Stock Code:8201

INVENTEC BESTA CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

with Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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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 sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the financial statements, including a summary of material 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, 2023 and 2022, and its financial performance and its cash flows for the year then ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 Company'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 Lien, Shu-Ling and Kuo, Rou-Lan.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 255,437	37	280,906	36
1140	Current contract assets (Note 6(o))	211	-	687	-
1150	Notes receivable, net (Note 6(c))	5,043	1	-	-
1170	Accounts receivable, net (Note 6(c))	44,426	6	49,837	7
1180	Accounts receivable due from related parties, net (Notes 6(c) and 7)	52,529	7	2,670	-
1200	Other receivables (Notes 6(d) and 7)	29,971	4	26,730	3
1220	Current tax assets	195	-	40	-
130X	Inventories (Note 6(e))	51,159	7	90,585	12
1476	Other current financial assets (Note 8)	8,423	1	5,906	-
1479	Other current assets, others	8,971	1	8,901	1
		456,365	64	466,262	59
	Non-current Assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	30,000	4	-	-
1550	Investments accounted for using equity method (Note 6(f))	79,465	11	158,463	20
1600	Property, plant and equipment (Note 6(g))	118,814	17	122,288	16
1755	Right-of-use assets (Note 6(h))	8,263	1	11,912	2
1780	Intangible assets (Note 6(i))	8,658	1	9,905	1
1840	Deferred tax assets (Note 6(l))	3,189	-	3,189	-
1980	Other non-current financial assets (Note 8)	13,391	2	13,889	2
		261,780	36	319,646	41
	Total assets	**$ 718,145**	**100**	**785,908**	**100**

	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities:				
2130	Current contract liabilities (Note 6(o))	$ 14,183	2	12,063	2
2170	Accounts payable (Note 7)	98,949	14	88,167	11
2200	Other payables (Note 7)	41,802	6	38,071	5
2280	Current lease liabilities (Notes 6(j) and 7)	3,122	-	3,075	-
2300	Other current liabilities	4,082	1	6,788	1
		162,138	23	148,164	19
	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)	4,285	1	7,406	1
2640	Net defined benefit liability, non-current (Note 6(k))	17,779	2	23,208	3
2670	Other non-current liabilities, others	3,570	-	2,010	-
		38,790	5	45,780	6
	Total liabilities	200,928	28	193,944	25
	Equity attributable to owners of parent: (Note 6(m))				
3100	Capital stock	623,663	87	623,663	79
3200	Capital surplus	82,159	11	100,180	13
3351	Accumulated profit and loss	(70,112)	(10)	(18,021)	(3)
3400	Other equity	(118,493)	(16)	(113,858)	(14)
	Total equity	517,217	72	591,964	75
	Total liabilities and equity	**$ 718,145**	**100**	**785,908**	**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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(o) and 7)**	$ 508,159	100	591,838	100
5000	**Operating costs (Note 6(e))**	(445,176)	(88)	(520,249)	(88)
	Gross profit from operations	62,983	12	71,589	12
	Operating expenses:				
6100	Selling expenses	(56,487)	(11)	(79,914)	(14)
6200	Administrative expenses	(40,647)	(8)	(41,144)	(7)
6300	Research and development expenses	(50,460)	(10)	(49,640)	(8)
6450	Expected credit loss	857	-	(2,787)	-
	Total operating expenses	(146,737)	(29)	(173,485)	(29)
	Net operating loss	(83,754)	(17)	(101,896)	(17)
	Non-operating income and expenses:				
7100	Interest income (Note 6(q))	3,185	-	1,455	-
7010	Other income (Note 6(q))	5,336	1	5,344	1
7020	Other gains and losses (Note 6(q))	(3,265)	-	1,403	-
7050	Finance costs (Note 6(q))	(481)	-	(361)	-
7060	Share of gain (loss) of subsidiaries and associates accounted for using equity method (Note 6(f))	8,014	2	7,167	1
	Total non-operating income and expenses	12,789	3	15,008	2
7900	**Profit (loss) from continuing operations before tax**	(70,965)	(14)	(86,888)	(15)
7950	**Less: Income tax expenses (Note 6(l))**	-	-	-	-
	Profit (loss)	(70,965)	(14)	(86,888)	(15)
	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	853	-	7,970	1
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(272)	-	(1,022)	-
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	581	-	6,948	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	(4,363)	(1)	1,126	-
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	(4,363)	(1)	1,126	-
	Other comprehensive income (loss), net of inocme tax	(3,782)	(1)	8,074	1
8500	**Total comprehensive income**	**$ (74,747)**	**(15)**	**(78,814)**	**(14)**
	Earnings per share (Note 6(n))				
9750	**Basic / Diluted earning (losses) per share (NT dollars)**	**$**	**(1.14)**		**(1.39)**

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, 2023 and 2022

(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 Income (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity
Balance at January 1, 2022	$ 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
Net loss for the year	-	-	-	-	(70,965)	-	-	(70,965)
Other comprehensive income (loss) for the period	-	-	-	-	853	(4,363)	(272)	(3,782)
Total comprehensive income (loss) for the period	-	-	-	-	(70,112)	(4,363)	(272)	(74,747)
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	-	(6,090)	-	6,090	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(54,807)	54,807	-	-	-
Capital surplus used to offset accumulated deficits	-	(18,021)	-	-	18,021	-	-	-
Balance at December 31, 2023	**$ 623,663**	**82,159**	**-**	**-**	**(70,112)**	**44,501**	**(162,994)**	**517,217**

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	For the years ended December 31, 2022
Cash flows from (used in) operating activities:		
Loss before income tax	$ (70,965)	(86,888)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	14,304	13,537
Amortization expense	4,032	5,152
Expected (reversal gain) credit loss	(857)	2,787
Interest expense	481	361
Interest income	(3,185)	(1,455)
Share of (gain) loss of subsidiaries and associates accounted for using equity method	(8,014)	(7,167)
Gains on disposal of property, plant and equipment	-	(76)
Total adjustments to reconcile profit (loss)	6,761	13,139
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	487	1,948
Notes receivable	(5,158)	3,897
Accounts receivable	(39,774)	64,797
Other receivables	(6,981)	(821)
Inventories	39,279	(19,424)
Other current assets	(70)	15,493
Total changes in operating assets	(12,217)	65,890
Changes in operating liabilities:		
Contract liabilities	2,120	8,807
Notes payable	-	(13,059)
Accounts payable	10,782	(2,033)
Other payables	(1,205)	(3,530)
Other current liabilities	(2,706)	(3,303)
Net defined benefit liability	(4,576)	(6,087)
Total changes in operating liabilities	4,415	(19,205)
Total changes in operating assets and liabilities	(7,802)	46,685
Total adjustments	(1,041)	59,824
Cash outflow generated used in operations	(72,006)	(27,064)
Interest received	3,212	1,327
Interest paid	(481)	(382)
Income taxes (paid) received	(155)	74
Net cash flows used in operating activities	(69,430)	(26,045)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(30,000)	-
Proceeds from capital reduction of investments accounted for using equity method	82,377	-
Acquisition of property, plant and equipment	(2,005)	(13,349)
Proceeds from disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(2,878)	(4,637)
Increase in other financial assets	(2,019)	(1,319)
Decrease in other non-current assets	-	154
Net cash flows (used in) from investing activities	45,475	(19,075)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(3,074)	(4,706)
Increase in other non-current liabilities	1,560	89
Net cash flows used in financing activities	(1,514)	(4,617)
Net (decrease) increase in cash and cash equivalents	(25,469)	(49,737)
Cash and cash equivalents at beginning of period	280,906	330,643
Cash and cash equivalents at end of period	**$ 255,437**	**280,906**

See accompanying notes to parent company only financial statements.

INVENTEC BESTA CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(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 enterprise 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 11, 2024.

(3) New Standards, Amendments and Interpretations Adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. 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, 2023:

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

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of Material Accounting Policies

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

Dividend income is recognized 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.

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.

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. Besides, ownership interests stated in the parent-company-only financial statements are identical to the parent company' s ownership interests stated in the consolidated financial statements.

Changes in the Company' s ownership interests in subsidiaries do not result in loss of control of subsidiaries are equity transactions with owners.

(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~ 4 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.

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 reporting 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) 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.

(q) Income taxes

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

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

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

1. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) that affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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.

(r) 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.

(s) 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, 2023	December 31, 2022
Cash on hand	$ 362	294
Demand deposits	56,767	86,251
Foreign currency deposits	30,456	13,086
Cash equivalents - Time deposits	132,481	151,179
Cash equivalents - Bonds	35,371	30,096
Total	**$ 255,437**	**280,906**

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, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Stocks not listed on markets	**$ 30,000**	**-**

As of December 31, 2023, the balance of accumulate unrealized evaluation losses amounted to $155,400.

The Company holds 0.73% of common shares of HUSHAN Autoparts Inc. at a cost of $30,000 in December 2023.The main operating activities of HUSHAN Autoparts Inc. are the manufacture of automobiles and their components.The Company's management confirms that the Company does not have significant influence over HUSHAN Autoparts Inc..

The Company designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Company intends to hold for long-term strategic purposes and not to hold for trading.

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, 2023 and 2022.

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, 2023	December 31, 2022
Notes receivable	$ 5,158	-
Accounts receivable	98,241	58,467
Less: Loss allowance	(1,401)	(5,960)
	$ 101,998	**52,507**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable as of December 31, 2023 and 2022. To measure the expected credit losses, notes and accounts receivable have been grouped based on share d 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, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 97,624	0.00%~3.02%	1,204
Less than 30 days past due	5,743	2.23%~15.82%	188
31 to 90 days past due	32	2.23%~30.15%	9
	$ 103,399		**1,401**

	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**

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

	For the years ended December 31, 2023	2022
Balance at January 1	$ 5,960	6,702
Impairment losses reversed	(4,559)	(742)
Balance at December 31	**$ 1,401**	**5,960**

(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	$ 41,530	34,576
Less: Loss allowance	(11,559)	(7,846)
	$ 29,971	26,730

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 as of December 31, 2023 and 2022. 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, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	$ 19,009	3.02%~6.30%	1,059
Less than 30 days past due	9,878	37.17%~50%	4,393
31 to 90 days past due	8,965	23.84%~50%	3,375
More than 90 days past due	3,678	51.93%~100%	2,732
	$ 41,530		11,559

	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 90 days past due	5,616	45.25%~100%	2,541
	$ 34,576		7,846

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

	For the years ended December 31, 2023	2022
Balance at January 1	$ 7,846	4,329
Impairment losses recognized	3,713	3,517
Balance at December 31	$ 11,559	7,846

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials and consumables	$ 19,786	41,358
Work in process	2,030	6,739
Finished goods	4,914	16,449
Merchandise	24,429	26,039
	$ 51,159	**90,585**

For the years ended December 31, 2023 and 2022, the components of cost of goods sold were as follows:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 444,154	517,980
Loss on disposal of scrap	-	199
Loss on inventory valuation and obsolescence	1,022	2,070
Total	**$ 445,176**	**520,249**

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.

As of December 31, 2023 and 2022, 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 follows:

	December 31, 2023	December 31, 2022
Subsidiaries	**$ 79,465**	**158,463**

1. Subsidiaries

Please refer to the consolidated financial report for the year ended December 31, 2023.

BESTA (CAYMAN) Co., Ltd. adopted September 25 and September 26, 2023 as the base date for capital reduction. Capital reduction to offset accumulated deficits and capital reduction to refund shares were conducted separately, which amounted to $51,554 thousand, the capital reduction ratio decreased by 92.95% and 64.03% respectively, and the change was registered.

INVENTEC BESTA (BVI) Co.,Ltd. adopted September 26, 2023 as the base date for capital reduction to refund shares of $30,823 thousand, representing a 9.34% reduction in capital reduction ratio.

2. Collateral

As of December 31, 2023 and 2022, the Company did not provided any investment accounted for using equity method as collaterals for its loans.

(g) Property, plant, and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

		Land	Building and construction	Machinery and equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:							
Balance at January 1, 2023	$	60,950	54,041	15,721	62,502	-	193,214
Additions		-	-	129	5,271	1,634	7,034
Disposals		-	-	(815)	(1,312)	-	(2,127)
Reclassification		-	-	-	1,781	(1,634)	147
Balance at December 31, 2023	**$**	**60,950**	**54,041**	**15,035**	**68,242**	**-**	**198,268**
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**
Depreciation and impairment losses:							
Balance at January 1, 2023	$	-	12,539	15,176	43,211	-	70,926
Depreciation for the year		-	1,060	243	9,352	-	10,655
Disposals		-	-	(815)	(1,312)	-	(2,127)
Balance at December 31, 2023	**$**	**-**	**13,599**	**14,604**	**51,251**	**-**	**79,454**
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	**$**	**-**	**12,539**	**15,176**	**43,211**	**-**	**70,926**
Carrying amounts:							
Balance at December 31, 2023	**$**	**60,950**	**40,442**	**431**	**16,991**	**-**	**118,814**
Balance at January 1, 2022	**$**	**60,950**	**42,562**	**876**	**17,828**	**-**	**122,216**
Balance at December 31, 2022	**$**	**60,950**	**41,502**	**545**	**19,291**	**-**	**122,288**

(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, 2023	$	18,473	1,593	20,066
Balance at December 31, 2023	**$**	**18,473**	**1,593**	**20,066**
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**

		Building	Machinery and equipment	Total
Accumulated depreciation:				
Balance at January 1, 2023	$	8,154	-	8,154
Depreciation for the year		3,070	579	3,649
Balance at December 31, 2023	$	**11,224**	**579**	**11,803**
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**
Carrying amount:				
Balance at December 31, 2023	$	**7,249**	**1,014**	**8,263**
Balance at January 1, 2022	$	**10,407**	**-**	**10,407**
Balance at December 31, 2022	$	**10,319**	**1,593**	**11,912**

(i) Intangible assets

The cost, amortization, and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

		Trademark	Royalties	Other intangible assets	Total
Costs:					
Balance at January 1, 2023	$	20,447	326,014	20,503	366,964
Additions		-	1,317	1,468	2,785
Disposals		-	(9,249)	(4,089)	(13,338)
Balance at December 31, 2023	$	**20,447**	**318,082**	**17,882**	**356,411**
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**
Amortization and impairment losses:					
Balance at January 1, 2023	$	14,135	323,307	19,617	357,059
Amortization for the year		-	2,374	1,658	4,032
Disposals		-	(9,249)	(4,089)	(13,338)
Balance at December 31, 2023	$	**14,135**	**316,432**	**17,186**	**347,753**

		Trademark	Royalties	Other intangible assets	Total
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**
Carrying amounts:					
Balance at December 31, 2023	$	**6,312**	**1,650**	**696**	**8,658**
Balance at January 1, 2022	$	**6,312**	**3,507**	**1,224**	**11,043**
Balance at December 31, 2022	$	**6,312**	**2,707**	**886**	**9,905**

1. Amortization and impairment

For the years ended December 31, 2023 and 2022, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the years ended December 31,		
		2023	2022
Operating costs	$	**374**	**500**
Operating expenses	$	**3,658**	**4,652**

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, 2023 and 2022.

(j) Lease liabilities

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

		December 31, 2023	December 31, 2022
Current	$	**3,122**	**3,075**
Non-current	$	**4,285**	**7,406**

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, 2023	2022
Interest on lease liabilities	$ **138**	**162**
Expenses relating to short-term leases	$ **5**	**23**

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

	For the years ended December 31, 2023	2022
Total cash outflow for leases	$ **3,217**	**4,891**

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, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 34,085	42,210
Fair value of plan assets	(16,306)	(19,002)
Net defined benefit liabilities	$ **17,779**	**23,208**

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 $14,569 at the end of December 31, 2023. 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, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligation at January 1	$ 42,210	65,358
Current service costs and interest	720	526
Remeasurement on the net defined benefit liability (assets)		
—Actuarial losses (gains) from experience adjustments	(1,060)	(1,660)
—Actuarial losses (gains) arising from changes in financial assumptions	354	(4,267)
Benefits paid	(8,139)	(15,138)
Past service costs	-	(2,609)
Defined benefit obligation at December 31	**$ 34,085**	**42,210**

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, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets at January 1	$ 19,002	28,093
Interest income	329	182
Remeasurement on the net defined benefit liability (assets)		
—Return on plan assets (excluding current interest)	147	2,043
Contributions made	4,967	3,822
Benefits paid	(8,139)	(15,138)
Fair value of plan assets at December 31	**$ 16,306**	**19,002**

4) Expenses recognized in profit or loss

The Company’s pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
Current service costs	$ -	117
Net interest of net liabilities (assets)	391	227
Past service costs	-	(2,609)
	$ 391	(2,265)
Operating costs	$ 24	(23)
Selling expenses	134	(99)
Administration expenses	172	(2,095)
Research and development expenses	61	(48)
	$ 391	(2,265)

5) Actuarial assumptions

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

	For the years ended December 31, 2023	2022
Discount rate	1.63 %	1.75 %
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 $1,543.

The weighted-average duration of the defined benefit plans is 12.61 years.

6) Sensitivity analysis

As of December 31, 2023 and 2022, 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, 2023		
Discount rate	(702)	724
Future salary increase	703	(685)
December 31, 2022		
Discount rate	(866)	895
Future salary increase	868	(845)

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 $4,246 and $4,904 for the years ended December 31, 2023 and 2022, respectively.

The number of employees were retired in 2023 and 2022, once and for all the related payments amounted to $3,180 and $9,021, recognized in pension expense.

(l) Income taxes

1. Income tax expense

The Company recorded income tax expense of $0 for the years ended December 31, 2023 and 2022.

The Company had not recognized the income tax in other comprehensive income (loss) for the years ended December 31, 2023 and 2022.

Reconciliation of income tax and profit (loss) before tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Loss before tax	**$ (70,965)**	**(86,888)**
Income tax using domestic tax rate of the Company	$ (14,193)	(17,378)
Permanent differences	-	40
Current-year losses for which no deferred tax asset was recognized	15,156	19,808
Change in unrecognized temporary differences	(963)	(2,470)
Income tax expense	**$ -**	**-**

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, 2023	December 31, 2022
Deductible temporary differences	$ 278,524	308,713
Tax losses	171,882	167,665
	$ 450,406	**476,378**

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, 2023, 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
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
2023	75,778	2033
	$ 875,361	

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Others
Deferred Tax Liabilities:	
Balance at January 1, 2023	$ 13,156
Balance at December 31, 2023	**$ 13,156**
Balance at January 1, 2022	$ 13,156
Balance at December 31, 2022	**$ 13,156**

		Others
Deferred Tax Assets:		
Balance at January 1, 2023	$	3,189
Balance at December 31, 2023	**$**	**3,189**
Balance at January 1, 2022	$	3,189
Balance at December 31, 2022	**$**	**3,189**

3. Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Tax Authority.

(m) Capital and other equity

As of December 31, 2023 and 2022, 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, 2023 and 2022 were as follows:

(In thousands of shares)

	Share Capital	
	For the years ended December 31,	
	2023	**2022**
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, 2023	**December 31, 2022**
Share premium from issuance of share capital	**$**	**82,159**	**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

On June 15, 2023 and 2022, the Company's shareholder's meeting resolved to offset the 2022 and 2021 accumulated deficits.

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

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, 2023	$ 48,864	(162,722)
Exchange differences on foreign operations	(4,363)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(272)
Balance at December 31, 2023	**$ 44,501**	**(162,994)**
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)**

(n) Earnings per share

1. Basic / Diluted losses per share

The calculation of basic/diluted earnings per share for the years ended December 31, 2023 and 2022 were based on the loss attributable to common shareholders of the Company and the weighted average number of ordinary shares outstanding, the related calculation was as follows:

	For the years ended December 31,	
	2023	**2022**
Loss attributable to ordinary shares holders of the Company (Basic/Diluted)	**$ (70,965)**	**(86,888)**
Weighted-average number of outstanding ordinary shares (Basic/Diluted) (thousand shares)	**62,366**	**62,366**
Basic/Diluted losses per share (NT dollars)	**$ (1.14)**	**(1.39)**

(o) Revenue from contracts with customers

1. Disaggregation of revenue

		For the years ended December 31, 2023	2022
Primary geographical markets			
Taiwan	$	259,933	365,872
Japan		81,848	137,235
Singapore and Malaysia		33,007	26,026
Czech Republic		65,215	25,687
America and Canada		52,322	25,208
Other Countries		15,834	11,810
	$	**508,159**	**591,838**
Major products			
Sales of products	$	488,008	559,343
Rendering of services		20,151	32,495
	$	**508,159**	**591,838**

2. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$	103,399	58,467	127,161
Less: Loss allowance		(1,401)	(5,960)	(6,702)
Total	**$**	**101,998**	**52,507**	**120,459**
Contract assets	$	216	703	2,651
Less: Loss allowance		(5)	(16)	(4)
Total	**$**	**211**	**687**	**2,647**
Contract liabilities	**$**	**14,183**	**12,063**	**3,256**

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $8,958 and $293, 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, supervisors 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 Company had losses before tax for the years ended December 31, 2023 and 2022. They are no estimated expenses of employee compensation and directors' remuneration. The related information can be assessed from the Market Observgtion Post System on the web site.

(q) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest income		
Bank deposits	$ 2,922	1,216
Others	263	239
	$ 3,185	**1,455**

2. Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Rental income	$ 4,737	4,699
Others	599	645
	$ 5,336	**5,344**

3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Foreign exchange (loss) gains	$ (3,247)	1,682
Gains on disposal of property, plant and equipment	-	76
Others	(18)	(355)
	$ (3,265)	**1,403**

4. Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expenses		
Bank borrowings	$ 332	193
Others	149	168
	$ 481	**361**

(r) Financial instruments

1. Credit risks

1) Credit risks exposure

As of December 31, 2023 and 2022, the maximum exposure to credit risks due to a financial instrument fails to meet its contractual obligations amounted to $439,431 and $380,625, respectively.

2) Condition of credit risk concentration

For the years ended December 31, 2023 and 2022, 16% and 23%, respectively, of revenue were from one major customer. However, there is no significant credit risk of concentration of regions.

3) Receivables and equity instruments 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 instruments 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, 2023							
Non-derivative financial liabilities							
Accounts payable	$ 98,949	98,949	98,949	-	-	-	-
Other payables	41,802	41,802	41,802	-	-	-	-
Lease liabilities	7,407	7,592	1,607	1,607	1,616	2,762	-
Receipts under custody (reported as other current liabilities)	1,626	1,626	1,626	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	3,570	3,570	328	6	919	2,317	-
	$ 153,354	**153,539**	**144,312**	**1,613**	**2,535**	**5,079**	**-**

	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**

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 due from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2023			
	Foreign currency (In thousands)	**Exchange rate**		**TWD**
Financial assets				
Monetary items				
USD	$ 4,396	USD : TWD	30.7150	135,023
CNY	20	CNY : TWD	4.3180	86
Financial liabilities				
Monetary items				
USD	722	USD : TWD	30.7150	22,176

	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
Financial liabilities				
Monetary items				
USD	1,417	USD : TWD	30.6750	43,466

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, 2023 and 2022, would have increased or decreased the net loss after tax for the years ended December 31, 2023 and 2022 by $565 and $42, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain(loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain (loss), including realized and unrealized, amounted to $(3,247) and $1,682, 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. For variable rate of assets and liabilities, the sensitivity analysis assumes are outstanding amount from the reporting date until the maturity.

If the interest rate increases or decreases by 0.5%, the Company's net loss after tax will decrease or increase by $22 and $67 for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors that remain constant. This is mainly due to the Company's time deposits in variable rate.

The liabilities with variable rates are access with the assumption that the amount of liabilities outstanding at the maturity date.

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 lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Stocks not listed on markets	$ 30,000	-	-	30,000	30,000
Financial assets at amortized cost					
Cash and cash equivalents	255,437	-	-	-	-
Notes receivable, accounts receivable and other receivables	131,969	-	-	-	-
Other financial assets	21,814	-	-	-	-
Subtotal	409,220	-	-	-	-
Total	**$ 439,220**	**-**	**-**	**30,000**	**30,000**
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 140,751	-	-	-	-
Lease liabilities	7,407	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,626	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	3,570	-	-	-	-
Total	**$ 153,354**	**-**	**-**	**-**	**-**

	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**	**-**	**-**	**-**	**-**

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 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 instruments.

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

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active market.

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

3) Reconciliation of level 3 fair value

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2023	$ -
Purchase	30,000
Balance as of December 31, 2023	**$ 30,000**

4) 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 equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other, 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 -investment in equity instruments without an active market	Comparable listed companies method	·Multiplier of price-to-book ratio (1.88~2.75 on December 31, 2023 and 2.84 on December 31, 2022) ·Market illiquidity discount (15%~20% on December 31, 2023 and 15% on December 31, 2022)	·The higher the price-book ratio multiple and the premium of control, the higher the fair value. ·The higher the illiquidity discount rate, the lower the fair value.

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

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

	Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss: Favorable Change	Impact of Fair Value Change on Other Comprehensive income or loss: Unfavorable Change
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Investment in equity instruments without an active market	Multiplier of price-to-book ratio	5%	$ 1,291	(1,291)
Investment in equity instruments without an active market	Market illiquidity discount	5%	1,664	(1,664)
			$ 2,955	(2,955)

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

(s) Financial risk management

1. Overview

The 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 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 reduce the related financial risks, the Company is committed to identify and avoid the uncertainty of the market through derivative financial instrument to reduce the potentially negative effects of market volatility on the Company's financial position and financial performance. 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 accounts receivable 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, 2023 and 2022, 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, 2023 and 2022, the Company's unused credits line were amounted to $320,000 and $338,405, 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, 2023	December 31, 2022
Total liabilities	$ 200,928	193,944
Less: cash and cash equivalents	(255,437)	(280,906)
Net debt	(54,509)	(86,962)
Total equity	517,217	591,964
Total capital	**$ 462,708**	**505,002**
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, 2023.

(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, 2023 and 2022, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Other	December 31, 2023
Lease liabilities	$ 10,481	(3,074)	-	7,407
Total liabilities from financing activities	**$ 10,481**	**(3,074)**	**-**	**7,407**

	January 1, 2022	Cash flows	Non-cash changes 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**

(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
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, 2023	2022
Subsidiaries	$ -	39
Associates	22,054	16,555
Other related parties	3,165	4,763
	$ 25,219	**21,357**

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 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, 2023	2022
Associates	$ 163	710
Other related parties	259	2,190
	$ 422	**2,900**

Prices for the purchases above were negotiated, there is no other vendor as comparison for the above purchases. 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, 2023**	**December 31, 2022**
Accounts receivable	Inventec Corporation	$ 52,419	2,392
〃	Other related parties	110	278
Other receivables	Subsidiaries	-	596
〃	Associates	-	1,309
		$ 52,529	**4,575**

4. Payables to related parties

The payables by the Company to related parties were as follows:

Financial statement account	**Related party categories**	**December 31, 2023**	**December 31, 2022**
Accounts payable	Associates	$ 71	-
Other payables	Subsidiaries	1,968	1,896
	Associates	42	2
		$ 2,081	**1,898**

5. Other expense and income

Financial statement account	Related party categories		For the years ended December 31, 2023	2022
Other expenses	Subsidiaries	$	4,783	5,235
	Associates		1,193	104
Other costs	Subsidiaries		2,856	-
Other income	Associates		-	1,247
	Other related parties		35	-

6. Others

1) The Company paid $611 to its subsidiaries for prepaid professional service fees on December 31,2023.

2)The Company paid $461 to its other related parties for prepayment on December 31,2023.

3)The Company paid $16 to its associates for prepayment on December 31,2023.

4) The Company paid $237 to its associates for the guaranteed notes in deposit on December 31, 2023 and 2022.

7. 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, 2023 and 2022, the Company recognized the amount of $26 and $42 as interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $1,111 and $2,205.

The Company rented an IDC from Inventec Corporation in March 2018, and signed the addendum to lease agreement in 2019 to 2022. 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, 2023 and 2022, the Company recognized the amount of $13 and $20 as interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $472 and $936.

(c) Key management personnel compensation

Key management personnel compensation include:

		For the years ended December 31, 2023	2022
Short-term employee benefits	$	16,323	17,300
Post-employment benefits		216	1,885
	$	**16,539**	**19,185**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Other current financial assets	Performance bond	$ 8,423	5,906
Other non-current financial assets	Customs duty guarantee and performance bond	13,391	13,889
		$ 21,814	**19,795**

(9) Significant Commitments and Contingencies

(a) Major Commitments

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

	December 31, 2023	December 31, 2022
Notes issued as guarantee	**$ 313,327**	**359,059**

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

	December 31, 2023	December 31, 2022
TWD	**$ 424**	**520**
USD	**$ 49**	**53**

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

	December 31, 2023	December 31, 2022
Amount of promised sales with undelivered goods	**$ 56,126**	**51,305**

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

	December 31, 2023	December 31, 2022
Amount of promised purchase with unreceived goods	**$ 39,443**	**48,710**

5. As of December 31, 2023 and 2022, the guarantee notes received for stock up amounted to $5,500 and $1,000, respectively.

(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, 2023 Operating Costs	2023 Operation Expenses	2023 Total	2022 Operating Costs	2022 Operation Expenses	2022 Total
Employee benefits						
Salary	4,003	76,428	80,431	5,493	89,811	95,304
Labor and health insurance	576	7,444	8,020	478	8,827	9,305
Pension	343	7,474	7,817	653	11,007	11,660
Remuneration of directors	-	9,265	9,265	-	9,222	9,222
Others	37	2,402	2,439	54	2,217	2,271
Depreciation	8,990	5,314	14,304	8,892	4,645	13,537
Amortization	374	3,658	4,032	500	4,652	5,152

During 2023 and 2022, number of employees and employee benefits expenses were as follows:

	2023	2022
Number of average employees	94	110
Number of directors who were not employees	6	6
The average employee benefit	$ 1,122	1,140
The average salaries and wages	$ 914	916
The average of employee salary cost adjustment	(0.22)%	(3.30)%
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.

(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, 2023:

1. Loans to other parties: None.
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 %	-	
〃	HUSHAN Autoparts Inc.	-	〃	500,000	30,000	0.73 %	30,000	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd.	Other related parties	〃	494,506	5,359	9.00 %	5,359	

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, 2023 (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			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Inventec Besta (BVI) Co., Ltd.	B.V.I.	Investment management	288,170	318,993	9,300,000	100.00 %	10,638	3,206	2,595	Subsidiary (The difference is unrealized gross income from operations)
〃	Besta (Cayman) Co., Ltd.	Cayman	〃	1,085,688	1,137,242	900,000	100.00 %	68,827	5,419	5,419	Subsidiary

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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) Note 2	Book value	Accumu-lated remittance of earnings in current period
					Out-flow	Inflow						
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	199,648	(2)	188,897	-	-	188,897	1,060	100.00 %	1,060	10,586	-
Besta Digital Technology Co., Ltd.	Sales of electronic dictionaries and PDA-related products	368,580	(2)	368,580	-	-	368,580	(474)	100.00 %	(474)	68,541	-
Besta (Kunshan) Co., Ltd. (Note 7)	Sale of consumer electronics and related products	276,435	(2)	276,435	-	5,064	271,371	-	100.00 %	-	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by investment Commission, MOEA	Upper Limit on Investment
1,550,651	1,550,651	310,330

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 $307,150 and $414,653 respectively, have already been included in the Accumulated Investment in Mainland China.

Note 6: The boards of directors resolved to dissolve Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process was completed on July 10, 2023.

Note 7: Besta (Kunshan) Co., Ltd. has been liquidated, and the remaining funds $5,064 remitted back to Taiwan on September 27, 2023, wherein the liquidation procedures had been approved by the Investment Commission, MOEA.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, 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. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchangr 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 2023.

INVENTEC BESTA CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash and petty cash	$ 212
	Foriegn cash	150
	Subtotal	362
	Demand deposits	56,767
	Foreign currency deposits	30,456
	Time deposits(For a period of 2023/10/08~2024/02/04)	132,481
	Cash equivalents	35,371
	Subtotal	255,075
Total		**$ 255,437**

Statement of Notes receivable

Client Name	Description	Amount	Note
Honghutech International Co., Ltd.	Payment	$ 4,644	
Kinglet Technology Co., Ltd.	〃	505	
Other	〃	9	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		5,158	
Less: Loss allowance		(115)	
Total		**$ 5,043**	

INVENTEC BESTA CO., LTD.

Statement of Accounts Receivable

December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-related parties:			
Hu Shan Autoparts Inc.	Payment	$ 17,364	
SAMSHIN E&B CO.，LTD	〃	3,575	
Tzu Chi Culture & Communication Foundation	〃	3,381	
Honghutech International Co., Ltd.	〃	3,306	
Central Region Branch Office	〃	3,095	
Other	〃	14,991	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		45,712	
Less: Loss allowance		(1,286)	
Net amount		44,426	
Related parties:			
Inventec Corporation	Payment	52,419	
Inventec Appliances Corp.	〃	110	
Subtotal		52,529	
Total		$ **96,955**	

INVENTEC BESTA CO., LTD.

Statement of Other Receivables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other receivables-Non-related parties	Purchase of materials, etc.	$ 28,159	
〃	Payment for enterprise services, etc.	13,172	
Earned revenue receivables	Bank interest receivable	199	
Less: Loss allowance		(11,559)	
Total		**$ 29,971**	

Statement of Inventory

Item	Amount		Note
	Cost	Net realized value	
Finished goods	$ 9,840	5,634	Net realized value
Merchandise	34,698	28,140	〃
Work in process	2,030	2,030	Cost
Raw materials	26,503	19,909	Replacement cost
Subtotal	73,071	**55,713**	
Less: Allowance for inventory market decline and obsolescence	(21,912)		
Total	**$ 51,159**		

INVENTEC BESTA CO., LTD.

Statement of Other Current Assets

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayment for purchases	Prepaid enterprise service payment	$ 3,710	
Prepaid expenses	Prepaid professional service fees,etc.	4,779	
Other	Temporary payments and pay for molds on behalf of others,etc.	482	
Total		**$ 8,971**	

INVENTEC BESTA CO., LTD.

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

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Inventec Solar Energy Corp.	15,450,000	$ -	-	-	-	-	15,450,000	-	None	
HUSHAN Autoparts Inc.	-	-	500,000	30,000	-	-	500,000	30,000	〃	
Total		**$ -**		**30,000**		**-**		**30,000**		

INVENTEC BESTA CO., LTD.

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Price or Net value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price	Total price		
Subsidiaries:													
INVENTEC BESTA (BVI) CO, LTD.	10,258,000	$ 39,053	-	3,206	958,000	31,621	9,300,000	100.00 %	10,638	1.14	11,249	None	The difference is unrealized gross income from operations.
BESTA (CAYMAN) CO, LTD.	35,502,000	119,410	-	5,419	34,602,000	56,002	900,000	100.00 %	68,827	76.47	68,827	〃	
		$ 158,463		8,625		87,623			79,465		80,076		

INVENTEC BESTA CO., LTD.

Statement of Accounts Payable

December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
Non-related parties:			
Acer e-Enabling Service Business Inc.	Payment	$ 46,913	
Afastor Corporation	〃	8,423	
Koon Hung International Co., Ltd.	〃	6,591	USD 215 thousand
Other	〃	36,951	The year-end balance of each client doesn't exceed 5% of the account balance.
Subtotal		98,878	
Related parties:			
Inventec Corporation	Payment	71	
Total		**$ 98,949**	

INVENTEC BESTA CO., LTD.

Statement of Other Payables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	
Other payables	Payroll and other expenses payable	$	31,110
〃	Purchases of fixed assets and intangible assets,etc.		5,391
〃	Payables for enterprise services, etc.		3,291
Other payables-Related parties	Professional service fees payable		2,010
Total		**$**	**41,802**

Statement of Operating revenue

For the Year Ended December 31, 2023

Item	Quantity	Amount		Note
Sales of products		$	488,008	
Rendering of services			20,151	
Total		**$**	**508,159**	

INVENTEC BESTA CO., LTD.

Statement of Operating Costs

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of self-made products sold		
Direct materials		
Material,beginning of the year	$ 48,524	
Add:Purchases	238,686	
Less:Materials,end of the year	(26,503)	
Cost of materials sold	(36,856)	
Transferred to expenses	(486)	223,365
Manufacturing expenses		14,444
Manufacturing costs		237,809
Add:work in progress,beginning of period		6,739
Less:Work in progress,end of period		(2,030)
Transferred from work in progress		(304)
Cost of finished goods		242,214
Add:Finished goods,beginning of period		18,549
Less:Finished goods,end of period		(9,840)
Transferred to expenses		(2,067)
Recovery of inventory		(247)
Cost of self-made products sold		248,609
Merchandise,beginning of period		37,663
Add:Purchases		133,953
Transferred from work in progress		304
Other		32
Less:Merchandise,end of period		(34,698)
Transferred to expenses		(395)
Cost of merchandise sold		136,859
Cost of materials sold		36,856
Cost of warranty		4,369
Cost of cloud service		14,787
Losses on inventory valuation and obsolescence		1,022
Other operating costs		2,674
Total		**$ 445,176**

INVENTEC BESTA CO., LTD.

Statement of Selling Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Decription	Amount	Note
Salary and wages expense		$ 27,588	
Professional service fees		5,654	
Royalty expense		4,340	
Insurance expense		2,814	
Other		16,091	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 56,487**	

Statement of Administrative Expenses

Item	Description	Amount	Note
Salary and wages expense		$ 25,242	
Other expense		4,536	
Professional service fees		2,771	
Other		8,098	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 40,647**	

INVENTEC BESTA CO., LTD.

Statement of Research and Development Expenses

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		$ 28,975	
Postage expense		5,128	
Research and development expenses		3,686	
Insurance expense		2,715	
Other		9,956	The year-end balance of each client doesn't exceed 5% of the account balance.
Total		**$ 50,460**	

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.