Stock Code:8201

INVENTEC BESTA CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

with Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Table of Contents

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Inventec Besta Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. **Impairment assessment of accounts receivable**

   Please refer to Note 4(f) "Financial instruments", and Note 6(c) "Notes receivable and accounts receivable" of the parent company only financial statements for details on the information about impairment assessment on accounts receivable.

Description of key audit matter

The Company 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 Company' s account receivable assessments; evaluating the reasonableness of the assessment method used by the Company; testing the policy on the valuation of accounts receivable whether it is consistent with the Company's policy; evaluating individually accounts receivable which were overdue used the data whether it is reasonable; inspecting the status of collections during the subsequent perior to ensure the adequacy of impairment assessment of accounts receivable at the balance sheet date.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

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

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

KPMG

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

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 280,906	36	330,643	37
1140	Current contract assets (Note 6(o))	687	-	2,647	-
1150	Notes receivable, net (Note 6(c))	-	-	3,892	1
1170	Accounts receivable, net (Notes 6(c) and 7)	52,507	7	116,567	13
1200	Other receivables (Notes 6(d) and 7)	26,730	3	29,298	3
1220	Current tax assets	40	-	114	-
130X	Inventories (Note 6(e))	90,585	12	71,161	8
1476	Other current financial assets (Note 8)	5,906	-	3,780	-
1479	Other current assets, others	8,901	1	24,394	3
		466,262	59	582,496	65
	Non-current Assets:				
1550	Investments accounted for using equity method (Note 6(f))	158,463	20	151,192	17
1600	Property, plant and equipment (Note 6(g))	122,288	16	122,216	14
1755	Right-of-use assets (Note 6(h))	11,912	2	10,407	1
1780	Intangible assets (Note 6(i))	9,905	1	11,043	1
1840	Deferred tax assets (Note 6(l))	3,189	-	3,189	-
1980	Other non-current financial assets (Note 8)	13,889	2	14,696	2
1990	Other non-current assets, others	-	-	154	-
		319,646	41	312,897	35
	Total assets	$ 785,908	100	895,393	100

		December 31, 2022		December 31, 2021	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2130	Current contract liabilities (Note 6(o))	12,063	2	3,256	-
2150	Notes payable	-	-	13,059	2
2170	Accounts payable (Note 7)	88,167	11	90,221	10
2200	Other payables (Note 7)	38,071	5	44,805	5
2280	Current lease liabilities (Notes 6(j) and 7)	3,075	-	2,892	-
2300	Other current liabilities	6,788	1	10,091	1
		148,164	19	164,324	18
	Non-current Liabilities:				
2570	Deferred tax liabilities (Note 6(l))	13,156	2	13,156	2
2580	Non-current lease liabilities (Notes 6(j) and 7)	7,406	1	7,949	1
2640	Net defined benefit liability, non-current (Note 6(k))	23,208	3	37,265	4
2670	Other non-current liabilities, others	2,010	-	1,921	-
		45,780	6	60,291	7
	Total liabilities	193,944	25	224,615	25
	Equity attributable to owners of parent: (Note 6(m))				
3100	Capital stock	623,663	79	623,663	70
3200	Capital surplus	100,180	13	100,180	11
3351	Accumulated profit and loss	(18,021)	(3)	60,897	7
3400	Other equity	(113,858)	(14)	(113,962)	(13)
	Total equity	591,964	75	670,778	75
	Total liabilities and equity	$ 785,908	100	895,393	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Comapny Only Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD.

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)**	$ 591,838	100	782,971	100
5000	**Operating costs (Note 6(e))**	(520,249)	(88)	(702,049)	(90)
	Gross profit from operations	71,589	12	80,922	10
	Operating expenses:				
6100	Selling expenses	(79,914)	(14)	(92,760)	(12)
6200	Administrative expenses	(41,144)	(7)	(40,674)	(5)
6300	Research and development expenses	(49,640)	(8)	(50,850)	(6)
6450	Expected credit loss	(2,787)	-	(6,249)	(1)
	Total operating expenses	(173,485)	(29)	(190,533)	(24)
	Net operating loss	(101,896)	(17)	(109,611)	(14)
	Non-operating income and expenses:				
7100	Interest income (Note 6(q))	1,455	-	430	-
7010	Other income (Note 6(q))	5,344	1	21,863	3
7020	Other gains and losses (Note 6(q))	1,403	-	234,697	30
7050	Finance costs (Note 6(q))	(361)	-	(361)	-
7060	Share of gain (loss) of associates accounted for using equity method (Note 6(f))	7,167	1	(8,178)	(1)
	Total non-operating income and expenses	15,008	2	248,451	32
7900	**Profit (loss) from continuing operations before tax**	(86,888)	(15)	138,840	18
7950	**Less: Income tax expenses (Note 6(l))**	-	-	29,549	4
	Profit (loss)	(86,888)	(15)	109,291	14
	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)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(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 inocme tax	8,074	1	1,081	-
8500	**Total comprehensive income**	**$ (78,814)**	**(14)**	**110,372**	**14**
	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 parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD.

Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings			Other 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	Total Equity
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 parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD.

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	$ (86,888)	138,840
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	13,537	11,856
Amortization expense	5,152	7,518
Expected credit loss	2,787	6,249
Interest expense	361	361
Interest income	(1,455)	(430)
Share of (gain) loss of associates accounted for using equity method	(7,167)	8,178
Gains on disposal of property, plant and equipment	(76)	(242,188)
Others	-	(10)
Total adjustments to reconcile profit (loss)	13,139	(208,466)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	1,948	5,627
Notes receivable	3,897	6,052
Accounts receivable	64,797	(24,728)
Other receivables	(821)	2,673
Inventories	(19,424)	16,366
Other current assets	15,493	3,001
Total changes in operating assets	65,890	8,991
Changes in operating liabilities:		
Contract liabilities	8,807	(34,081)
Notes payable	(13,059)	11,315
Accounts payable	(2,033)	(72,058)
Other payables	(3,530)	2,720
Other current liabilities	(3,303)	3,912
Net defined benefit liability	(6,087)	(23,620)
Total changes in operating liabilities	(19,205)	(111,812)
Total changes in operating assets and liabilities	46,685	(102,821)
Total adjustments	59,824	(311,287)
Cash outflow generated used in operations	(27,064)	(172,447)
Interest received	1,327	337
Interest paid	(382)	(395)
Income taxes received (paid)	74	(22,168)
Net cash flows used in operating activities	(26,045)	(194,673)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(13,349)	(3,147)
Proceeds from disposal of property, plant and equipment	76	377,584
Acquisition of intangible assets	(4,637)	(7,847)
Increase in other financial assets	(1,319)	(165)
Decrease in other non-current assets	154	108
Net cash flows (used in) from investing activities	(19,075)	366,533
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(4,706)	(4,244)
Increase (decrease) in other non-current liabilities	89	(1,117)
Net cash flows used in financing activities	(4,617)	(5,361)
Net (decrease) increase in cash and cash equivalents	(49,737)	166,499
Cash and cash equivalents at beginning of period	330,643	164,144
Cash and cash equivalents at end of period	**$ 280,906**	**330,643**

See accompanying notes to parent company only financial statements.

INVENTEC BESTA CO., LTD.

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

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

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

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

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

(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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company 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 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 financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

Except for the following significant items in the balance sheets, the 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 4(q).

2. Functional and presentation currency

The functional currency of the Company entity is determined based on the primary economic environment in which the entity operates. The 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) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (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.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into 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 Company 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 Company 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.

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

Equity 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 Company’s right to receive payment is established.

3) Impairment of financial assets

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

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

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company in full.

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

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

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

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

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

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

4) Derecognition of financial assets

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

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

2. Financial liabilities

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

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

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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their 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.

(h) Investment in associates

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

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

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

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

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

(i) Investment in subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statement. Under equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are contributed to the owners of parent in the financial statement.

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

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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.

(k) Leases

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

1. As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise an extension or termination option; or

5) there are any lease modifications

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of furniture and office facilities that have a lease term of 12 months or less and leases of low-value assets. The Company 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 Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

1. Recognition and measurement

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

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.

(m) Impairment of non-financial assets

At each reporting date, the Company 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.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is 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 Company is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods-electronic products

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

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 Company'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 Company has a right to an amount of consideration that is unconditional.

2) IT Consulting, research and development services

The Company 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.

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 Company 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 Company 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 Company estimates the amount of variable consideration using the most likely amount. If the Company 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 Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company 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.

(p) Government grants

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

(q) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(r) Income taxes

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

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

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

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

(s) Earnings per share

The Company 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.

(t) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in these financial statements.

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

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

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

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	$	294	284
Demand deposits		86,251	81,681
Foreign currency deposits		13,086	32,495
Cash equivalents - Time deposits		151,179	151,172
Cash equivalents - Bonds		30,096	65,011
Total	**$**	**280,906**	**330,643**

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

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	**$**	**-**	**-**

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

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

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.

(c) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable	$	-	3,897
Accounts receivable		58,467	123,264
Less: Loss allowance		(5,960)	(6,702)
	$	**52,507**	**120,459**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables 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:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 49,691	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	4,770	39.14%~100%	4,674
	$ 58,467		**5,960**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 103,289	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	1,474	0.14%~100.00%	1,474
	$ 127,161		**6,702**

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

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

(d) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 34,576	33,627
Less: Loss allowance	(7,846)	(4,329)
	$ 26,730	**29,298**

The Company 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	$ 16,324	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
	$ 34,576		**7,846**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	$ 16,565	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
	$ 33,627		**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**

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials and consumables	$ 41,358	19,507
Work in process	6,739	2,719
Finished goods	16,449	5,745
Merchandise	26,039	43,190
	$ 90,585	**71,161**

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

		For the years ended December 31,	
		2022	**2021**
Cost of goods sold	$	517,980	698,286
Loss on disposal of scrap		199	4,244
Loss (reversal of) on inventory valuation and obsolescence		2,070	(481)
Total	$	**520,249**	**702,049**

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) Investments accounted for using equity method

A summary of the Company’s financial information for investments accounted for using equity method at the reporting date was as followers:

		December 31, 2022	**December 31, 2021**
Subsidiaries	$	**158,463**	**151,192**

1. Subsidiaries

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

2. Collateral

As of December 31,2021 and 2020, the Company did not provided any investment accounted for using equity method as collaterals for its loans.

(g) Property, plant, and equipment

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

		Land	**Building and construction**	**Machinery and equipment**	**Other facilities**	**Total**
Cost or deemed cost:						
Balance at January 1, 2022	$	60,950	54,041	16,688	53,472	185,151
Additions		-	-	-	10,768	10,768
Disposals		-	-	(967)	(1,738)	(2,705)
Balance at December 31, 2022	$	**60,950**	**54,041**	**15,721**	**62,502**	**193,214**
Balance at January 1, 2021	$	146,274	136,819	19,829	55,771	358,693
Additions		-	-	-	4,137	4,137
Disposals		(85,324)	(82,778)	(3,141)	(6,436)	(177,679)
Balance at December 31, 2021	$	**60,950**	**54,041**	**16,688**	**53,472**	**185,151**

		Land	Building and construction	Machinery and equipment	Other facilities	Total
Depreciation and impairment losses:						
Balance at January 1, 2022	$	-	11,479	15,812	35,644	62,935
Depreciation for the year		-	1,060	331	9,305	10,696
Disposals		-	-	(967)	(1,738)	(2,705)
Balance at December 31, 2022	$	-	12,539	15,176	43,211	70,926
Balance at January 1, 2021	$	-	42,776	18,466	35,065	96,307
Depreciation for the year		-	1,429	486	6,996	8,911
Disposals		-	(32,725)	(3,141)	(6,417)	(42,283)
Balance at December 31, 2021	$	-	11,480	15,811	35,644	62,935
Carrying amounts:						
Balance at December 31, 2022	$	60,950	41,502	545	19,291	122,288
Balance at January 1, 2021	$	146,274	94,043	1,363	20,706	262,386
Balance at December 31, 2021	$	60,950	42,561	877	17,828	122,216

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.

(h) Right-of-use assets

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

		Building	Machinery and equipment	Total
Cost:				
Balance at January 1, 2022	$	15,720	9,884	25,604
Additions		2,753	1,593	4,346
Disposals		-	(9,884)	(9,884)
Balance at December 31, 2022	$	18,473	1,593	20,066
Balance at January 1, 2021	$	9,205	9,884	19,089
Additions		6,515	-	6,515
Balance at December 31, 2021	$	15,720	9,884	25,604
Accumulated depreciation:				
Balance at January 1, 2022	$	5,313	9,884	15,197
Depreciation for the year		2,841	-	2,841
Disposals		-	(9,884)	(9,884)
Balance at December 31, 2022	$	8,154	-	8,154

		Building	Machinery and equipment	Total
Balance at January 1, 2021	$	3,109	9,143	12,252
Depreciation for the year		2,204	741	2,945
Balance at December 31, 2021	$	**5,313**	**9,884**	**15,197**
Carrying amount:				
Balance at December 31, 2022	$	**10,319**	**1,593**	**11,912**
Balance at January 1, 2021	$	**6,096**	**741**	**6,837**
Balance at December 31, 2021	$	**10,407**	**-**	**10,407**

(i) Intangible assets

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

		Trademark	Royalties	Other intangible assets	Total
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	$	**20,447**	**326,014**	**20,503**	**366,964**
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	$	**20,447**	**325,033**	**20,555**	**366,035**
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	$	**14,135**	**323,307**	**19,617**	**357,059**
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	$	**14,135**	**321,526**	**19,331**	**354,992**

		Trademark	Royalties	Other intangible assets	Total
Carrying amounts:					
Balance at December 31, 2022	$	6,312	2,707	886	9,905
Balance at January 1, 2021	$	6,312	2,190	1,592	10,094
Balance at December 31, 2021	$	6,312	3,507	1,224	11,043

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:

		For the years ended December 31,	
		2022	2021
Operating costs	$	500	381
Operating expenses	$	4,652	7,137

2. Impairment loss and subsequent reversal

The Company 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.

(j) Lease liabilities

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

		December 31, 2022	December 31, 2021
Current	$	3,075	2,892
Non-current	$	7,406	7,949

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	$	162	145
Expenses relating to short-term leases	$	23	179

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31,	
	2022	**2021**
Total cash outflow for leases	**$ 4,891**	**4,568**

1. Real estate leases

The Company 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 Company also leases office equipment, which are short-term or leases of low-value items. The Company 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	$ 42,210	65,358
Fair value of plan assets	(19,002)	(28,093)
Net defined benefit liabilities	**$ 23,208**	**37,265**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company'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**

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

The Company'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 Company'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**
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 %

The expected allocation payment made by the Company 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	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2022		
Discount rate	(866)	895
Future salary increase	868	(845)

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
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 Company 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 Company 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.

(l) Income taxes

1. Income tax expense

The 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		
Adjustment for prior periods	$ -	7,260
Land value increment tax	-	22,289
Income tax expense from continuing operations	**$ -**	**29,549**

The Company 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	**$ (86,888)**	**138,840**
Income tax using domestic tax rate of the Company	$ (17,378)	27,768
Permanent differences	40	21,890
Tax-exempt income	-	(47,906)
Current-year losses for which no deferred tax asset was recognized	19,808	-
Change in unrecognized temporary differences	(2,470)	(1,752)
Underestimate in prior periods	-	7,260
Land value increment tax	-	22,289
Income tax expense	**$ -**	**29,549**

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, 2022	December 31, 2021
Deductible temporary differences	$ 308,713	311,183
Tax losses	167,665	169,451
	$ 476,378	**480,634**

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 Company 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.

Year of loss	Unused tax loss	Year of expiration
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
	$ 854,271	

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:

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

	Others
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.

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.

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		-	(1,022)
Balance at December 31, 2022	**$**	**48,864**	**(162,722)**
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		-	(6,300)
Balance at December 31, 2021	**$**	**47,738**	**(161,700)**

(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	$ **(86,888)**	**109,291**

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

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

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	$ **(86,888)**	**109,291**

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)	**62,366**	**62,526**
Diluted earnings (losses) per share (NT dollars)	$ **(1.39)**	**1.75**

(o) Revenue from contracts with customers

1. Disaggregation of revenue

		For the years ended December 31, 2022	2021
Primary geographical markets			
Taiwan	$	365,872	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		11,810	16,789
	$	**591,838**	**782,971**
Major products			
Sales of products	$	559,343	747,267
Rendering of services		32,495	35,704
	$	**591,838**	**782,971**

2. Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$	58,467	127,161	108,735
Less: Loss allowance		(5,960)	(6,702)	(1,394)
Total	**$**	**52,507**	**120,459**	**107,341**
Contract assets	$	703	2,651	8,278
Less: Loss allowance		(16)	(4)	(107)
Total	**$**	**687**	**2,647**	**8,171**
Contract liabilities	**$**	**12,063**	**3,256**	**37,337**

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 $33,067, 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 Company 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. Related information would be available at the Market Observation Post System website.

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

(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	$ 1,216	305
Others	239	125
	$ 1,455	**430**

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	$ 4,699	6,754
Government grants	-	14,900
Other income, others	645	209
	$ 5,344	**21,863**

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	$	1,682	325
Gains on disposal of property, plant and equipment		76	242,188
Others		(355)	(7,816)
	$	**1,403**	**234,697**

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	$	193	206
Others		168	155
	$	**361**	**361**

(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 $380,625 and $501,523, respectively.

2) Condition of credit risk concentration

For the years ended December 31, 2022 and 2021, 23.19% and 16.98%, 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, including the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	$ 88,167	88,167	88,167	-	-	-	-
Other payables	38,071	38,071	38,071	-	-	-	-
Lease liabilities	10,481	10,805	1,607	1,607	3,213	4,138	240
Receipts under custody (reported as other current liabilities)	2,037	2,037	2,037	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,010	2,010	9	913	-	1,088	-
	$ 140,766	141,090	129,891	2,520	3,213	5,226	240
December 31, 2021							
Non-derivative financial liabilities							
Notes payable	$ 13,059	13,059	13,059	-	-	-	-
Accounts payable	90,221	90,221	90,221	-	-	-	-
Other payables	44,805	44,805	44,805	-	-	-	-
Lease liabilities	10,841	11,199	1,667	1,366	2,733	5,006	427
Receipts under custody (reported as other current liabilities)	2,015	2,015	2,015	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	1,921	1,921	9	198	898	816	-
	$ 162,862	163,220	151,776	1,564	3,631	5,822	427

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

	December 31, 2022			
	Foreign currency (In thousands)	Exchange rate		TWD
Financial assets				
Monetary items				
USD	$ 1,691	USD:TWD	30.6750	51,871
CNY	15	CNY:TWD	4.3980	66

	December 31, 2022			
	Foreign currency (In thousands)	Exchange rate		TWD
Financial liabilities				
Monetary items				
USD	1,417	USD:TWD	30.6750	43,466

	December 31, 2021			
	Foreign currency (In thousands)	Exchange rate		TWD
Financial assets				
Monetary items				
USD	$ 2,576	USD:TWD	27.6700	71,278
CNY	24	CNY:TWD	4.3450	104
Financial liabilities				
Monetary items				
USD	1,291	USD:TWD	27.6700	35,722

2) Sensitivity analysis

The Company’ 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 $42 and $178, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss), including realized and unrealized, amounted to $1,682 and $325, respectively.

4. Interest analysis

The interest rate exposure of the Company’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 Company’ s net loss will decrease or increase 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 Company’ s time deposits in variable rate.

5. Fair value of financial instruments

1) Fair value hierarchy

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

The carrying amount and fair value of the Company'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				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 280,906	-	-	-	-
Notes receivable, accounts receivable and other receivables	79,237	-	-	-	-
Other financial assets	19,795	-	-	-	-
Total	**$ 379,938**	-	-	-	-
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 126,238	-	-	-	-
Lease liabilities	10,481	-	-	-	-
Receipts under custody (reported as other current liabilities)	2,037	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,010	-	-	-	-
Total	**$ 140,766**	-	-	-	-

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 330,643	-	-	-	-
Notes receivable, accounts receivable and other receivables	149,757	-	-	-	-
Other financial assets	18,476	-	-	-	-
Total	**$ 498,876**	-	-	-	-

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 148,085	-	-	-	-
Lease liabilities	10,841	-	-	-	-
Receipts under custody (reported as other current liabilities)	2,015	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	1,921	-	-	-	-
Total	**$ 162,862**	-	-	-	-

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.

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.

2) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company'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 Company'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:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through other comprehensive income - equity securities without an active market	Comparable listed companies method	·Multiplier of price-to-book ratio (2.84 on December 31, 2022 and 4.53 on December 31, 2021) ·Market illiquidity discount (15% on December 31, 2022 and 2021)	·The higher the PB, the higher the fair value. ·The higher the illiquidity discount rate, the lower the fair value.

(s) Financial risk management

1. Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

2. Structure of risk management

The Company 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 Company's financial performance, the Company have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The financial units 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and credit risk arises principally from the Company's receivables from customers, bank deposit and investment.

1) Accounts receivable and other receivables

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

The Company 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 Company's finance department. The Company 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 Company 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 Company don't provide any financial guarantees and endorsements.

4. Liquidity risk

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

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

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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

1) Currency risk

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

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

2) Interest risk

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

(t) Capital Management

The Company'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 Company 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.

The Company 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 Company's debt to capital ratios at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 193,944	224,615
Less: cash and cash equivalents	(280,906)	(330,643)
Net debt	(86,962)	(106,028)
Total equity	591,964	670,778
Total capital	**$ 505,002**	**564,750**
Debt-to-equity ratio	**- %**	**- %**

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

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

The Company'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:

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2022	Cash flows	Other	December 31, 2022
Lease liabilities	$ 10,841	(4,706)	4,346	10,481
Total liabilities from financing activities	**$ 10,841**	**(4,706)**	**4,346**	**10,481**

			Non-cash changes	
	January 1, 2021	Cash flows	Other	December 31, 2021
Lease liabilities	$ 8,570	(4,244)	6,515	10,841
Total liabilities from financing activities	**$ 8,570**	**(4,244)**	**6,515**	**10,841**

(7) Related Party Transactions

(a) Names and relationship with related parties

The followings are entities and subsidiaries that have had transactions with related party during the period covered in the parent company only financial statements:

Name of related party	Relationship with the Company
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of the Company
Besta Digital Technology Co., Ltd.	〃
Inventec Corporation	The entity with signifcant influence over the Company
Inventec Appliances Corp.	Other related parties
Inventec (Pudong) Technology Corp.	〃
SQ Technology (Shanghai) Corporation	〃
AIMobile Co., Ltd.	〃

(b) Significant transactions with related parties

1. Sales revenue

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

	For the years ended December 31, 2022	2021
Subsidiaries	$ 39	84
Associates	16,555	9,237
Other related parties	4,763	1,620
	$ 21,357	**10,941**

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 Company from related parties were as follows:

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

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.

3. Receivables from related parties

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

Financial statement account	Related party categories	December 31, 2022	December 31, 2021
Accounts receivable	Associates	$ 2,392	1,165
〃	Other related parties	278	1,391
Other receivable	Subsidiaries	596	-
〃	Associates	1,309	91
		$ 4,575	**2,647**

4. Payables to related parties

The payables to related parties were as follows:

Financial statement account	Related party categories	December 31, 2022	December 31, 2021
Accounts payable	Associates	$ -	596
Other payables	Subsidiaries	1,896	37
	Associates	2	1,578
		$ 1,898	**2,211**

5. Property transaction

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

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

6. Other expense and income

Financial statement account	Related party categories	For the years ended December 31, 2022	2021
Other expenses	Subsidiaries	$ 5,235	45
	Associates	104	16
Other income	Associates	1,247	-

7. Others

1) The Company received $87 from its associates for advance payment on December 31,2021.

2) The Company paid $237 and $240 to its associates for the guaranteed notes in deposit on December 31, 2022 and 2021.

8. Lease

The Company 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 Company 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 Company 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 Company 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 Company 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.

(c) Key management personnel compensation

Key management personnel compensation include:

	For the years ended December 31, 2022	2021
Short-term employee benefits	$ 17,300	19,579
Post-employment benefits	1,885	745
	$ 19,185	**20,324**

(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	Guarantee deposits paid	$ 5,906	3,780
Other non-current financial assets	Guarantee deposits paid and restricted assets	13,889	14,696
		$ 19,795	**18,476**

(9) Significant Commitments and Contingencies

(a) Major Commitments

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

	December 31, 2022	December 31, 2021
Notes issued as guarantee	**$ 359,059**	**389,146**

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

	December 31, 2022	December 31, 2021
TWD	$ 520	1,469
USD	$ 53	18

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

	December 31, 2022	December 31, 2021
Amount of promised sales with undelivered goods	$ 51,305	99,433

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

	December 31, 2022	December 31, 2021
Amount of promised purchase with unreceived goods	$ 48,710	58,816

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.

(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	89,811	95,304	6,132	101,798	107,930
Labor and health insurance	478	8,827	9,305	584	9,724	10,308
Pension	653	11,007	11,660	378	8,308	8,686
Remuneration of directors	-	9,222	9,222	-	8,882	8,882
Others	54	2,217	2,271	75	1,843	1,918
Depreciation	8,892	4,645	13,537	7,330	4,526	11,856
Amortization	500	4,652	5,152	381	7,137	7,518

The Company's number of employees and additional information on employee benefits in December 31, 2022 and 2021 are as follows:

	2022	2021
Number of employees	110	121
Number of directors who were not employees	6	6
The average employee benefit	$ 1,140	1,120
The average salaries and wages	$ 916	939
The average of employee salary cost adjustment as follows	(2.45)%	(1.05)%
Remuneration received by supervisors	$ -	-

The Company’ s salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

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.

The performance assessment and remuneration of managers and directors by the Company taking into account of usual standard payments of peers, in addition to the individual performance assessment, working time spent, the responsibilities undertaken, the achievement of individual goals, performance in other positions, remuneration paid by the company to the same position in recent years, achievement of the company’ s short-term and long-term business objectives, financial condition of the company, etc.to evaluate the reasonableness of relationship among personal performance, operation performance and future risks. Such performance assessment and remuneration will then be approved by the remuneration committee and passed the resolution of board of directors. Employee Compensation policy regularly assess individual performance and provide reasonable compensation in accordance with the principles outlined above.

(b) On October 18, 2021, the Company and AOBTRADE SEMICONDUCTOR LTD. ("AOBTRADE SEMICONDUCTOR") filed a petition for settlement with the Mediation Committee of the Neihu 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 Company for the year ended December 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other 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 its 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.

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				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 %	-	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd.	-	〃	494,506	5,871	9.00 %	5,871	

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.
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.

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

Note 1: 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 Out-flow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) Note 2	Book value	Accumu-lated remittance of earnings in current period
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	199,388	(2)	188,651	-	-	188,651	2,431	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 %	(115)	70,701	-
Besta (Kunshan) Co., Ltd. (Note 7)	Sale of consumer electronics and related products	276,075	(2)	276,075	-	-	276,075	(3,119)	100.00 %	(3,119)	5,301	-
Kunshan Besta Electronics Limited(Note 6)	Sales of electronic dictionaries and PDA-related products	-	(3)	-	-	-	-	-	100.00 %	11	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by investment Commission, MOEA	Upper Limit on Investment
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 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 7: 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:

Shareholding / Shareholder's Name	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.

(14) Segment Information

Please refer to the consolidated financial statement of the year ended 2022.

INVENTEC BESTA CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash and petty cash	$ 144
	Foriegn cash	150
	Subtotal	294
	Demand deposits	86,251
	Foreign currency deposits	13,086
	Time deposits	151,179
	Cash equivalents	30,096
	Subtotal	280,612
Total		**$ 280,906**

INVENTEC BESTA CO., LTD.

Statement of Accounts Receivables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-related parties:			
Hu Shan Autoparts Inc.	Payment	$ 8,134	
D.F. Technologies Inc.	〃	7,423	
Weilan Elec-Tech Limited	〃	5,924	
Hongcheng International Technology Co., Ltd.	〃	4,550	
National Center for High-Performance Computing	〃	3,000	
Pin Kuan Technology Co., Ltd.	〃	2,807	
Other		23,959	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		55,797	
Less: Loss allowance		(5,960)	
Net amount		49,837	
Related parties:			
Inventec Appliances Corporation	Payment	278	
Inventec Corporation	〃	2,392	
Subtotal		2,670	
Total		**$ 52,507**	

INVENTEC BESTA CO., LTD.

Statement of Other Receivables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other receivable-Non-related parties	Payment on behalf of others	$ 32,100	
Other receivable-Related parties	〃	1,905	
Earned revenue receivable	Bank interest receivable	226	
Other		345	
Less: Loss allowance		(7,846)	
Total		**$ 26,730**	

Statement of Inventory

Item	Amount: Cost	Amount: Net realized value	Note
Finished goods	$ 18,549	18,614	Net realized value
Merchandise	37,663	32,137	〃
Work in process	6,739	6,739	Cost
Raw materials	48,524	41,781	Replacement cost
Subtotal	111,475	**99,271**	
Less: Allowance for inventory market decline and obsolescence	(20,890)		
Total	**$ 90,585**		

INVENTEC BESTA CO., LTD.

Statement of Other Current Assets

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayment for purchases	Prepaid enterprise service payment	$ 2,693	
Prepaid expenses	Prepaid professional service fees,etc.	5,085	
Payment on behalf of others	Pay for molds on behalf of others,etc.	646	
Other	Temporary payments	477	
Total		**$ 8,901**	

INVENTEC BESTA CO., LTD.

Statement of Changes in Financial Assets Measured at fair Value through Other Comprehensive Income－Non-current

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending balance			
Client Name	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	Collateral	Note
Inventec Solar Energy Corp.	15,450,000	$ -	-	-	-	-	15,450,000	-	None	

INVENTEC BESTA CO., LTD.

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			Market Price or Net value			
Client Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price	Total price	Collateral	Note
Subsidiaries:													
INVENTEC BESTA (BVI) CO, LTD.	10,258,000	$ 33,314	-	5,739	-	-	10,258,000	100.00 %	39,053	3.81	39,053	None	
BESTA (CAYMAN) CO, LTD.	35,502,000	117,878	-	1,532	-	-	35,502,000	100.00 %	119,410	3.36	119,410	〃	
		$ 151,192		7,271		-			158,463		158,463		

INVENTEC BESTA CO., LTD.

Statement of Accounts Payable

December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
Non-related parties:			
Koon Hung International Co., Ltd.	Payment	$ 16,173	USD 527 thousand
World Peace Industrial Co., Ltd.	〃	8,967	USD 288 thousand
U-best Technology Inc.	〃	6,438	
Grand Full Technology Co., Ltd.	〃	6,039	USD 197 thousand
Other	〃	50,550	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		$ 88,167	

INVENTEC BESTA CO., LTD.

Statement of Other Payables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payroll and other expenses payable	$ 35,962
〃	Purchases of fixed assets and intangible assets,etc.	211
Other payables-Related parties	Professional service fees payable	1,898
Total		**$ 38,071**

Statement of Operating revenue

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Sales of products		$ 559,343	
Rendering of services		32,495	
Total		**$ 591,838**	

INVENTEC BESTA CO., LTD.

Statement of Operating Costs

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount Subtotal	Amount Total
Cost of self-made products sold		
Direct materials		
Material,beginning of the year	$ 25,462	
Add:Purchases	283,135	
Less:Materials,end of the year	(48,524)	
Cost of materials sold	(12,311)	
Transferred to expenses	(486)	247,276
Manufacturing expenses		17,230
Manufacturing costs		264,506
Add:work in progress,beginning of period		2,719
Less:Work in progress,end of period		(6,739)
Transferred from work in progress		(4,090)
Cost of finished goods		256,396
Add:Finished goods,beginning of period		10,219
Less:Finished goods,end of period		(18,549)
Transferred to expenses		(1,317)
Recovery of inventory		(311)
Cost of self-made products sold		246,438
Merchandise,beginning of period		51,609
Add:Purchases		215,880
Transferred from work in progress		4,090
Less:Merchandise,end of period		(37,663)
Transferred to expenses		(2,817)
Inventory scraps		(199)
Cost of merchandise sold		230,900
Cost of materials sold		12,311
Cost of cloud service		19,068
Losses on inventory valuation and obsolescence		2,070
Loss on disposal of scrap		199
Other operating costs		9,263
Total		$ **520,249**

INVENTEC BESTA CO., LTD.

Statement of Selling Expenses

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Decription	Amount	Note
Salary and wages expense		$ 44,392	
Professional service fees		6,811	
Royalty expense		5,357	
Insurance expense		4,413	
Other		18,941	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 79,914**	

Statement of Administrative Expenses

Item	Description	Amount	Note
Salary and wages expense		$ 23,488	
Other expense		4,420	
Pension		4,296	
Professional service fees		2,844	
Other		6,096	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 41,144**	

INVENTEC BESTA CO., LTD.

Statement of Research and Development Expenses

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		$ 27,180	
Postage expense		5,035	
Research and development expenses		4,584	
Pension		2,804	
Insurance expense		2,531	
Other		7,506	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 49,640**	

Note: 1.Please refer to Note 6 (g) for property, plant and equipment and depreciation and impairment losses.

2.Please refer to Note 6 (k) for net defined benefit liability, non-current.

3.Please refer to Note 6 (q) for other gains and losses.