6,739	2,719
Finished goods	16,449	5,745
Merchandise	<u>27,046</u>	<u>43,190</u>
	<u>\$ 91,592</u>	<u>71,161</u>

For the years ended December 31, 2022 and 2021, the components of cost of goods sold were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 509,256	691,127
Loss on disposal of scrap	199	4,244
Loss (reversal of) on inventory valuation and obsolescence	<u>2,070</u>	<u>(481)</u>
Total	<u>\$ 511,525</u>	<u>694,890</u>

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

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

(f) Property, plant, and equipment

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

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2022	\$ 60,950	68,457	25,942	55,040	210,389
Additions	-	-	24	10,768	10,792
Disposals	-	-	(4,028)	(1,771)	(5,799)
Effect of movements in exchange rates	-	176	95	19	290
Balance at December 31, 2022	<u>\$ 60,950</u>	<u>68,633</u>	<u>22,033</u>	<u>64,056</u>	<u>215,672</u>
Balance at January 1, 2021	\$ 146,274	151,145	28,800	57,526	383,745
Additions	-	-	49	4,137	4,186
Disposals	(85,324)	(82,778)	(3,158)	(6,439)	(177,699)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rates	-	90	57	10	157
Balance at December 31, 2021	<u>\$ 60,950</u>	<u>68,457</u>	<u>25,942</u>	<u>55,040</u>	<u>210,389</u>

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	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Depreciation and impairment losses:					
Balance at January 1, 2022	\$ -	19,120	24,874	37,108	81,102
Depreciation for the year	-	1,350	356	9,305	11,011
Disposals	-	-	(3,835)	(1,771)	(5,606)
Effect of movements in exchange rates	-	95	93	19	207
Balance at December 31, 2022	<u>\$ -</u>	<u>20,565</u>	<u>21,488</u>	<u>44,661</u>	<u>86,714</u>
Balance at January 1, 2021	\$ -	50,082	27,245	36,711	114,038
Depreciation for the year	-	1,717	537	6,998	9,252
Disposals	-	(32,725)	(3,158)	(6,417)	(42,300)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rates	-	46	56	10	112
Balance at December 31, 2021	<u>\$ -</u>	<u>19,120</u>	<u>24,874</u>	<u>37,108</u>	<u>81,102</u>
Carrying amounts:					
Balance at December 31, 2022	<u>\$ 60,950</u>	<u>48,068</u>	<u>545</u>	<u>19,395</u>	<u>128,958</u>
Balance at January 1, 2021	<u>\$ 146,274</u>	<u>101,063</u>	<u>1,555</u>	<u>20,815</u>	<u>269,707</u>
Balance at December 31, 2021	<u>\$ 60,950</u>	<u>49,337</u>	<u>1,068</u>	<u>17,932</u>	<u>129,287</u>

The Board of Directors of the Inventec Besta Co., Ltd. resolved to enter into an agreement for the sale of its real estate on April 26, 2021, in which the net disposal proceeds of the contract amounted to \$377,584, resulting in the gain on disposal of \$242,207, to be recognized as “Other gains and losses” in Inventec Besta Co., Ltd.’s financial report. All the above receivables had been collected in June 2021.

(g) Right-of-use assets

The movements in the cost and depreciation of the leased buildings, machinery and equipment were as follows:

	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 20,740	9,884	30,624
Additions	3,899	1,593	5,492
Disposals	(1,146)	(9,884)	(11,030)
Effect of movements in exchange rate	61	-	61
Balance at December 31, 2022	<u>\$ 23,554</u>	<u>1,593</u>	<u>25,147</u>
Balance at January 1, 2021	\$ 15,175	9,884	25,059
Additions	6,515	-	6,515
Disposals	(984)	-	(984)
Effect of movements in exchange rate	34	-	34
Balance at December 31, 2021	<u>\$ 20,740</u>	<u>9,884</u>	<u>30,624</u>

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	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 7,797	9,884	17,681
Depreciation for the year	3,787	-	3,787
Disposals	(96)	(9,884)	(9,980)
Effect of movements in exchange rate	35	-	35
Balance at December 31, 2022	<u>\$ 11,523</u>	<u>-</u>	<u>11,523</u>
Balance at January 1, 2021	\$ 5,082	9,143	14,225
Depreciation for the year	3,152	741	3,893
Disposals	(451)	-	(451)
Effect of movements in exchange rate	14	-	14
Balance at December 31, 2021	<u>\$ 7,797</u>	<u>9,884</u>	<u>17,681</u>
Carrying amount:			
Balance at December 31, 2022	<u>\$ 12,031</u>	<u>1,593</u>	<u>13,624</u>
Balance at January 1, 2021	<u>\$ 10,093</u>	<u>741</u>	<u>10,834</u>
Balance at December 31, 2021	<u>\$ 12,943</u>	<u>-</u>	<u>12,943</u>

(h) Intangible assets

The cost, amortization, and impairment of the intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	<u>Trademark</u>	<u>Royalties</u>	<u>Other intangible assets</u>	<u>Total</u>
Costs:				
Balance at January 1, 2022	\$ 20,447	325,033	20,555	366,035
Additions	-	2,805	1,209	4,014
Disposals	-	(1,824)	(1,261)	(3,085)
Balance at December 31, 2022	<u>\$ 20,447</u>	<u>326,014</u>	<u>20,503</u>	<u>366,964</u>
Balance at January 1, 2021	\$ 20,447	321,531	20,966	362,944
Additions	-	7,185	1,282	8,467
Disposals	-	(3,683)	(1,693)	(5,376)
Balance at December 31, 2021	<u>\$ 20,447</u>	<u>325,033</u>	<u>20,555</u>	<u>366,035</u>

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	<u>Trademark</u>	<u>Royalties</u>	<u>Other intangible assets</u>	<u>Total</u>
Amortization and impairment losses:				
Balance at January 1, 2022	\$ 14,135	321,526	19,331	354,992
Amortization for the year	-	3,605	1,547	5,152
Disposals	-	(1,824)	(1,261)	(3,085)
Balance at December 31, 2022	<u>\$ 14,135</u>	<u>323,307</u>	<u>19,617</u>	<u>357,059</u>
Balance at January 1, 2021	\$ 14,135	319,341	19,374	352,850
Amortization for the year	-	5,868	1,650	7,518
Disposals	-	(3,683)	(1,693)	(5,376)
Balance at December 31, 2021	<u>\$ 14,135</u>	<u>321,526</u>	<u>19,331</u>	<u>354,992</u>
Carrying amounts:				
Balance at December 31, 2022	<u>\$ 6,312</u>	<u>2,707</u>	<u>886</u>	<u>9,905</u>
Balance at January 1, 2021	<u>\$ 6,312</u>	<u>2,190</u>	<u>1,592</u>	<u>10,094</u>
Balance at December 31, 2021	<u>\$ 6,312</u>	<u>3,507</u>	<u>1,224</u>	<u>11,043</u>

1. Amortization and Impairment

For the years ended December 31, 2022 and 2021, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	<u>\$ 500</u>	<u>381</u>
Operating expenses	<u>\$ 4,652</u>	<u>7,137</u>

2. Impairment loss and subsequent reversal

The Group performs the impairment test where there are indications of impairment of intangible assets and the recoverable amount is determined by the value in use. The accumulated impairment losses on other royalties amounted to \$47,865, as of December 31, 2022 and 2021.

(i) Other financial assets

The Group other financial assets were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits over three months	\$ 32,455	31,451
Refundable deposits	18,477	16,985
Pledged time deposits	<u>2,000</u>	<u>2,000</u>
Total	<u>\$ 52,932</u>	<u>50,436</u>

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As of December 31, 2022 and 2021, the details of other financial assets were pledged as collateral, please refer to Note 8.

(j) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 3,851</u>	<u>3,492</u>
Non-current	<u>\$ 8,293</u>	<u>9,660</u>

For the maturity analysis, please refer to Note 6(r) of financial instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 247</u>	<u>185</u>
Expenses relating to short-term leases	<u>\$ 445</u>	<u>437</u>

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	<u>\$ 6,177</u>	<u>5,850</u>

1. Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for 1 to 5 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 also leases office equipment, which are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

1. Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	<u>\$ 42,210</u>	<u>65,358</u>
Fair value of plan assets	<u>(19,002)</u>	<u>(28,093)</u>
Net defined benefit liabilities	<u>\$ 23,208</u>	<u>37,265</u>

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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 pension reserve account in Bank of Taiwan amounted to \$23,834 at the end 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 years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Defined benefit obligation at January 1	\$ 65,358	78,279
Current service costs and interest	526	603
Remeasurement on the net defined benefit liability (assets)		
— Actuarial losses (gains) from experience adjustments	(1,660)	(927)
— Actuarial losses (gains) arising from changes in demographic assumptions	-	1,629
— Actuarial losses (gains) arising from changes in financial assumptions	(4,267)	-
Benefits paid	(15,138)	(14,226)
Past service costs	(2,609)	-
Defined benefit obligation at December 31	\$ 42,210	65,358

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3) Movements in fair value of the defined benefit plan assets

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

	For the years ended December 31,	
	2022	2021
Fair value of plan assets at January 1	\$ 28,093	17,786
Interest income	182	118
Remeasurement on the net defined benefit liability (assets)		
— Return on plan assets (excluding current interest)	2,043	310
Contributions made	3,822	24,105
Benefits paid	(15,138)	(14,226)
Fair value of plan assets at December 31	\$ 19,002	28,093

4) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 117	114
Net interest of net liabilities (assets)	227	371
Past service costs	(2,609)	-
	\$ (2,265)	485

	For the years ended December 31,	
	2022	2021
Operating cost	\$ (23)	34
Selling expenses	(99)	174
Administration expenses	(2,095)	147
Research and development expenses	(48)	130
	\$ (2,265)	485

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	1.75 %	0.63 %
Future salary increase rate	2.00 %	2.00 %

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The expected allocation payment made by the Group to the defined benefit plans for the one-year period after the reporting date was \$1,737.

The weighted-average duration of the defined benefit plans is 13.03 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the changes in the principal actuarial assumptions will impact on the present value of the defined benefit obligation were as follows:

	Influences of defined benefit obligations	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2022		
Discount rate	(866)	895
Future salary increase	868	(845)
December 31, 2021		
Discount rate	(1,589)	1,643
Future salary increase	1,583	(1,539)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practice, changes of assumptions may link to each other. The method used in the sensitivity analysis is consistent with the calculation of Net defined benefit liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis on the same basis for prior year.

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the Labor Pension Personal Account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation to pay.

The pension expenses incurred from the contributions to the Bureau of Labor Insurance amounted to \$4,904 and \$8,201 for the years ended December 31, 2022 and 2021, respectively.

The number of employees were retired in 2022 and once and for all the related payments amounted to \$9,021, recognized in pension expense.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$1,823 and \$1,988 for the years ended December 31, 2022 and 2021, respectively.

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(l) Income taxes

1. Income tax expense

The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current income tax expense		
Current period	\$ -	38
(Overestimated) underestimate in prior periods	(6)	-
Land value increment tax	-	22,289
Adjustment for prior periods	-	7,279
Income tax expense from continuing operations	<u>\$ (6)</u>	<u>29,606</u>

The Group had not recognized the income tax in other comprehensive income (loss) for the years ended December 31, 2022 and 2021.

Reconciliation of income tax and profit (loss) before tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Profit (loss) before tax	<u>\$ (86,894)</u>	<u>138,897</u>
Income tax using domestic tax rate of the Company	\$ (17,578)	25,934
Permanent differences	113	21,506
Tax-exempt income	-	(47,906)
Current-year losses for which no deferred tax asset was recognized	19,935	2,256
Change in unrecognized temporary differences	(2,470)	(1,752)
(Overestimate) underestimate in prior periods	(6)	7,279
Land value increment tax	-	22,289
Income tax expense	<u>\$ (6)</u>	<u>29,606</u>

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	December 31,	December 31,
	2022	2021
Deductible temporary differences	\$ 308,713	311,183
Tax losses	178,809	184,127
	<u>\$ 487,522</u>	<u>495,310</u>

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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2022, the Company that have loss carry forwards which can be used to offset profit were as follows. Among the taxable losses \$3,189 were recognized as deferred tax assets.

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Year of expiration</u>
2013	\$ 54,688	2023
2014	88,890	2024
2015	137,038	2025
2016	167,503	2026
2017	95,608	2027
2018	55,536	2028
2019	65,166	2029
2020	90,802	2030
2022	99,040	2032
	<u>\$ 854,271</u>	

As of December 31, 2022, the expiry years of the prior year losses which have not been recognized as deferred tax assets by the subsidiaries of the Group were as follows:

Expressed in thousands of China Yuan.

<u>Year of loss</u>	<u>Inventec Besta (Xian) Co. Ltd.</u>	<u>Besta (Kunshan) Co., Ltd.</u>	<u>Besta Digital Technology Co., Ltd.</u>	<u>Year of Expiration</u>
2018	\$ -	3,969	361	2023
2019	-	787	488	2024
2020	623	1,127	22	2025
2021	1,647	306	63	2026
2022	-	716	26	2027
	<u>\$ 2,270</u>	<u>6,905</u>	<u>960</u>	

2) Recognized deferred tax assets and liabilities

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

	<u>Others</u>
Deferred Tax Liabilities:	
Balance at January 1, 2022	\$ 13,156
Balance at December 31, 2022	<u>\$ 13,156</u>

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	Others
Balance at January 1, 2021	\$ 13,069
Debited (credited) income statement	87
Balance at December 31, 2021	\$ 13,156
 Deferred Tax Assets:	
Balance at January 1, 2022	\$ 3,189
Balance at December 31, 2022	\$ 3,189
Balance at January 1, 2021	\$ 3,189
Balance at December 31, 2021	\$ 3,189

3. Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Tax Authority.

(m) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company both consisted of 62,366 thousand shares and both issued worth \$623,663, with par value of \$10 per share.

Reconciliations of shares outstanding for the years ended December 31, 2022 and 2021 were as follows:

(In thousands of shares)

	Share Capital	
	For the years ended December 31,	
	2022	2021
Balance at December 31(Same as January 1)	62,366	62,366

1. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share premium from issuance of share capital	\$ 100,180	100,180

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve that can be capitalized shall not exceed 10% of the total actual share capital amount.

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2. Retained earnings

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for accumulated losses over the years, and then set aside 10% as the legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The special capital reserve shall be allocated or converted according to laws or regulation or as requested by business. Any remaining surplus shall be added to the accumulated undistributed earnings of the previous years. The Board of Directors may prepare a proposal for its distribution, and if new shares are to be issued as the form of distribution, the proposal shall be submitted to the shareholders meeting for resolution before the distribution. The Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve (reserve which exceeds 25 percent of the paid-in capital) as stipulated in Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

1) Legal Reverse

The Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special Reverse

In accordance with rules set by the Financial Supervisory Commission, when the company distributes distributable surplus, the 2022 distribution of earnings for fiscal year 2021, it shall make supplemental allocation of special reserve for any difference between the book net amount of other deductions from equity for the period in which it arises and the amount it has already allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period and the undistributed earnings of the previous period and the undistributed earnings of the previous period. For the cumulative deduction in stockholders' equity of the prior period, allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period. If subsequently there is any reversal of the net amount of other deductions from equity, the amount of the reversal may be reversed from special reserve and booked for earnings distribution. As of December 31,2022, the special reverse of \$54,807 was reversed.

3) Earnings distribution

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

On June 15, 2022, the Company's shareholder's meeting resolved to distribution the 2021 earning. On July 15, 2021, the Company's shareholder's meeting resolved to offset the 2020 accumulated deficits.

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3. Other equity (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	\$ 47,738	(161,700)
Exchange differences on foreign operations	1,126	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>-</u>	<u>(1,022)</u>
Balance at December 31, 2022	<u><u>\$ 48,864</u></u>	<u><u>(162,722)</u></u>
Balance at January 1, 2021	\$ 39,965	(155,400)
Exchange differences on foreign operations	7,773	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>-</u>	<u>(6,300)</u>
Balance at December 31, 2021	<u><u>\$ 47,738</u></u>	<u><u>(161,700)</u></u>

(n) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021:

1. Basic earnings (losses) per share

1) Profit (loss) attributable to ordinary shareholders

	For the years ended December 31,	
	2022	2021
Profit (loss) attributable to ordinary shareholders	<u><u>\$ (86,888)</u></u>	<u><u>109,291</u></u>

2) Weight average number to ordinary Shares (thousand shares)

	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary (basic)	<u><u>62,366</u></u>	<u><u>62,366</u></u>
Basic earnings (losses) per share (NT dollars)	<u><u>\$ (1.39)</u></u>	<u><u>1.75</u></u>

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2. Diluted earnings (losses) per share

1) Profit (loss) attributable to ordinary shareholders (diluted)

	For the years ended December 31,	
	2022	2021
Profit (loss) attributable to ordinary shareholders	\$ <u>(86,888)</u>	<u>109,291</u>

2) Weighted average number of ordinary shares (diluted) (thousand shares)

	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary shares (basic)	62,366	62,366
Effect of employee share bonus	-	160
Weighted average number of ordinary shares (diluted)	<u>62,366</u>	<u>62,526</u>
Diluted earnings (losses) per share (NT dollars)	\$ <u>(1.39)</u>	<u>1.75</u>

(o) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Primary geographical markets		
Taiwan	\$ 365,871	561,770
Japan	137,235	132,971
Singapore and Malaysia	26,026	25,197
Czech Republic	25,687	28,827
America and Canada	25,208	17,417
Other countries	<u>19,315</u>	<u>27,247</u>
	\$ <u>599,342</u>	<u>793,429</u>
Major products		
Sales of products	\$ 557,630	755,888
Rendering of services	<u>41,712</u>	<u>37,541</u>
	\$ <u>599,342</u>	<u>793,429</u>

2. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	\$ 66,917	131,761	110,809
Less: Loss allowance	<u>(5,960)</u>	<u>(6,702)</u>	<u>(1,394)</u>
Total	\$ <u>60,957</u>	<u>125,059</u>	<u>109,415</u>

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	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Contract assets	\$ 703	2,651	8,278
Less: Loss allowance	<u>(16)</u>	<u>(4)</u>	<u>(107)</u>
Total	<u>\$ 687</u>	<u>2,647</u>	<u>8,171</u>
Contract liabilities	<u>\$ 12,063</u>	<u>3,256</u>	<u>39,556</u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(c).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$293 and \$35,347, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation that the Group derived from the transfer of a good or service to the customer to be satisfied and the payment to be received.

(p) Remuneration of employee and directors

In accordance with Articles of Incorporation, if the Company has a profit of the year shall distribute not less than 3% of the balance as remuneration to Employees and not more than 3% to Directors of the Corporation. However, require that earnings shall first be offset against any deficit. In the preceding paragraphs distributed in the form of cash or in shares; the qualification requirements including the employees of subsidiaries of the company. The conditions and measures set by the Board of Directors.

The remunerations to employees amounted to \$2,797 for the year ended December 31, 2021. The amounts mentioned above are calculated by the net profit before tax, excluding the remuneration to employees and directors of each period and multiplied by the percentage of employees' and directors' remunerations as specified in the Company's Article of Incorporation. The amounts are accounted for under operating expense or operating costs. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The Group had an annual loss for the year ended December 31, 2022, and thus, the Group was not accrued any remuneration to its employees and directors.

There is no difference between the estimated employees' and directors' remuneration, which was stated in the consolidation financial statements for the year ended December 31, 2021, and the amounts approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

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(q) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Interest income		
Bank deposits	\$ 3,188	1,501
Others	239	125
	<u>\$ 3,427</u>	<u>1,626</u>

2. Other income

The details of other income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Rental income	\$ 7,860	9,859
Government grants	-	14,900
Other income, others	645	210
	<u>\$ 8,505</u>	<u>24,969</u>

3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Foreign exchange gains (losses)	\$ 8,672	(732)
(Losses) gains on disposal of property, plant and equipment	(117)	242,185
Others	(569)	(10,239)
	<u>\$ 7,986</u>	<u>231,214</u>

4. Finance costs

The details of finance costs for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Interest expenses		
Bank borrowings	\$ 204	206
Others	247	195
	<u>\$ 451</u>	<u>401</u>

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(r) Financial instruments

1. Credit risks

1) Credit risks exposure

As of December 31, 2022 and 2021, the maximum exposure to credit risks due to a financial instrument fails to meet its contractual obligations amounted to \$538,898 and \$655,737, respectively.

2) Condition of credit risk concentration

For the years ended December 31, 2022 and 2021, 22.90% and 16.76%, respectively, of revenue were from one major customer. However, there is no significant credit risk of concentration of regions.

3) Receivables and equity securities of credit risk

For credit risk exposure of notes and accounts receivable, please refer to Note 6(c). Other financial assets at amortized cost includes other receivables. For the details of loss allowance, please refer to Note 6(d).

Equity securities at fair value through other comprehensive income include stocks not listed on domestic market. For the details of investments and loss allowance, please refer to Note 6(b).

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	\$ 92,945	92,945	92,945	-	-	-	-
Other payables	39,480	39,480	39,480	-	-	-	-
Lease liabilities	12,144	12,557	1,988	2,064	4,127	4,138	240
Receipts under custody (reported as other current liabilities)	1,971	1,971	1,971	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,514	2,514	513	913	-	1,088	-
	<u>\$ 149,054</u>	<u>149,467</u>	<u>136,897</u>	<u>2,977</u>	<u>4,127</u>	<u>5,226</u>	<u>240</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2021							
Non-derivative financial liabilities							
Notes payable	\$ 13,059	13,059	13,059	-	-	-	-
Accounts payable	95,601	95,601	95,601	-	-	-	-
Other payables	48,221	48,221	48,221	-	-	-	-
Lease liabilities	13,152	13,684	1,893	1,818	3,637	5,909	427
Receipts under custody (reported as other current liabilities)	2,047	2,047	2,047	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,240	2,240	328	198	898	816	-
	<u>\$ 174,320</u>	<u>174,852</u>	<u>161,149</u>	<u>2,016</u>	<u>4,535</u>	<u>6,725</u>	<u>427</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Currency risk

1) Exposure to currency risks

The Group's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

		December 31, 2022		
		<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,042	USD:TWD 30.6750	123,988
		64	USD:CNY 6.9748	1,963
CNY		19	CNY:TWD 4.3980	84
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		1,355	USD:TWD 30.6750	41,565
		December 31, 2021		
		<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,916	USD:TWD 27.6700	136,026
		6	USD:CNY 6.3682	166
CNY		28	CNY:TWD 4.3450	122

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	December 31, 2021		
	Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,291	USD:TWD 27.6700	35,722

2) Sensitivity analysis

The Group's 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, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the TWD against the USD and CNY as of December 31, 2022 and 2021, would have increased or decreased the net loss after tax for the years ended December 31, 2022 and 2021 by \$422 and \$503, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

The exchange gains (losses) of Group's monetary items (included realized and unrealized) converted into the functional currency amount, and converted to the parent company's functional currency Taiwan Dollar exchange rate Information were as follow:

	For the years ended December 31,			
	2022		2021	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
TWD	\$ 8,708	1.000	(669)	1.000
CNY	(36)	4.3715	(63)	4.3315

4. Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note on liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates. The liabilities with variable rates are access with the assumption that the amount of liabilities outstanding at the maturity date.

If the interest rate increases or decreases by 0.5%, the Group's net (loss) profit will decrease or increase and increase or decrease by \$67 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors that remain constant. This is mainly due to the Group's time deposits in variable rate.

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5. Fair value of financial instruments

1) Fair value hierarchy

The Group's financial assets at fair value through other comprehensive income is measured on a recurring basis.

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 for equity securities that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 5,871	-	-	5,871	5,871
Financial assets at amortized cost					
Cash and cash equivalents	390,986	-	-	-	-
Notes receivable, accounts receivable and other receivables	88,422	-	-	-	-
Other financial assets	52,932	-	-	-	-
Subtotal	532,340	-	-	-	-
Total	<u>\$ 538,211</u>	<u>-</u>	<u>-</u>	<u>5,871</u>	<u>5,871</u>
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	\$ 132,425	-	-	-	-
Lease liabilities	12,144	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,971	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,514	-	-	-	-
Total	<u>\$ 149,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 6,735	-	-	6,735	6,735
Financial assets at amortized cost					
Cash and cash equivalents	441,092	-	-	-	-
Notes receivable, accounts receivable and other receivables	154,827	-	-	-	-
Other financial assets	50,436	-	-	-	-
Subtotal	646,355	-	-	-	-
Total	<u>\$ 653,090</u>	<u>-</u>	<u>-</u>	<u>6,735</u>	<u>6,735</u>
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	\$ 156,881	-	-	-	-
Lease liabilities	13,152	-	-	-	-
Receipts under custody (reported as other current liabilities)	2,047	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,240	-	-	-	-
Total	<u>\$ 174,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

The fair value of financial instruments are evaluated by using the valuation technique or prices of financial instruments of comparable peers that are publicly traded. The fair value acquired through valuation technique may refer to other financial instruments with substantially similar conditions and characteristics, discounted cash flow analysis or other valuation technique, including the market information can be obtained on the consolidated balance sheet date and calculated using the model.

The stocks, drafts and bonds of listed companies are financial assets and liabilities with standard terms and conditions which are traded in the active markets. Their fair values are based on the quoted market prices.

For equity instruments that have no quoted prices, the comparable listed companies method is used to estimate their fair values. The main assumption for the model is the earnings before interests, taxes, depreciation and amortization, and the earnings multiplier derived from comparable listed companies. The estimate has adjusted the impact of the lack of market liquidity of the equity securities.

Fair value is a quoted price in an active market if the markets for financial instruments have quoted price.

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The fair values of equity instrument listed companies and debt instruments quoted price in active market are based on published price in the mainly active securities exchange and Central Government Bonds (CGBs) in the OTC market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

3) Reconciliation of level 3 fair value

	Fair value through other comprehensive income <hr/> Unquoted equity instruments <hr/>
Balance as of January 1, 2022	\$ 6,735
Total gains and losses recognized in	
Other comprehensive income	(1,022)
Effect of movements in exchange rate	158
Balance as of December 31, 2022	\$ 5,871
Balance as of January 1, 2021	\$ 12,954
Total gains and losses recognized in	
Other comprehensive income	(6,300)
Effect of movements in exchange rate	81
Balance as of December 31, 2021	\$ 6,735

For the years ended December 31, 2022 and 2021, total gains and losses included in “unrealized gains and losses from equity securities at fair value through other comprehensive income” were as follows:

	For the years ended December 31,	
	2022	2021
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (1,022)	(6,300)

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- 4) The quantified information on 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 other comprehensive income – equity securities".

The Group's financial assets at fair value through other comprehensive income-equity securities without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets at fair value through other comprehensive income-equity securities without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets at fair value through other comprehensive income - equity securities without an active market	Comparable listed companies method	<ul style="list-style-type: none"> · Multiplier of price-to-book ratio (2.84~4.36 on December 31, 2022 and 4.53~6.78 on December 31, 2021) · Market illiquidity discount (15%~20% on December 31, 2022 and 2021) 	<ul style="list-style-type: none"> · The higher the PB, the higher the fair value. · The higher the illiquidity discount rate, the lower the fair value.

- 5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	<u>Input</u>	<u>Variation</u>	<u>Impact of Fair Value Change on Other Comprehensive income or loss</u>	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity securities without an active market	Multiplier of price-to-book ratio	5%	\$ 294	(294)
Equity securities without an active market	Market illiquidity discount	5%	367	(367)
			<u>\$ 661</u>	<u>(661)</u>

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December 31, 2021	<u>Input</u>	<u>Variation</u>	Impact of Fair Value Change on Other Comprehensive income or loss	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>
Financial assets at fair value through other comprehensive income				
Equity securities without an active market	Multiplier of price-to-book ratio	5%	\$ 339	(339)
Equity securities without an active market	Market illiquidity discount	5%	421	(421)
			\$ 760	(760)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

(s) Financial risk management

1. Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Structure of risk management

The group are exposed to interests risk, currencies risk, credits risk and liquidity risk due to its operating activities. To lower the latent unfavorable effects of changing market to the Group's financial performance, the Group have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The financial units follows the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and credit risk arises principally from the Group's receivables from customers, bank deposit and investment.

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1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. These are including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment terms, delivery terms and conditions are offered. The Group's review includes external ratings, when available, and financial situation.

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified.

2) Bank deposit and investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

3) Guarantees

The Group could provide financial guarantees and endorsements for the following companies, and they should be approved by the Board:

A. The companies with which it has business relations.

B. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common shares.

C. The parent company which directly or indirectly holds more than 50% of its voting rights.

As of December 31, 2022 and 2021, the Group don't provide any financial guarantees and endorsements.

4. Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2022 and 2021, the Group's unused credits line were amounted to \$338,405 and \$366,602, respectively.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's policy is not to execute speculative derivative transactions. However, to manage market risks, the Group will engage in financial instrument transactions, and generates financial liabilities. All such transaction are carried out within the guideline set by the Group.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD), US Dollars (USD), and the China Yen (CNY). The Group uses natural hedging principle to hedge by controlling the net amount of each currency of the Group in accordance with the condition of the exchange rate market.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is based on the global trend in interest rates, and the assessment of choosing fixed-rate and floating rate will be made by the Group based on the policy mentioned above. The fixed-rate would be adopted to the short-term loans if the market rates go up, and vice versa.

3) Other market price risk

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements; such contracts are not settled on the net basis.

(t) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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The Group 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 include share capital, capital surplus, retained earnings, and other equity plus net debt. The Group's debt to capital ratios at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 203,218	237,561
Less: cash and cash equivalents	<u>(390,986)</u>	<u>(441,092)</u>
Net debt	(187,768)	(203,531)
Total equity	<u>591,964</u>	<u>670,778</u>
Total capital	<u>\$ 404,196</u>	<u>467,247</u>
Debt-to-equity ratio	<u>- %</u>	<u>- %</u>

According to the Group's management, there were no changes in the Group's approach to capital management at of December 31, 2022.

(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flows for the years ended December 31, 2022 and 2021, were as follows:

1. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Other	Foreign exchange movement	
Lease liabilities	\$ 13,152	(5,485)	4,454	23	12,144
Total liabilities from financing activities	<u>\$ 13,152</u>	<u>(5,485)</u>	<u>4,454</u>	<u>23</u>	<u>12,144</u>
	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Other	Foreign exchange movement	
Lease liabilities	\$ 12,387	(5,228)	5,974	19	13,152
Total liabilities from financing activities	<u>\$ 12,387</u>	<u>(5,228)</u>	<u>5,974</u>	<u>19</u>	<u>13,152</u>

(7) Related Party Transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Inventec Corporation	The entity with significant influence over the Group
Inventec Appliances Corp.	Other related parties
Inventec (Pudong) Technology Corp.	"
SQ Technology (Shanghai) Corporation	"
AIMobile Co., Ltd.	"
Inventec Appliances (XI'AN) Corporation	"
Anhui Raise Victa Technology Co., Ltd.	"

(c) Significant transactions with related parties

1. Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 16,555	9,237
Other related parties	5,172	1,782
	<u>\$ 21,727</u>	<u>11,019</u>

Prices for the sales above were negotiated, the sales prices and collection terms aren't the same as those with other customers. The collection terms are within 30 and 90 days after arrival.

2. Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 710	4,418
Others related parties:		
AIMobile Co., Ltd.	-	56,110
Other	2,190	991
	<u>\$ 2,900</u>	<u>61,519</u>

Prices for the purchases above were negotiated, there is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling prices agreed by both sides. The payment term is under conditions of purchase.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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3. Receivables from related parties

The receivables by the Group from related parties were as follows:

<u>Financial statement account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Associates	\$ 2,392	1,165
"	Other related parties	5,250	4,928
Other receivable	Associates	1,309	91
		<u>\$ 8,951</u>	<u>6,184</u>

4. Payables to related parties

The payables to related parties were as follows:

<u>Financial statement account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Associates	\$ -	596
Other payables	Associates	2	1,578
		<u>\$ 2</u>	<u>2,174</u>

5. Property transaction

1) Acquisition of property, plant, equipment, intangible assets and other assets

The Group purchased equipment from Inventec Corporation in November 2021, and the total amount is \$1,500.

6. Other expense and income

<u>Financial statement account</u>	<u>Related party categories</u>	<u>For the years ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Other expenses	Associates	<u>\$ 104</u>	<u>16</u>
Other income	Associates	<u>\$ 1,247</u>	<u>-</u>

7. Others

- 1) The Group received \$87 from its associates for advance payment on December 31, 2021.
- 2) The Group received \$429 from its other related parties for advance payment on December 31, 2022.
- 3) The Group paid \$269 and \$186 to its other related parties for the refundable deposits on December 31, 2022 and 2021.
- 4) The Group paid \$237 and \$240 to its associates for the guaranteed notes in deposit on December 31, 2022 and 2021.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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8. Lease

The Group rented an office building from Inventec Corporation in April 2016 and October 2017, and extended lease period in December 2020. The rental fee is determined based on nearby office rental rates. The total value of the contract was \$19,956. The Group terminated the lease contract in September 2020 and decrease lease liabilities amount of \$1,975. For the years ended December 31, 2022 and 2021, the Group recognized the amount of \$42 and \$58 as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$2,205 and \$3,284.

The Group rented an IDC from Inventec Corporation in March 2018, and signed the addendum to lease agreement in 2019 to 2021. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The total value of the contract was \$18,318. For the years ended December 31, 2022 and 2021, the Group recognized the amount of \$20 and \$29 as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$936 and \$1,694.

In January 2019, the Group rented an office building from Inventec Appliances (XI'AN) Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was RMB 1,027 thousand. For the years ended December 31, 2022 and 2021, the Group recognized the amount of \$85 and \$16 as interest expense. As December 31, 2022 and 2021, the balance of lease liabilities amounted to \$1,663 and \$2,311.

(d) Key management personnel compensation

Key management personnel compensation include:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 19,733	23,051
Post-employment benefits	1,885	745
	\$ 21,618	23,796

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other current financial assets	Performance bond	\$ 5,906	3,780
Other non-current financial assets	Customs duty guarantee, performance bond and etc.	14,571	15,205
		\$ 20,477	18,985

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(9) Significant Commitments and Contingencies

(a) Major Commitments

1. Promissory notes issued for bank credit and lease, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes issued as guarantee	\$ <u>359,059</u>	<u>389,146</u>

2. For part of the material royalty contracts, the Group paid based on sales volume and minimum guaranteed payment, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TWD	\$ <u>520</u>	<u>1,469</u>
USD	\$ <u>53</u>	<u>18</u>

3. Amount of sales contract that has been promised and undelivered, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount of promised sales with undelivered goods	\$ <u>51,305</u>	<u>99,433</u>

4. Amount of purchase contract that has been signed and undelivered, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount of promised purchase with unreceived goods	\$ <u>48,710</u>	<u>58,816</u>

5. For the years ended December 31, 2022 and 2021, the guarantee notes received for stock up amounted to \$1,000 and \$0, respectively.

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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(12) Other

- (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			2021		
	Operating Costs	Operation Expenses	Total	Operating Costs	Operation Expenses	Total
Employee benefits						
Salary	5,493	113,294	118,787	6,132	125,481	131,613
Labor and health insurance	478	10,087	10,565	584	11,033	11,617
Pension	653	12,830	13,483	378	10,296	10,674
Others	54	5,708	5,762	75	5,021	5,096
Depreciation	8,892	5,906	14,798	7,330	5,815	13,145
Amortization	500	4,652	5,152	381	7,137	7,518

- (b) On October 18, 2021, the Company and AOBTRADE SEMICONDUCTOR LTD. ("AOBTRADE SEMICONDUCTOR") filed a petition for settlement with the Mediation Committee of the Neihs District in Taipei City for custody dispute of semi-conductive equipment. The Shilin District Court approved the settlement. AOBTRADE SEMICONDUCTOR agreed to compensate the equipment to the Company at the current market price and to repay First Business Group Co., Ltd.'s purchase price for the Company on December 30, 2021. The remaining balance was repaid in installments. If any installment has not been paid, it is deemed to maturity. AOBTRADE SEMICONDUCTOR has been paid since November 2021. The Company has exchanged certificates of the obligatory claim with the court. In 2021, the remaining balance of \$7,733 was recognized as a loss under non-operating other losses. Any subsequent recoveries will be treated as non-operating income upon receipt of the accounts.

(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:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other 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	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation of fund financing
													Name	Value		
1	Besta Digital Technology Co., Ltd.	Besta (Kunshan) Co., Ltd.	Other receivables due from related parties	Yes	880	-	-	4.35%	2	-	Working capital	-	None	-	17,675	35,350

Note 1: The numbers filled in for the parent and subsidiaries are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Reasons for financing are as follows:

- (1) Business relationship, please fill in 1.
- (2) The need for short-term financing, please fill in 2.

Note 3: According to the Company's procedures for the Management of loaning funds, the aggregate amount of loaning funds provided by the Company shall not exceed 50% of loaning fund's net worth, where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 4: The company directly and indirectly holds 100% of the voting shares to engage in fund financing, or foreign companies directly and indirectly hold 100% of the voting shares to engage in fund financing to the company that the total amount of fund financing was limited to 50% of the net worth of the company's most recent financial statement. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties: None.

3. Securities held as of balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Inventec Solar Energy Corporation	Other related parties	Non current financial assets at fair value through other comprehensive income	15,450,000	-	4.78 %	-	4.78 %	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd.	-	"	494,506	5,871	9.00 %	5,871	9.00 %	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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8. Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of capital stock: None.

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Highest percentage of ownership (%) during the year	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Inventec Besta (BVI) Co., Ltd.	B.V.I.	Investment management	318,993	318,993	10,258,000	100.00 %	39,053	100.00 %	5,636	5,636	Subsidiary
"	Besta (Cayman) Co., Ltd.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00 %	119,410	100.00 %	1,531	1,531	

Note 1: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

Note 2: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

(c) Information on investment in Mainland China

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment Note 1	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) Note 2	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow							
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	199,388	(2)	188,651	-	-	188,651	2,431	100.00 %	100.00 %	2,431	9,713	-
Besta Digital Technology Co., Ltd.	Sales of electronic dictionaries and PDA-related products	368,100	(2)	368,100	-	-	368,100	(115)	100.00 %	100.00 %	(115)	70,701	-
Besta (Kunshan) Co., Ltd. (note 8)	Sale of consumer electronics and related products	276,075	(2)	276,075	-	-	276,075	(3,119)	100.00 %	100.00 %	(3,119)	5,301	-
Kunshan Besta Electronics Limited (note 7)	Sales of electronic dictionaries and PDA-related products	-	(3)	-	-	-	-	-	100.00 %	100.00 %	11	-	-

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2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by investment Commission, MOEA	Upper Limit on Investment
Inventec Besta Co., Ltd.	1,553,689	1,553,689	355,178

Note 1: There are three modes of investments as following:

1. Directly invest in China Company.
2. Invest in China Company by the company which set up in third area by the Company.
3. Others.

Note 2: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

Note 3: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

Note 4: The accumulated investment in Mainland China and investment amounts authorized by Investment Commission, MOEA, in accordance with the regulation of amended limitation calculation of Investment Commission on August 29, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation. If the Company has additional investments in the Mainland China in the future, pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland area, the upper limit on investment is higher of 60% of net value or consolidated net value, and the accumulated investment was recalculated to determine whether the investment exceeds the limit. The originally approved investment in Mainland China shall not be recalculated.

Note 5: Golden Electronics China Co., Ltd. and iSing Music Technology (Beijing) Co., Ltd. were liquidated in 2004 and 2018, respectively, wherein both liquidation procedures had been approved by the Investment Commission, MOEA. Since both companies have no capital to be remitted back to their parent companies in Taiwan after the liquidation process, the initial investment of both companies amounting to \$306,750 and \$414,113 respectively, have already been included in the Accumulated Investment in Mainland China.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 7: The boards of directors resolved to dissolve Kunshan Besta Electronics Limited on September 27, 2021, and the liquidation process was completed on March 14, 2022.

Note 8: The boards of directors resolved to dissolve Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process is still in progress.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Inventec Corporation		23,404,962	37.52 %

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (includes treasury shares) by the Company as of the last business day of the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

(2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who opened the trust account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The Information of insider trading would be available at the Market Observation Post System.

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(14) Segment Information

(a) General information

The Group's reportable segments are Taiwan department. Taiwan department leads the development of the Group's products and is responsible for sales in Taiwan.

(b) Information about reportable segments and their measurement and reconciliations:

The classification of the Group's reportable segments is based on sales regions and the function. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note 4.

The Group's regional financial information was as follows:

<u>For the year ended December 31, 2022</u>	<u>Taiwan department</u>	<u>Other department</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Revenue:				
External customers	\$ 591,799	19,285	(11,742)	599,342
Inter-company revenue	39	5,175	(5,214)	-
Interest revenue	1,455	1,972	-	3,427
Total revenue	\$ 593,293	26,432	(16,956)	602,769
Interest expense	\$ (361)	(90)	-	(451)
Depreciation and amortization	(18,689)	(1,261)	-	(19,950)
Share of profit (loss) of associates accounted for using equity method	7,167	(803)	(6,364)	-
Reportable segment profit (loss)	\$ (86,888)	6,354	(6,360)	(86,894)
Assets:				
Investments accounted for using equity method	\$ 158,463	85,715	(244,178)	-
Reportable segment assets	\$ 627,445	170,351	(2,614)	795,182
Reportable segment liabilities	\$ 193,944	11,888	(2,614)	203,218
<u>For the year ended December 31, 2021</u>				
Revenue:				
External customers	\$ 782,887	22,844	(12,302)	793,429
Inter-company revenue	84	45	(129)	-
Interest revenue	430	1,196	-	1,626
Total revenue	\$ 783,401	24,085	(12,431)	795,055
Interest expense	\$ (361)	(40)	-	(401)
Depreciation and amortization	(19,374)	(1,289)	-	(20,663)
Share of profit (loss) of associates accounted for using equity method	(8,178)	(7,489)	15,667	-
Reportable segment profit (loss)	\$ 138,840	(15,784)	15,841	138,897
Assets:				
Investments accounted for using equity method	\$ 151,192	86,415	(237,607)	-
Reportable segment assets	\$ 744,201	164,184	(46)	908,339
Reportable segment liabilities	\$ 224,615	12,992	(46)	237,561

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(c) Productions and services information

Revenue from the external customers of the Group was as follows:

<u>Name of product or service</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales of products	\$ 557,630	755,888
Rendering of services	41,712	37,541
Total	<u>\$ 599,342</u>	<u>793,429</u>

(d) Geographic Information

<u>By region</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from external customers:		
Taiwan	\$ 365,871	561,770
Japan	137,235	132,971
Singapore and Malaysia	26,026	25,197
Czech Republic	25,687	28,827
America and Canada	25,208	17,417
Other countries	19,315	27,247
Total	<u>\$ 599,342</u>	<u>793,429</u>

<u>By region</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Non-current assets:		
Taiwan	\$ 144,105	143,820
China	8,382	9,607
Total	<u>\$ 152,487</u>	<u>153,427</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments, and non-current deferred tax assets.

(e) Main customers

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Client A from Taiwan department	\$ 137,235	132,971
Client B from Taiwan department	-	117,441