Stock Code:8201

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

Address: **6F-1, No. 56, Lane 258, Rui Guang Road, Nei Hu Dist., Taipei, Taiwan, R.O.C.**
Telephone: **886-2-7726-5111**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Besta Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Besta Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Inventec Besta Co., Ltd.
Chairman: Jonathan Yang
Date: March 11, 2024

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Inventec Besta Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. **Impairment assessment of accounts receivable**

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

Description of key audit matter

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

How the matter was addressed in our audit

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

Other Matter

Inventec Besta Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

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

KPMG

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

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 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))	$ 292,614	41	390,986	49
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))	44,662	6	53,315	7
1180	Accounts receivable due from related parties, net (Notes 6(c) and 7)	52,529	7	7,642	1
1200	Other receivables(Notes 6(d) and 7)	30,410	4	27,465	3
1220	Current tax assets	195	-	40	-
130X	Inventories(Note 6(e))	51,560	7	91,592	12
1476	Other current financial assets (Notes 6(i) and 8)	40,909	6	38,361	5
1479	Other current assets, others	8,414	1	8,976	1
		526,547	73	619,064	78
	Non-current Assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	35,359	5	5,871	1
1600	Property, plant and equipment (Note 6(f))	125,077	18	128,958	16
1755	Right-of-use assets (Note 6(g))	9,103	1	13,624	2
1780	Intangible assets (Note 6(h))	8,658	1	9,905	1
1840	Deferred tax assets (Note 6(l))	3,189	-	3,189	-
1980	Other non-current financial assets (Notes 6(i) and 8)	14,198	2	14,571	2
	Non-current Assets sub	195,584	27	176,118	22
	Total assets	$ 722,131	100	795,182	100

	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities:				
2130	Current contract liabilities (Note 6(o))	$ 14,182	2	12,063	1
2170	Notes and accounts payable (Note 7)	99,167	14	92,945	12
2200	Other payables (Note 7)	43,047	6	39,480	5
2280	Current lease liabilities (Notes 6(j), (u) and 7)	3,779	-	3,851	-
2300	Other current liabilities	5,270	1	7,708	1
		165,445	23	156,047	19
	Non-current Liabilities:				
2570	Deferred tax liabilities (Note 6(l))	13,156	1	13,156	2
2580	Non-current lease liabilities (Notes 6(j), (u) and 7)	4,285	1	8,293	1
2640	Net defined benefit liability, non-current (Note 6(k))	17,779	2	23,208	3
2670	Other non-current liabilities, others	4,249	1	2,514	-
		39,469	5	47,171	6
	Total liabilities	204,914	28	203,218	25
	Equity attributable to owners of parent: (Note 6(m))				
3100	Capital stock	623,663	86	623,663	78
3200	Capital surplus	82,159	11	100,180	13
3300	Retained earnings	(70,112)	(9)	(18,021)	(2)
3400	Other equity	(118,493)	(16)	(113,858)	(14)
	Total equity	517,217	72	591,964	75
	Total liabilities and equity	$ 722,131	100	795,182	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 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)**	$ 516,232	100	599,342	100
5000	**Operating costs (Note 6(e))**	(437,342)	(85)	(511,525)	(85)
	Gross profit from operations	78,890	15	87,817	15
	Operating expenses:				
6100	Selling expenses	(51,794)	(10)	(75,548)	(13)
6200	Administrative expenses	(46,353)	(9)	(49,231)	(8)
6300	Research and development expenses	(68,490)	(13)	(66,612)	(11)
6450	Expected reversal gain (credit loss)	857	-	(2,787)	-
	Total operating expenses	(165,780)	(32)	(194,178)	(32)
	Net operating loss	(86,890)	(17)	(106,361)	(17)
	Non-operating income and expenses (Note 6(q)):				
7100	Interest income	5,871	1	3,427	1
7010	Other income	8,100	2	8,505	1
7020	Other gains and losses	2,508	-	7,986	1
7050	Finance costs	(554)	-	(451)	-
	Total non-operating income and expenses	15,925	3	19,467	3
7900	**Loss from continuing operations before tax**	(70,965)	(14)	(86,894)	(14)
7950	**Less: Income tax expenses (Note 6(l))**	-	-	(6)	-
	Loss	(70,965)	(14)	(86,888)	(14)
	Other comprehensive 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
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(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)	-	1,126	-
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)	-	1,126	-
	Other comprehensive income (loss), net of income tax	(3,782)	-	8,074	1
8500	**Total comprehensive income**	**$ (74,747)**	**(14)**	**(78,814)**	**(13)**
	Earnings per share (Note 6(n))				
9750	**Basic / Diluted earning (losses) per share (NT dollars)**	**$**	**(1.14)**		**(1.39)**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
	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 consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	2022
Cash flows from (used in) operating activities:		
Loss before income tax	$ (70,965)	(86,894)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	15,503	14,798
Amortization expense	4,032	5,152
Expected (reversal gain) credit loss	(857)	2,787
Interest expense	554	451
Interest income	(5,871)	(3,427)
Losses on disposal of property, plant and equipment	-	117
Gain on disposal of investments	(2,726)	-
Others	-	12
Total adjustments to reconcile profit (loss)	10,635	19,890
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	487	1,948
Notes receivable	(5,158)	3,897
Accounts receivable	(31,649)	61,025
Other receivables	(7,119)	(685)
Inventories	39,872	(20,425)
Other current assets	562	15,738
Total changes in operating assets	(3,005)	61,498
Changes in operating liabilities:		
Contract liabilities	2,120	8,807
Notes payable and accounts payable	6,268	(15,755)
Other payables	(1,293)	(5,581)
Other current liabilities	(2,431)	(3,919)
Net defined benefit liability	(4,576)	(6,087)
Total changes in operating liabilities	88	(22,535)
Total changes in operating assets and liabilities	(2,917)	38,963
Total adjustments	7,718	58,853
Cash outflow generated used in operations	(63,247)	(28,041)
Interest received	6,326	2,902
Interest paid	(554)	(473)
Income taxes (paid) received	(155)	80
Net cash flows used in operating activities	(57,630)	(25,532)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(30,000)	-
Acquisition of property, plant and equipment	(2,069)	(13,373)
Proceeds from disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(2,878)	(4,637)
Increase in other financial assets	(2,841)	(2,103)
Decrease in other non-current assets	-	154
Net cash flows used in investing activities	(37,788)	(19,883)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(4,060)	(5,485)
Increase in other non-current liabilities	1,746	270
Net cash flows used in financing activities	(2,314)	(5,215)
Effect of exchange rate changes on cash and cash equivalents	(640)	524
Net decrease in cash and cash equivalents	(98,372)	(50,106)
Cash and cash equivalents at beginning of period	390,986	441,092
Cash and cash equivalents at end of period	**$ 292,614**	**390,986**

See accompanying notes to consolidated financial statements.

(1) Overview

Inventec Besta Co., Ltd. ("the Company") was incorporated on February 17, 1989 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 6F-1, No. 56, Lane 258, Rui Guang Road, Nei Hu Dist., Taipei, Taiwan, R.O.C. The Company and its subsidiaries ("the Group") were engaged primarily in the design, research, development, and sale of electronic dictionaries, digital products, etc, and 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 consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of Material Accounting Policies

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

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The net defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(o).

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

2. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2023.12.31	Shareholding Ratio 2022.12.31	Note
The Company	Inventec Besta (BVI) Co., Ltd.	Investment management	100 %	100 %	
〃	Besta (Cayman) Co., Ltd.	Investment management	100 %	100 %	
Inventec Besta (BVI) Co., Ltd.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100 %	100 %	
Besta (Cayman) Co., Ltd.	Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	- %	100 %	(Note 1)
〃	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	100 %	100 %	

Note 1: 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.

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period(hereinafter referred to as reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity 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 the New Taiwan dollars at the exchange rates at the reporting date. The income and expenses items of foreign operations are translated into the New Taiwan dollars at average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

Equity 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 Group’ s right to receive payment is established.

3) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 180 days past due;

·the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

·the disappearance of an active market for a security because of financial difficulties.

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

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

4) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

2. Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

(j) Leases

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

1. As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

5) there are any lease modifications

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

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

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

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

2. As a lessor

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

(k) Intangible assets

1. Recognition and measurement

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

2. Subsequent expenditure

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

3. Amortization

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

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

1) Royalties	1 year~ 5 years
2) Other intangible assets	1 year~ 4 years

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties of the Group is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods-electronic products

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

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

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

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

2) IT Consulting, research and development services

The Group provides business IT management, design, implementation, support, research and development services. Revenue from providing services is recognized in the 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 Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3) Construction service contracts

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

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

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

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(o) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(p) 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 Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. 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.

(q) Earnings per share

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

(r) Operating segments

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

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

The preparation of the consolidated financial statements, in conformity with the IFRSs endorsed by the FSC, requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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	$	660	299
Demand deposits		56,767	86,251
Foreign currency deposits		41,771	33,042
Cash equivalents - Time deposits		158,045	241,298
Cash equivalents - Bonds		35,371	30,096
Total	**$**	**292,614**	**390,986**

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

The aforesaid financial assets were not pledged as collateral.

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

		December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:			
Stocks not listed on markets	**$**	**35,359**	**5,871**

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

The Group holds 9% of common shares of Anhui Raise Victa Technology Co., Ltd, and invests the amount of CNY 3,000.The main operating activities of Anhui Raise Victa Technology Co., Ltd, are intelligent voice product development. As of December 31, 2023, the balance of accumulate unrealized evaluation losses amounted to $7,594.

The Group 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 Group's management confirms that the Group does not have significant influence over HUSHAN Autoparts Inc..

The Group designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Group 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	98,477	66,917
Less: Loss allowance	(1,401)	(5,960)
	$ **102,234**	**60,957**

The Group 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 shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 97,860	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
	$ **103,635**		**1,401**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	$ 58,141	0.00%~2.49%	1,111
Less than 30 days past due	3,399	2.30%~15.90%	108
31 to 90 days past due	607	2.30%~38.45%	67
More than 91 days past due	4,770	39.14%~100.00%	4,674
	$ 66,917		**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	$ 41,969	35,311
Less: Loss allowance	(11,559)	(7,846)
	$ 30,410	**27,465**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for other receivables 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	$ 19,448	3.02%~6.30%	1,059
Less than 30 days past due	9,878	37.17%~50.00%	4,393
31 to 90 days past due	8,965	23.84%~50.00%	3,375
More than 91 days past due	3,678	51.93%~100%	2,732
	$ 41,969		**11,559**

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	$	17,059	0.00%~6.22%	862
Less than 30 days past due		5,713	35.12%	2,006
31 to 90 days past due		6,923	35.19%~35.27%	2,437
More than 91 days past due		5,616	45.25%~100%	2,541
	$	35,311		7,846

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		24,830	27,046
	$	51,560	91,592

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	$	436,320	509,256
Loss on disposal of scrap		-	199
Loss on inventory valuation and obsolescence		1,022	2,070
Total	$	437,342	511,525

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) Property, plant, and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Group 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	68,633	22,033	64,056	-	215,672
Additions		-	-	191	5,271	1,634	7,096
Disposals		-	-	(815)	(1,312)	-	(2,127)
Reclassification		-	-	-	1,781	(1,634)	147
Effect of movements in exchange rates		-	(266)	(115)	(27)	-	(408)
Balance at December 31, 2023	$	**60,950**	**68,367**	**21,294**	**69,769**	**-**	**220,380**
Balance at January 1, 2022	$	60,950	68,457	25,942	55,040	-	210,389
Additions		-	-	24	10,768	-	10,792
Disposals		-	-	(4,028)	(1,771)	-	(5,799)
Effect of movements in exchange rates		-	176	95	19	-	290
Balance at December 31, 2022	$	**60,950**	**68,633**	**22,033**	**64,056**	**-**	**215,672**
Depreciation and impairment losses:							
Balance at January 1, 2023	$	-	20,565	21,488	44,661	-	86,714
Depreciation for the year		-	1,349	305	9,352	-	11,006
Disposals		-	-	(815)	(1,312)	-	(2,127)
Effect of movements in exchange rates		-	(149)	(115)	(26)	-	(290)
Balance at December 31, 2023	$	**-**	**21,765**	**20,863**	**52,675**	**-**	**95,303**
Balance at January 1, 2022	$	-	19,120	24,874	37,108	-	81,102
Depreciation for the year		-	1,350	356	9,305	-	11,011
Disposals		-	-	(3,835)	(1,771)	-	(5,606)
Effect of movements in exchange rates		-	95	93	19	-	207
Balance at December 31, 2022	$	**-**	**20,565**	**21,488**	**44,661**	**-**	**86,714**
Carrying amounts:							
Balance at December 31, 2023	$	**60,950**	**46,602**	**431**	**17,094**	**-**	**125,077**
Balance at January 1, 2022	$	**60,950**	**49,337**	**1,068**	**17,932**	**-**	**129,287**
Balance at December 31, 2022	$	**60,950**	**48,068**	**545**	**19,395**	**-**	**128,958**

The aforesaid property, plant, and equipment were not pledged as collateral.

(g) 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	$	23,554	1,593	25,147
Effect of movements in exchange rates		(92)	-	(92)
Balance at December 31, 2023	**$**	**23,462**	**1,593**	**25,055**
Balance at January 1, 2022	$	20,740	9,884	30,624
Additions		3,899	1,593	5,492
Disposals		(1,146)	(9,884)	(11,030)
Effect of movements in exchange rates		61	-	61
Balance at December 31, 2022	**$**	**23,554**	**1,593**	**25,147**
Accumulated depreciation:				
Balance at January 1, 2023	$	11,523	-	11,523
Depreciation for the year		3,918	579	4,497
Effect of movements in exchange rates		(68)	-	(68)
Balance at December 31, 2023	**$**	**15,373**	**579**	**15,952**
Balance at January 1, 2022	$	7,797	9,884	17,681
Depreciation for the year		3,787	-	3,787
Disposals		(96)	(9,884)	(9,980)
Effect of movements in exchange rates		35	-	35
Balance at December 31, 2022	**$**	**11,523**	**-**	**11,523**
Carrying amount:				
Balance at December 31, 2023	**$**	**8,089**	**1,014**	**9,103**
Balance at January 1, 2022	**$**	**12,943**	**-**	**12,943**
Balance at December 31, 2022	**$**	**12,031**	**1,593**	**13,624**

(h) Intangible assets

The cost, amortization, and impairment of the intangible assets of the Group 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**
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	For the years ended December 31, 2022
Operating costs	$ **374**	**500**
Operating expenses	$ **3,658**	**4,652**

2. Impairment loss and subsequent reversal

The Group performs the impairment test where there are indications of impairment of intangible assets and the recoverable amount is determined by the value in use. The accumulated impairment losses on other royalties amounted to $47,865, as of December 31, 2023 and 2022.

(i) Other financial assets

The Group other financial assets were as follows:

	December 31, 2023	December 31, 2022
Time deposits over three months	$ 32,486	32,455
Refundable deposits	20,621	18,477
Pledged time deposits	2,000	2,000
Total	$ **55,107**	**52,932**

As of December 31, 2023 and 2022, the details of other financial assets were pledged as collateral, please refer to Note 8.

(j) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ **3,779**	**3,851**
Non-current	$ **4,285**	**8,293**

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	For the years ended December 31, 2022
Interest on lease liabilities	$ **211**	**247**
Expenses relating to short-term leases	$ **216**	**445**

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

	For the years ended December 31, 2023	2022
Total cash outflow for leases	$ **4,487**	**6,177**

1. Real estate leases

   The Group leases buildings for its office space. The leases of office space typically run for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other leases

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

(k) Employee benefits

1. Defined benefit plans

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

	December 31, 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 Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

   1) Composition of plan assets

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

      The Group’s pension reserve account in Bank of Taiwan amounted to $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 Group'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 Group'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)**

	For the years ended December 31, 2023	2022
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 Group 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 Group allocates 6% of each employee’ s monthly wages to the Labor Pension Personal Account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation to pay.

The pension expenses incurred from the contributions to the Bureau of Labor Insurance amounted to $4,246 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.

The pension expenses contributed by the foreign entities following the local regulations amounted to $1,809 and $1,823 for the years ended December 31, 2023 and 2022, respectively.

(l) Income taxes

1. Income tax expense

The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current income tax expense		
Current period	$ -	-
(Overestimate) underestimate in prior periods	-	(6)
Income tax expense from continuing operations	**$ -**	**(6)**

The Group 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	For the years ended December 31, 2022
Loss before tax	**$ (70,965)**	**(86,894)**
Income tax using domestic tax rate of the Group	$ (14,046)	(17,578)
Permanent differences	(31)	113
Recognition of previously unrecognized tax losses under provision in prior period	(233)	-
Current-year losses for which no deferred tax asset was recognized	15,273	19,935
Change in unrecognized temporary differences	(963)	(2,470)
(Overestimate) underestimate in prior periods	-	(6)
Income tax expense	**$ -**	**(6)**

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	174,867	178,809
	$ 453,391	**487,522**

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

As of December 31, 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	

As of December 31, 2023, the expiry years of the prior year losses which have not been recognized as deferred tax assets by the subsidiaries of the Group were as follows:

Expressed in thousands of China Yuan.

Year of loss	Inventec Besta (Xian) Co. Ltd.	Besta Digital Technology Co., Ltd.	Year of Expiration
2019	$ -	488	2024
2020	409	22	2025
2021	1,647	63	2026
2022	-	26	2027
2023	-	109	2028
	$ 2,056	**708**	

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**
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)
Reclassified of loss(gain) on diposal of the foreign operation		(2,726)	-
Exchange differences on foreign operations		(1,637)	-
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

The following are the calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022:

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 Group 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	365,871
Japan	81,848	137,235
Czech Republic	65,215	25,687
America and Canada	52,322	25,208
Singapore and Malaysia	33,007	26,026
Other countries	23,907	19,315
	$ 516,232	**599,342**
Major products		
Sales of products	$ 483,118	557,630
Rendering of services	33,114	41,712
	$ 516,232	**599,342**

2. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable	$ 103,635	66,917	131,761
Less: Loss allowance	(1,401)	(5,960)	(6,702)
Total	**$ 102,234**	**60,957**	**125,059**

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets	$ 216	703	2,651
Less: Loss allowance	(5)	(16)	(4)
Total	**$ 211**	**687**	**2,647**
Contract liabilities	**$ 14,182**	**12,063**	**3,256**

For details on notes receivable, 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 Group derived from the transfer of a good or service to the customer to be satisfied and the payment to be received.

(p) Remuneration of employee and directors

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

The Group had losses before tax for the year ended December 31, 2023 and 2022, and thus, the Group was not accrued any remuneration to its employees and directors.Related information would be available at the Market Observation Post System website.

(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	$ 5,607	3,188
Others	264	239
	$ 5,871	**3,427**

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	$ 7,228	7,860
Others	872	645
	$ 8,100	**8,505**

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 gains	$ 275	8,672
Losses on disposal of property, plant and equipment	-	(117)
Others	(493)	(569)
Gains on disposal of investments	2,726	-
	$ 2,508	**7,986**

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	204
Others	222	247
	$ 554	**451**

(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 $515,935 and $538,898, 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 securities of credit risk

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

Equity 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 of the Group, 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	$ 99,167	99,167	99,167	-	-	-	-
Other payables	43,047	43,047	43,047	-	-	-	-
Lease liabilities	8,064	8,264	1,831	2,055	1,616	2,762	-
Receipts under custody (reported as other current liabilities)	1,540	1,540	1,540	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,249	4,249	1,007	6	919	2,317	-
	$ 156,067	**156,267**	**146,592**	**2,061**	**2,535**	**5,079**	**-**
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	$ 92,945	92,945	92,945	-	-	-	-
Other payables	39,480	39,480	39,480	-	-	-	-
Lease liabilities	12,144	12,557	1,988	2,064	4,127	4,138	240
Receipts under custody (reported as other current liabilities)	1,971	1,971	1,971	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,514	2,514	513	913	-	1,088	-
	$ 149,054	**149,467**	**136,897**	**2,977**	**4,127**	**5,226**	**240**

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

3. Currency risk

1) Exposure to currency risks

The Group' s exposures to significant currency risk were 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	$ 4,427	USD:TWD	30.7150	135,975
	8	USD:CNY	7.1132	246
CNY	20	CNY:TWD	4.3180	86

	December 31, 2023			
	Foreign currency (In thousands)	**Exchange rate**		**TWD**
Financial liabilities				
Monetary items				
USD	658	USD:TWD	30.7150	20,210

	December 31, 2022			
	Foreign currency (In thousands)	**Exchange rate**		**TWD**
Financial assets				
Monetary items				
USD	$ 4,042	USD:TWD	30.6750	123,988
	64	USD:CNY	6.9748	1,963
CNY	19	CNY:TWD	4.3980	84
Financial liabilities				
Monetary items				
USD	1,355	USD:TWD	30.6750	41,565

2) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the TWD against the USD and CNY as of December 31, 2023 and 2022, would have decreased or increased the net loss after tax for the years ended December 31, 2023 and 2022 by $580 and $422, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

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

	For the years ended December 31,			
	2023		**2022**	
	Foreign exchange gains (losses)	**Average exchange rate**	**Foreign exchange gains (losses)**	**Average exchange rate**
TWD	$ 374	1.000	8,708	1.000
CNY	(99)	4.3580	(36)	4.3715

4. Interest analysis

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

The following sensitivity analysis is based on the risk exposure to interest rates. 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 Group'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 Group'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 Group's financial assets at fair value through other comprehensive income is measured on a recurring basis.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and 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					
Unquoted equity instruments measured at fair value	$ 35,359	-	-	35,359	35,359
Financial assets at amortized cost					
Cash and cash equivalents	292,614	-	-	-	-
Notes receivable, accounts receivable and other receivables	132,644	-	-	-	-
Other financial assets	55,107	-	-	-	-
Subtotal	480,365	-	-	-	-
Total	**$ 515,724**	**-**	**-**	**35,359**	**35,359**

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 142,214	-	-	-	-
Lease liabilities	8,064	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,540	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,249	-	-	-	-
Total	**$ 156,067**	**-**	**-**	**-**	**-**

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

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

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

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

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

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

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.

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

3) Reconciliation of level 3 fair value

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2023	$ 5,871
Total gains and losses recognized in	
Purchase	30,000
Other comprehensive income	(272)
Effect of movements in exchange rate	(240)
Balance as of December 31, 2023	**$ 35,359**
Balance as of January 1, 2022	$ 6,735
Total gains and losses recognized in	
Other comprehensive income	(1,022)
Effect of movements in exchange rate	158
Balance as of December 31, 2022	**$ 5,871**

For the years ended December 31, 2023 and 2022, total gains and losses included in “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

	For the years ended December 31,	
	2023	**2022**
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from equity assets at fair value through other comprehensive income”	**$ (272)**	**(1,022)**

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

The Group’ s financial instruments that use Level 3 inputs to measure fair value include “ financial assets measured at fair value through other comprehensive income – equity securities”.

The Group’ s 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 (1.88~4.43 on December 31, 2023 and 2.84~4.36 on December 31, 2022) ·Market illiquidity discount (15%~20% on December 31, 2023 and 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 Group's fair value measurement on financial instruments is reasonable. The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	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%	$ 1,559	(1,559)
Investment in equity instruments without an active market	Market illiquidity discount	5%	1,999	(1,999)
			$ 3,558	**(3,558)**
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Investment in equity instruments without an active market	Multiplier of price-to-book ratio	5%	$ 294	(294)
Investment in equity instruments without an active market	Market illiquidity discount	5%	367	(367)
			$ 661	**(661)**

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

(s) Financial risk management

1. Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

2. Structure of risk management

The Group are exposed to interests risk, currencies risk, credits risk and liquidity risk due to its operating activities. To reduce the related financial risks, the Group 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 Group’s financial position and financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Group’s risk management framework. The financial units follows the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3. Credit risk

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

1) Accounts receivable and other receivables

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

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

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of 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 Group’s finance department. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

3) Guarantees

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

A. The companies with which it has business relations.

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

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

As of December 31, 2023 and 2022, the Group don’t provide any financial guarantees and endorsements.

4. Liquidity risk

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

As of December 31, 2023 and 2022, the Group’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 Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

1) Currency risk

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

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

2) Interest risk

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

3) Other market price risk

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

(t) Capital management

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

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

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital include share capital, capital surplus, retained earnings, and other equity plus net debt. The Group's debt to capital ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 204,914	203,218
Less: cash and cash equivalents	(292,614)	(390,986)
Net debt	(87,700)	(187,768)
Total equity	517,217	591,964
Total capital	**$ 429,517**	**404,196**
Debt-to-equity ratio	**- %**	**- %**

According to the Group's management, there were no changes in the Group's approach to capital management at of December 31, 2023.

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

The Group's investing and financing activities which did not affect the current cash flows for the years ended December 31, 2023 and 2022, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2023	**Cash flows**	**Other**	**Foreign exchange movement**	**December 31, 2023**
Lease liabilities	$ 12,144	(4,060)	-	(20)	8,064
Total liabilities from financing activities	**$ 12,144**	**(4,060)**	**-**	**(20)**	**8,064**

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Other**	**Foreign exchange movement**	**December 31, 2022**
Lease liabilities	$ 13,152	(5,485)	4,454	23	12,144
Total liabilities from financing activities	**$ 13,152**	**(5,485)**	**4,454**	**23**	**12,144**

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Inventec Corporation	The entity with signifcant influence over the Group
Inventec Appliances Corp.	Other related parties
Inventec (Pudong) Technology Corp.	〃
SQ Technology (Shanghai) Corporation	〃
AIMobile Co., Ltd.	〃
Inventec Appliances (XI'AN) Corporation	〃
Anhui Raise Victa Technology Co.,Ltd.	〃
Inventec (Chongqing) Corporation	〃
Inventec (Shanghai) Corporation	〃

(b) Significant transactions with related parties

1. Sales revenue

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Associates	$ 22,054	16,555
Other related parties	3,629	5,172
	$ 25,683	**21,727**

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

2. Purchases

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

	For the years ended December 31, 2023	For the years ended December 31, 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 Group 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	5,250
Other receivables	Associates	-	1,309
		$ 52,529	**8,951**

4. Payables to related parties

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

Financial statement account	Related party categories	December 31, 2023	December 31, 2022
Accounts payable	Associates	$ 71	-
Other payables	Associates	42	2
		$ 113	**2**

5. Other expense and income

Financial statement account	Related party categories	For the years ended December 31, 2023	2022
Other expenses	Associates	$ 1,193	104
Other income	Associates	-	1,247
	Other related parties	35	-

6. Others

1) The Group received $429 from its other related parties for advance payment on December 31, 2022.

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

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

4) The Group paid $77 and $269 to its other related parties for the refundable deposits on December 31, 2023 and 2022.

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

7. Lease

The Group rented an office building from Inventec Corporation in April 2016 and October 2017, and extended lease period in December 2020. The rental fee is determined based on nearby office rental rates. The total value of the contract was $19,956. The Group terminated the lease contract in September 2020 and decrease lease liabilities amount of $1,975. For the years ended December 31, 2023 and 2022, the Group 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 Group rented an IDC from Inventec Corporation in March 2018, and signed the addendum to lease agreement in 2019 to 2021. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The total value of the contract was $18,318. For the years ended December 31, 2023 and 2022, the Group 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.

In January 2019, the Group rented an office building from Inventec Appliances (XI'AN) Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was RMB 1,027 thousand. For the years ended December 31, 2023 and 2022, the Group recognized the amount of $73 and $85 as interest expense. As December 31, 2023 and 2022, the balance of lease liabilities amounted to $657 and $1,663.

(c) Key management personnel compensation

Key management personnel compensation include:

	For the years ended December 31,	
	2023	**2022**
Short-term employee benefits	$ 18,847	19,733
Post-employment benefits	216	1,885
	$ 19,063	**21,618**

(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, performance bond and etc.	14,198	14,571
		$ 22,621	**20,477**

(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 Group 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.

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function / By item	For the years ended December 31, 2023 Operating Costs	2023 Operation Expenses	2023 Total	2022 Operating Costs	2022 Operation Expenses	2022 Total
Employee benefits						
Salary	4,003	98,288	102,291	5,493	113,294	118,787
Labor and health insurance	576	8,478	9,054	478	10,087	10,565
Pension	343	9,283	9,626	653	12,830	13,483
Others	37	5,899	5,936	54	5,708	5,762
Depreciation	8,990	6,513	15,503	8,892	5,906	14,798
Amortization	374	3,658	4,032	500	4,652	5,152

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

1. 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: Shares/Units	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest percentage of ownership (%) during the year	Note
The Company	Inventec Solar Energy Corporation	Other related parties	Non current financial assets at fair value through other comprehensive income	15,450,000	-	4.78 %	-	4.78 %	
〃	HUSHAN Autoparts Inc.	-	〃	500,000	30,000	0.73 %	30,000	0.73 %	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd.	Other related parties	〃	494,506	5,359	9.00 %	5,359	9.00 %	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of TWD$100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant intercompany transactions: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 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	Initial investment amount: Beginning balance	Ending balance: Shares	Ending balance: Ratio of shares	Ending balance: Book value	Highest percentage of ownership (%) during the year	Net income (loss) of the investee	Investment income (losses)	Notes
The Company	Inventec Besta (BVI) Co., Ltd.	B.V.I.	Investment management	288,170	318,993	9,300,000	100.00 %	10,638	100.00 %	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	100.00 %	5,419	5,419	Subsidiary

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

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

(c) Information on investment in Mainland China

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment Note 1	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	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 %	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 %	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 %	100.00 %	-	-	-

2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by investment Commission, MOEA	Upper Limit on Investment
Inventec Besta Co., Ltd.	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 aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 7: 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 8: 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：None.

(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 tatal shares of the company should declare insider' s equity according to Securities and Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The Information of insider trading would be available at the Market Observation Post System.

As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act,

(14) Segment Information

(a) General information

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

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

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

The Group's regional financial information was as follows:

For the year ended December 31, 2023		Taiwan department	Other department	Adjustment and elimination	Total
Revenue:					
External customers	$	508,159	15,434	(7,361)	516,232
Inter-company revenue		-	8,165	(8,165)	-
Interest revenue		3,185	2,686	-	5,871
Total revenue	**$**	**511,344**	**26,285**	**(15,526)**	**522,103**
Interest expense	$	(481)	(73)	-	(554)
Depreciation and amortization		(18,336)	(1,199)	-	(19,535)
Share of profit (loss) of associates accounted for using equity method		8,014	586	(8,600)	-
Reportable segment profit (loss)	**$**	**(70,965)**	**9,211**	**(9,211)**	**(70,965)**
Assets:					
Investments accounted for using equity method	$	79,465	79,127	(158,592)	-
Reportable segment assets	**$**	**638,680**	**86,156**	**(2,705)**	**722,131**
Reportable segment liabilities	**$**	**200,928**	**6,080**	**(2,094)**	**204,914**

For the year ended December 31, 2022		Taiwan department	Other department	Adjustment and elimination	Total
Revenue:					
External customers	$	591,799	19,285	(11,742)	599,342
Inter-company revenue		39	5,175	(5,214)	-
Interest revenue		1,455	1,972	-	3,427
Total revenue	**$**	**593,293**	**26,432**	**(16,956)**	**602,769**
Interest expense	$	(361)	(90)	-	(451)
Depreciation and amortization		(18,689)	(1,261)	-	(19,950)
Share of profit (loss) of associates accounted for using equity method		7,167	(803)	(6,364)	-
Reportable segment profit (loss)	**$**	**(86,888)**	**6,354**	**(6,360)**	**(86,894)**
Assets:					
Investments accounted for using equity method	$	158,463	85,715	(244,178)	-
Reportable segment assets	**$**	**627,445**	**170,351**	**(2,614)**	**795,182**
Reportable segment liabilities	**$**	**193,944**	**11,888**	**(2,614)**	**203,218**

(c) Productions and services information

Please refer to Note 6(o) for the Group's productions and services information.

(d) Geographic Information

Please refer to Note 6(o) for the Group's geographic Information.

By region	December 31, 2023	December 31, 2022
Non-current assets:		
Taiwan	$ 135,735	144,105
China	7,103	8,382
Total	$ 142,838	152,487

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

(e) Main customers

	For the years ended December 31, 2023	2022
Client A from Taiwan department	$ 81,848	137,235
Client B from Taiwan department	70,567	57,788
Client C from Taiwan department	64,749	25,461
Client D from Taiwan department	52,001	22,865