Biostar Microtech Int'L Corp.

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Biostar Microtech Int'L Corp.

Opinion

We have audited the accompanying financial statements of Biostar Microtech Int'L Corp. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2022 are stated as follows:

Estimation Uncertainty on Write-Down of Inventories

The Company is primarily engaged in sales of computer motherboards, industrial computer and other computer peripheral products. The industrial characteristic and frequent releases of products resulting in the slow-moving (unmarketable) and obsolescence. The estimation of inventories net realisable value involved management uncertainty. The actual result might differ from the estimates. The estimation uncertainty on write-down of inventories is critical to financial statements as of December 31, 2022. Therefore, it was identified as a key audit matter. Please refer to Notes 4, 5 and 11 to the financial statements for detailed information related to the estimation uncertainty on write-down of inventories' accounting policies, estimation uncertainty and disclosures.

Our main audit procedures we performed to address the above key audit matter were as follows:

1. We obtained an understanding of the Company's inventories evaluation policies and the design of internal controls related to inventories evaluation and tested the operating effectiveness of such control.

2. We selected the sales and purchase documentation and tested the book value of inventories to check whether they were measured at lower of cost and net realisable value.

3. We tested and recalculated the data used by the management to calculate the allowance for inventory impairment losses and we compared the amount of the allowance for inventory impairment losses recognized by Biostar Microtech Int'L Corp. Afterwards, we confirmed the scrap inventory and whether it was listed in accordance with the inventory policy of the Company.

4. We observed the annual inventory count, and observed whether there were sluggish or obsolete inventories.

Other Matter

As disclosed in first paragraph to financial statements, we did not audit the financial statements of Biostar Microtech (U.S.A.) Corp. and Biostar Microtech Europe Holding B.V. accounted for using the equity method included in the financial statements of the Company, but such statements were audited by other auditors. Our opinion, insofar as it relates to the investments and the share of profit (loss) of the investees accounted for using the equity method audited by other auditors, was based solely on the reports of the other auditors. The total investments in investees accounted for using the equity method were NT$49,252 thousand and NT$56,022 thousand, which constituted 1.60% and 1.59% of total assets as of December 31, 2022 and 2021, respectively; and the share of the other comprehensive income of the subsidiaries and associates accounted for using the equity method was NT$(15,698) thousand and NT$22,198 thousand, which constituted (52.78%) and 6.28% of the total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 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 audits resulting in this independent auditors' report are Ching-Cheng Yang and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

<u>Notice to Readers</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BIOSTAR MICROTECH INT'L CORP.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 703,149	23	$ 598,995	17
Financial assets at fair value through profit or loss - current (Note 7)	219,536	7	716,276	20
Financial assets at fair value through other comprehensive income - current (Note 8)	205,657	7	159,459	5
Financial assets at amortized cost - current (Note 9)	29,000	1	29,000	1
Trade receivables, net (Notes 10 and 22)	78,521	3	105,693	3
Trade receivables from related parties (Notes 10, 22 and 28)	226,674	7	169,137	5
Other receivables (Notes 10 and 28)	15,189	1	11,672	-
Current tax assets (Note 24)	2,866	-	319	-
Inventories, net (Notes 5 and 11)	692,043	22	857,706	24
Other current assets (Notes 16 and 29)	5,423	-	5,639	-
Total current assets	2,178,058	71	2,653,896	75
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	172,615	6	172,343	5
Investments accounted for using the equity method (Note 12)	344,228	11	320,167	9
Property, plant and equipment (Notes 13 and 29)	131,750	4	132,628	4
Investment properties, net (Notes 15 and 29)	197,799	6	199,805	6
Deferred tax assets (Note 24)	38,359	1	36,811	1
Other non-current assets (Notes 16 and 20)	16,477	1	6,250	-
Total non-current assets	901,228	29	868,004	25
TOTAL	$ 3,079,286	100	$ 3,521,900	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 17)	$ 2,631	-	$ 3,219	-
Trade payables (Notes 17 and 28)	358,991	12	503,631	14
Other payables (Notes 18 and 28)	374,338	12	409,371	12
Current tax liabilities (Note 24)	16,782	1	49,281	1
Provision - current (Note 19)	30,000	1	70,000	2
Other current liabilities (Note 18)	13,871	-	21,218	1
Total current liabilities	796,613	26	1,056,720	30
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 19)	20,000	1	30,000	1
Deferred tax liabilities (Note 24)	11,910	-	511	-
Other non-current liabilities (Note 18)	3,336	-	3,266	-
Total non-current liabilities	35,246	1	33,777	1
Total liabilities	831,859	27	1,090,497	31
EQUITY (Note 21)				
Share capital				
Ordinary shares	1,781,000	58	1,781,000	50
Capital surplus	66,778	2	66,778	2
Retained earnings				
Legal reserve	265,837	9	229,550	7
Special reserve	12,935	-	3,271	-
Unappropriated earnings	125,251	4	363,739	10
Total retained earnings	404,023	13	596,560	17
Other equity	(4,374)	-	(12,935)	-
Total equity	2,247,427	73	2,431,403	69
TOTAL	$ 3,079,286	100	$ 3,521,900	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors’ report dated March 24, 2023)

BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 22 and 28)	$ 2,222,219	100	$ 2,742,073	100
OPERATING COSTS (Notes 11, 23 and 28)	1,974,855	89	2,277,092	83
GROSS PROFIT	247,364	11	464,981	17
OPERATING EXPENSES (Notes 10, 23 and 28)				
Selling and marketing expenses	113,756	5	134,917	5
General and administrative expenses	43,248	2	62,220	2
Research and development expenses	69,812	4	96,168	4
Expected credit loss (gain)	1,000	-	(25,609)	(1)
Total operating expenses	227,816	11	267,696	10
PROFIT FROM OPERATIONS	19,548	-	197,285	7
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	14,384	1	8,735	-
Other income (Notes 23 and 28)	36,026	2	34,630	1
Other gains and losses (Notes 23 and 30)	(40,199)	(2)	143,139	5
Finance costs	(20)	-	(39)	-
Share of profit of subsidiaries	(12,670)	(1)	16,335	1
Total non-operating income and expenses	(2,479)	-	202,800	7
PROFIT BEFORE INCOME TAX	17,069	-	400,085	14
INCOME TAX EXPENSE (Note 24)	4,218	-	38,410	1
NET PROFIT FOR THE YEAR	12,851	-	361,675	13
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	10,415	-	1,500	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(2,083)	-	(300)	-
	8,332	-	1,200	-

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BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ 36,731	2	$ (9,227)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(20,824)	(1)	(2,282)	-
Income tax related to items that may be reclassified subsequently to profit or loss	(7,346)	-	1,845	-
	8,561	1	(9,664)	-
Other comprehensive loss for the period, net of income tax	16,893	1	(8,464)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 29,744	1	$ 353,211	13
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.07		$ 2.03	
Diluted	$ 0.07		$ 2.01	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2023) (Concluded)

BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2021	$ 1,781,000	$ 91,712	$ 224,663	$ 6,457	$ 48,871	$ 279,991	$ (12,750)	$ 9,479	$ (3,271)	$ 2,149,432
Appropriation of 2020 earnings										
Legal reserve	-	-	4,887	-	(4,887)	-	-	-	-	-
Cash dividends distributed by the Company	-	(24,934)	-	-	(46,306)	(46,306)	-	-	-	(71,240)
Special reserve reversed	-	-	-	(3,186)	3,186	-	-	-	-	-
	-	(24,934)	4,887	(3,186)	(48,007)	(46,306)	-	-	-	(71,240)
Net profit for the year ended December 31, 2021	-	-	-	-	361,675	361,675	-	-	-	361,675
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,200	1,200	(7,382)	(2,282)	(9,664)	(8,464)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	362,875	362,875	(7,382)	(2,282)	(9,664)	353,211
BALANCE AT DECEMBER 31, 2021	1,781,000	66,778	229,550	3,271	363,739	596,560	(20,132)	7,197	(12,935)	2,431,403
Appropriation of 2021 earnings										
Legal reserve	-	-	36,287	-	(36,287)	-	-	-	-	-
Special reserve	-	-	-	9,664	(9,664)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(213,720)	(213,720)	-	-	-	(213,720)
	-	-	36,287	9,664	(259,671)	(213,720)	-	-	-	(213,720)
Net profit for the year ended December 31, 2022	-	-	-	-	12,851	12,851	-	-	-	12,851
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	8,332	8,332	29,385	(20,824)	8,561	16,893
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	21,183	21,183	29,385	(20,824)	8,561	29,744
BALANCE AT DECEMBER 31, 2022	$ 1,781,000	$ 66,778	$ 265,837	$ 12,935	$ 125,251	$ 404,023	$ 9,253	$ (13,627)	$ (4,374)	$ 2,247,427

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2023)

BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 17,069	$ 400,085
Adjustments for:		
Depreciation expense	4,661	6,333
Expected credit loss recognized (reversed) on trade receivables	1,000	(25,609)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	83,932	(156,013)
Finance costs	20	39
Interest income	(14,384)	(8,735)
Dividend income	(14,717)	(12,839)
Share of the profit of subsidiaries	12,670	(16,335)
Net loss on disposal of financial assets	6,715	1,761
Write-down of inventories	51,073	34,267
Unrealized net loss (gain) on foreign currency exchange	(9,315)	29,471
Changes in operating assets and liabilities		
Notes receivable	-	4,619
Trade receivables	26,172	(6,703)
Trade receivables from related parties	(57,537)	6,446
Other receivables	(2,888)	60,416
Inventories	114,590	(387,331)
Other current assets	216	11,818
Other operating assets	(5,017)	296
Notes payable	(588)	12
Trade payables	(144,640)	73,589
Other payables	(35,033)	98,501
Provisions	(50,000)	-
Other current liabilities	(7,347)	11,363
Net defined benefit liabilities	5,005	(4,355)
Cash generated from/(used in) operations	(18,343)	121,096
Interest paid	(20)	(39)
Income taxes returned (paid)	(38,842)	722
Net cash generated from/(used in) operating activities	(57,205)	121,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(118,860)	(11,350)
Proceeds from sale of financial assets at fair value through other comprehensive income	51,747	8,003
Purchase of financial assets at fair value through profit or loss	(307,882)	(1,001,755)
Proceeds from sale of financial assets at fair value through profit or loss	723,109	1,027,557
Payments for property, plant and equipment	(1,777)	(1,367)

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BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in refundable deposits	$ 200	$ 985
Interest received	13,755	8,741
Dividends received	14,717	12,839
Net cash generated from investing activities	375,009	43,653
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	70	1
Dividends paid to owners of the Company	(213,720)	(71,240)
Net cash used in financing activities	(213,650)	(71,239)
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,154	94,193
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	598,995	504,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 703,149	$ 598,995

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2023) (Concluded)

BIOSTAR MICROTECH INT'L CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Biostar Microtech Int'L Corp. (the "Company") was incorporated in the Republic of China (ROC) in August 1990 and commenced business in November 1990. The Company mainly manufactures and sells computer motherboards, industrial computer and other computer peripheral products.

The Company's shares have been listed on the Taipei Exchange (TPEx) mainboard since December 1998. In December 1999 the Company increased its share capital, which are listed on Taiwan Stock Exchange (TWSE).

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 24, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has the application of other standards and interpretations will not have material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the Company’s financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in the Company’s financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the financial statements, the assets and liabilities of the Company and its foreign operations (including of the subsidiaries in other countries or those that use currencies that are different from the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, work-in-process and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost and stated at lower of cost or net realizable value on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in current profit or loss.

i. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivable and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at fair value through other comprehensive income.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss._

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment. Company are recognized as revenues and trade receivables when control of the merchandise is transferred to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when information verification service is rendered.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) is recognized as employee benefits expense in the period they occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represents the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 236	$ 303
Checking accounts and demand deposits	308,464	196,012
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	394,449	402,680
	$ 703.149	$ 598,995

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2022	**2021**
Demand deposits	0.001%-0.4%	0.001%-0.4%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 126,995	$ 399,291
Preference shares	18,661	23,380
Domestic listed shares	73,880	251,540
Overseas listed shares	-	42,065
	$ 219,536	$ 716,276
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 111,210	$ 113,770
Domestic unlisted preference shares	61,405	58,573
	$ 172,615	$ 172,343

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Debt Instruments at FVTOCI

	December 31	
	2022	2021
Current		
Foreign investments		
Government bonds	$ 205,657	$ 159,459

The Company adopted a policy of only investing only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Time deposits with original maturities of more than 3 months	$ 29,000	$ 29,000

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.785% and 0.41% per annum as of December 31, 2022 and 2021, respectively.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
Trade receivables		
At amortized cost		
Gross carrying amount	$ 82,521	$ 108,693
Less: Allowance for impairment loss	(4,000)	(3,000)
	$ 78,521	$ 105,693
Trade receivables from related parties	$ 226,674	$ 169,137
Other receivables		
Discount receivable	$ 12,591	$ 14,465
Other receivables from related parties	1,925	1,514
Interest receivables	673	44
Less: Allowance for impairment loss	-	(4,351)
	$ 15,189	$ 11,672

a. Trade receivables

The average credit period of sales of goods is 30-180 days. The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (include trade receivables from related parties) based on the Company's provision matrix.

December 31, 2022

	Not Past Due	1 to 30 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	5.47%	-	100%	
Gross carrying amount	$ 237,495	$ 71,636	$ -	$ 64	$ 309,195
Loss allowance (Lifetime ECLs)	(15)	(3,921)	-	(64)	(4,000)
Amortized cost	$ 237,480	$ 67,715	$ -	$ -	$ 305,195

December 31, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	1.02%	0.20%	-	100%	
Gross carrying amount	$ 254,198	$ 23,268	$ -	$ 364	$ 277,830
Loss allowance (Lifetime ECLs)	(2,589)	(47)	-	(364)	(3,000)
Amortized cost	$ 251,609	$ 23,221	$ -	$ -	$ 274,830

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 3,000	$ 32,960
Add: Net remeasurement of loss allowance	1,000	-
Less: Net remeasurement of loss allowance	-	(29,960)
Balance at December 31	$ 4,000	$ 3,000

b. Other receivables

The Company measures the loss allowance for other receivables at an amount equal to actual credit losses of customers; therefore, there is no uncertain recovery in addition to the amount as follows.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 4,351	$ -
Add: Net remeasurement of loss allowance	-	4,351
Less: Amounts written off	(4,351)	-
Balance at December 31	$ -	$ 4,351

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 324,030	$ 533,678
Work-in-process	61,514	58,796
Finished goods	306,499	265,232
	$ 692,043	$ 857,706

For the years ended December 31, 2022 and 2021, the cost of goods sold related to inventories amounted to $1,974,855 thousand and $2,277,092 thousand, respectively, which included the write-down of inventories $51,073 thousand and $34,267 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2022	2021
Unlisted equity investments		
Garnet International Corp.	$ 285,177	$ 254,552
Biostar Microtech (U.S.A.) Corp.	2,260	12,723
Biostar Microtech Europe Holding B.V.	46,992	43,299
Immense Wealth International Limited	9,799	9,593
	$ 344,228	$ 320,167

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Garnet International Corp.	100.00%	100.00%
Biostar Microtech (U.S.A.) Corp.	100.00%	100.00%
Biostar Microtech Europe Holding B.V.	100.00%	100.00%
Immense Wealth International Limited	100.00%	100.00%

Refer to Note 31 for the details of the subsidiaries indirectly held by the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2021	$ 97,344	$ 86,458	$ 5,591	$ 80,293	$ 269,686
Additions	-	419	-	948	1,367
Disposals	-	-	(3,512)	(233)	(3,745)
Balance at December 31, 2021	$ 97,344	$ 86,877	$ 2,079	$ 81,008	$ 267,308
Accumulated depreciation					
Balance at January 1, 2021	$ -	$ 51,397	$ 5,164	$ 77,538	$ 134,099
Depreciation expense	-	1,770	427	2,129	4,326
Disposals	-	-	(3,512)	(233)	(3,745)
Balance at December 31, 2021	$ -	$ 53,167	$ 2,079	$ 79,434	$ 134,680
Carrying amount at December 31, 2021	$ 97,344	$ 33,710	$ -	$ 1,574	$ 132,628
Cost					
Balance at January 1, 2022	$ 97,344	$ 86,877	$ 2,079	$ 81,008	$ 267,308
Additions	-	490	-	1,287	1,777
Disposals	-	(3,772)	(1,435)	(23,631)	(28,838)
Balance at December 31, 2022	$ 97,344	$ 83,595	$ 644	$ 58,664	$ 240,247
Accumulated depreciation					
Balance at January 1, 2022	$ -	$ 53,167	$ 2,079	$ 79,434	$ 134,680
Depreciation expense	-	1,707	-	948	2,655
Disposals	-	(3,772)	(1,435)	(23,631)	(28,838)
Balance at December 31, 2022	$ -	$ 51,102	$ 644	$ 56,751	$ 108,497
Carrying amount at December 31, 2022	$ 97,344	$ 32,493	$ -	$ 1,913	$ 131,750

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	28-55 years
Air-conditioning units	3-6 years
Machinery and equipment	3 years
Other equipment	2-4 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

14. LEASE ARRANGEMENTS

	December 31	
	2022	2021
Expenses relating to short-term leases	$ 1,387	$ 1,387
Total cash outflow for leases	$ (1,387)	$ (1,387)

The Company's leases of building qualify as short-term asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2021	$ 142,300	$ 104,069	$ 246,369
Addition	-	-	-
Balance at December 31, 2021	$ 142,300	$ 104,069	$ 246,369
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ -	$ 44,557	$ 44,557
Depreciation expense	-	2,007	2,007
Balance at December 31, 2021	$ -	$ 46,564	$ 46,564
Carrying amount at December 31, 2021	$ 142,300	$ 57,505	$ 199,805
Cost			
Balance at January 1, 2022	$ 142,300	$ 104,069	$ 246,369
Addition	-	-	-
Balance at December 31, 2022	$ 142,300	$ 104,069	$ 246,369
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 46,564	$ 46,564
Depreciation expense	-	2,006	2,006
Balance at December 31, 2022	$ -	$ 48,570	$ 48,570
Carrying amount at December 31, 2022	$ 142,300	$ 55,499	$ 197,799

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main buildings	55 years
Air-conditioning units	3-8 years
Other equipment	3-8 years

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Company determined that the fair value of the investment property is not reliably measurable.

The investment properties are leased out for 1 year. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2022	**2021**
Year 1	$ 9,483	$ 9,381

All of the Company's investment properties are proprietary owned. The investment properties pledged as collateral for bank borrowings are set out in Note 29.

16. OTHER ASSETS

	December 31	
	2022	**2021**
Current		
Prepayments	$ 5,104	$ 5,247
Others	319	392
	$ 5,423	$ 5,639
Non-current		
Refundable deposits	$ 384	$ 584
Net defined benefit assets (Note 20)	11,076	5,666
Others	5,017	-
	$ 16,477	$ 6,250

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	**2021**
Notes payable		
Operating	$ 2,631	$ 3,219
Trade payables		
Operating	$ 358,991	$ 503,631

The average credit period on purchases of raw materials was 30-120 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries and bonuses	$ 44,162	$ 100,883
Payables for processing fee	65,260	31,838
Others payables - related parties (Note 28)	264,916	276,650
	$ 374,338	$ 409,371
Other liabilities		
Advance receipts	$ 12,741	$ 20,169
Receipts under custody	1,130	1,049
	$ 13,871	$ 21,218
Non-current		
Guarantee deposits	$ 3,336	$ 3,266

19. PROVISIONS

	December 31	
	2022	2021
Current		
Warranties	$ 30,000	$ 70,000
Non-current		
Warranties	$ 20,000	$ 30,000

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 88,843	$ 86,601
Fair value of plan assets	(99,919)	(92,267)
Net defined benefit (assets) liability	$ (11,076)	$ (5,666)

Movements in net defined benefit liability (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2021	$ 86,588	$ (86,399)	$ 189
Service cost			
Current service cost	-	-	-
Net interest expense (income)	433	(433)	(10)
Recognized in profit or loss	433	(433)	(10)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,080)	(1,080)
Actuarial (gain) loss			
Changes in demographic assumptions	1,889	-	1,889
Changes in financial assumptions	(852)	-	(852)
Experience adjustments	(1,457)	-	(1,457)
Recognized in other comprehensive income	(420)	(1,080)	(1,500)
Contributions from the employer	-	(4,345)	(4,345)
Balance at December 31, 2021	$ 86,601	$ (92,267)	$ (5,666)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 86,601	$ (92,267)	$ (5,666)
Service cost			
Past service cost	5,041	-	5,041
Net interest expense (income)	541	(577)	(36)
Recognized in profit or loss	5,582	(577)	5,005
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,075)	(7,075)
Actuarial (gain) loss			
Changes in financial assumptions	(4,278)	-	(4,278)
Experience adjustments	938	-	938
Recognized in other comprehensive income	(3,340)	(7,075)	(10,415)
Contributions from the employer	-	-	-
Balance at December 31, 2022	$ 88,843	$ (99,919)	$ (11,076)

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.25%	0.63%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	$ (1,618)	$ (1,695)
0.25% decrease	$ 1,670	$ 1,752
Expected rate of salary increase		
0.25% increase	$ 1,623	$ 1,693
0.25% decrease	$ (1,581)	$ (1,647)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ -	$ -
Average duration of the defined benefit obligation	7.4 years	7.9 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	**2021**
Shares authorized (in thousands of shares)	220,000	220,000
Shares authorized	$ 2,200,000	$ 2,200,000
Shares issued and fully paid (in thousands of shares)	178,100	178,100
Shares issued	$ 1,781,000	$ 1,781,000

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital), may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23 (h).

The Company is in a steadily growing information industry. In order to meet the Company's long-term business development, future capital needs, long-term financial planning and shareholders' needs for cash inflows, the issuance of cash dividends takes precedence over the payment of share dividends. The aforementioned distribution ratio of cash dividends and share dividends are 50% to 100% and 0% to 50% of the total dividend, respectively.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meeting on June 23, 2022 and July 29, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 36,287	$ 4,887
Special reserve	$ 9,664	$ -
Reversal of special reserve	$ -	$ 3,186
Cash dividends	$ 213,720	$ 46,306
Cash dividends per share (NT$)	$ 1.20	$ 0.26

The Company's shareholders also resolved in the shareholders' meeting on July 29, 2021 to issue cash dividends of $24,934 thousand from the capital surplus.

d. Special reserve

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 3,271	$ 6,457
Appropriations in respect of		
Debits to other equity items	9,664	-
Reversals:		
Reversal of the debits to other equity items	-	(3,186)
Balance at December 31	$ 12,935	$ 3,271

On the first-time adoption of IFRSs, the Company appropriated for a special reserve of $2,493 thousand, the same amount as the exchange differences on translating the financial statements of foreign operations transferred to retained earnings.

If a proportionate share of the special reserve appropriated on the first-time adoption of IFRSs relates to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (20,132)	$ (12,750)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	29,385	(7,382)
Balance at December 31	$ 9,253	$ (20,132)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in exchange differences on the translation of the financial statements of foreign operations under other comprehensive income.

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 7,197	$ 9,479
Recognized for the year		
Unrealized gain/(loss) - debt instruments	(27,539)	(4,043)
Net remeasurement of loss allowance		
Reclassification adjustments		
Disposal of investments in debt instruments	6,715	1,761
Balance at December 31	$ (13,627)	$ 7,197

22. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	$ 2,222,219	$ 2,742,073

Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 10)	$ 309,195	$ 277,830	$ 277,573

23. NET (LOSS) PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 5,115	$ 686
Investments in financial assets at FVTOCI	9,269	8,049
	$ 14,384	$ 8,735

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income		
Investment properties	$ 12,270	$ 11,522
Dividends	14,717	12,839
Others	9,039	10,269
	$ 36,026	$ 34,630

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ (83,932)	$ 156,013
Net foreign exchange gains/(losses)	53,512	(5,369)
Gain/(loss) on disposal of financial assets		
Investments in debt instruments at FVTOCI	(6,715)	(1,761)
Others	(3,064)	(5,744)
	$ (40,199)	$ 143,139

d. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2022	2021
Inventories (included in operating costs)	$ (51,073)	$ (34,267)
Trade receivables	$ (1,000)	$ 29,960
Other receivables	$ -	$ (4,351)

e. Depreciation

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 13	$ 443
Operating expenses	2,642	3,883
Other expenses	2,006	2,007
	$ 4,661	$ 6,333

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Direct operating expenses of investment properties generating rental income	$ 2,818	$ 2,768

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 6,007	$ 5,830
Defined benefit plans (see Note 20)	5,005	(10)
	11,012	5,820
Other employee benefits	152,955	218,325
Total employee benefits expense	$ 163,967	$ 224,145
An analysis of employee benefits expense by function		
Operating costs	$ 17,423	$ 23,514
Operating expenses	146,544	200,631
	$ 163,967	$ 224,145

h. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at the rates 5%-15% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 24, 2023 and March 24, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	12.5%	12.5%
Remuneration of directors and supervisors	2.0%	2.0%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	$ 2,495	$ 58,492
Remuneration of directors and supervisors	399	9,359

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	$ 104,549	$ 40,448
Foreign exchange losses	(51,037)	(45,817)
	$ 53,512	$ (5,369)

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 22,627	$ 49,238
Income tax on unappropriated earnings	5,160	43
Adjustments for prior year	(25,729)	-
	3,796	49,281
Deferred tax		
In respect of the current year	422	(10,871)
Income tax expense recognized in profit or loss	$ 4,218	$ 38,410

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 17,069	$ 400,085
Income tax expense calculated at the statutory rate	$ 3,414	$ 80,017
Tax-exempt income	16,928	(34,126)
Income tax on unappropriated earnings	5,160	43
Unrecognized deductible temporary difference	4,445	(7,438)
Adjustments for prior years' tax	(25,729)	-
Income tax expense recognized in profit or loss	$ 4,218	$ 38,410

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Effect of change in tax rate		
In respect of the current year		
Translation of foreign operations	$ 7,346	$ (1,845)
Remeasurement of defined benefit plans	2,083	300
Total income tax recognized in other comprehensive income	$ 9,429	$ (1,545)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 2,866	$ 319
Current tax liabilities		
Income tax payable	$ 16,782	$ 49,281

d. Deferred tax assets and liabilities

The movements of deferred tax liabilities are as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized write down of inventories	$ 16,281	$ 10,215	$ -	$ 26,496
Unrealized provision	10,000	(5,000)	-	5,000
Impairment loss	329	(329)	-	-
Unrealized gross profit on associates and joint ventures	5,971	(199)	-	5,772
Defined benefit obligations	16	1,082	(1,098)	-
Unrealized loss on foreign currency exchange	4,214	(3,123)	-	1,091
	$ 36,811	$ 2,646	$ (1,098)	$ 38,359

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligations	$ -	$ -	$ 985	$ 985
Exchange differences on translating the financial statements of foreign operations	511	-	7,346	7,857
Other	-	3,068	-	3,068
	$ 511	$ 3,068	$ 8,331	$ 11,910

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized write down of inventories	$ 9,428	$ 6,853	$ -	$ 16,281
Unrealized provision	10,000	-	-	10,000
Impairment loss	595	(266)	-	329
Unrealized gross profit on associates and joint ventures	2,897	3,074	-	5,971
Defined benefit obligations	283	33	(300)	16
Unrealized loss on foreign currency exchange	1,800	2,414	-	4,214
	$ 25,003	$ 12,108	$ (300)	$ 36,811

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 1,119	$ 1,237	$ (1,845)	$ 511

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2026	$ -	$ 8,166
Expiry in 2028	-	25,718
Expiry in 2029	-	172,995
Expiry in 2030	-	538
	-	207,417
Deductible temporary differences		
Unrealized loss on investment	149,420	135,750
Impairment loss on financial asset	44,870	44,870
Unrealized provision	25,000	50,000
	219,290	230,620
	$ 219,290	$ 438,037

f. Income tax assessments

As of December 31, 2020, the tax returns have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 0.07	$ 2.03
Diluted earnings per share	$ 0.07	$ 2.01

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	178,100	178,100
Effect of potentially dilutive ordinary shares		
Compensation of employees	831	2,250
Weighted average number of ordinary shares used in the computation of diluted earnings per share	178,931	180,350

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except for the following, management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual fund	$ 126,995	$ -	$ -	$ 126,995
Preference shares	18,661	-	61,405	80,066
Domestic unlisted shares	73,880	-	111,210	185,090
	$ 219,536	$ -	$ 172,615	$ 392,151
Financial assets at FVTOCI				
Investment in debt instruments				
Bonds	$ 205,657	$ -	$ -	$ 205,657

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual fund	$ 399,291	$ -	$ -	$ 399,291
Preference shares	23,380	-	58,573	81,953
Domestic unlisted shares	293,605	-	113,770	407,375
	$ 716,276	$ -	$ 172,343	$ 888,619
Financial assets at FVTOCI				
Investment in debt instruments				
Bonds	$ 159,459	$ -	$ -	$ 159,459

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

December 31, 2022

Financial Assets	**Financial Assets at FVTPL** **Equity Instruments**
Balance at January 1, 2022	$ 172,343
Recognized in profit or loss (included in other gains and losses)	2,072
Sales	(1,800)
Balance at December 31, 2022	$ 172,615
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	$ 2,072

December 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments
Balance at January 1, 2021	$ 80,636
Recognized in profit or loss (included in other gains and losses)	(8,253)
Sales	99,960
Balance at December 31, 2021	$ 172,343
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	$ (8,253)

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the market approach.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 392,151	$ 888,619
Financial assets at amortized cost (1)	1,052,917	915,081
Financial assets at FVTOCI		
Debt instruments	205,657	159,459
Financial liabilities		
Amortized cost (2)	739,296	919,487

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, trade receivables from related parties, other receivables, financial assets at amortized cost, and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Company’s major financial instruments include equity investments, trade receivables, trade payables, and borrowings. The Company’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

<u>Sensitivity analysis</u>

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number indicates a decrease in pre-tax profit when the functional currency weakens by 5% against the relevant foreign currency.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss	$ 324	$ 522	$ 2,269	$ 63
Equity	16,721	15,529	490	480

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 629,106	$ 591,139
Cash flow interest rate risk		
Financial assets	305,519	192,744

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each assets outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis point higher/lower and all other variables were held constant, the Company's pre-tax loss and profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $764 thousand and $482 thousand, respectively.

The Company's sensitivity to interest rates increased during the current period mainly due to the increase in floating rate demand deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in bonds, stocks, and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $19,608 thousand and $44,431 thousand, respectively, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $10,283 thousand and $7,973 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Company could be equal to the total of the following:

The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral and factoring of trade receivables, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company transacts with a large number of unrelated customers; thus, no concentration of credit risk was observed.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in below.

Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities		
Amount used	$ -	$ -
Amount unused	500,000	500,000
	$ 500,000	$ 500,000

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this noted.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Biostar Microtech (U.S.A.) Corp.	Subsidiary
Garnet International Corp.	Subsidiary
Immense Wealth International Limited.	Subsidiary
Biostar Microtech Netherlands BV	Sub-subsidiary
Dong Guan Bromax Technology Co., Ltd.	Sub-subsidiary

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category	2022	2021
Sales	Sub-subsidiary		
	Biostar Microtech Netherlands BV	$ 271,366	$ 370,012
	Subsidiary		
	Biostar Microtech (U.S.A.) Corp.	318,392	343,017
	Other	23	3,705
		$ 589,781	$ 716,734

The terms of collection with the third parties, are 30-90 days; the terms of collection with the related parties are 90-180 days.

The sales prices and collection terms for transactions with related parties were not significantly difference from third parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2022	2021
Subsidiary	$ 4,015	$ 11,228

There was no significant difference between related parties and third parties regarding transaction terms of purchase prices and payment terms.

d. Receivables from related parties

Line Item	Related Party Category	December 31 2022	2021
Trade receivables from related parties	Subsidiary		
	Biostar Microtech (U.S.A.) Corp.	$ 170,384	$ 120,634
	Garnet International Corp.	-	160
		170,384	120,794
	Sub-subsidiary		
	Biostar Microtech Netherlands BV	56,290	48,343
		$ 226,674	$ 169,137
Other receivables	Other	$ 1,925	$ 1,514

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category	December 31 2022	2021
Trade payables	Subsidiary	$ 16,192	$ 12,469
Other payables	Subsidiary		
	Garnet International Corp.	$ 263,400	$ 276,512
	Biostar Microtech (U.S.A.) Corp.	169	-
		263,569	276,512
	Sub-subsidiary		
	Biostar Microtech Netherlands BV	129	$ 138
	Dong Guan Bromax Technology Co., Ltd.	1,218	-
		1,347	138
		$ 264,916	$ 276,650

The outstanding payables to related parties are unsecured.

f. Other transactions with related parties

1) The Company received salaries from expatriate for its sub-subsidiary Biostar Microtech Netherlands BV. for the year ended December 31, 2022, the salary of $1,504 thousand was listed as other income.

2) The Company received salaries from expatriate for its subsidiary Garnet International Corp. and Immense Wealth International Limited., Ltd. for the year ended December 31, 2021, the salary of $4,644 thousand was listed as other income.

3) The Company entrusted products process service from its subsidiary Garnet International Corp. for the years ended December 31, 2022 and 2021, the amounts of products processing fee were $9,798 thousand and $129,635 thousand, respectively.

4) The Company entrusted products process service from its sub-subsidiary Dong Guan Bromax Technology Co., Ltd. for the year ended December 31, 2022, the amount of products processing fee was $13,979 thousand.

5) The Company entrusted producing samples of the computer mainboards' for its subsidiary Garnet International Corp. for the year ended December 31, 2021, the amount of service fee was $1,548 thousand; the other fee from product maintenance and other service for the years ended December 31, 2022 and 2021, were $952 thousand and $13,915 thousand, respectively.

g. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	**2021**
Short-term employee benefits	$ 30,940	$ 48,709

The remuneration of directors and other key management personnel, as determined by the remuneration committee, was based on the performance of individuals and on market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings of property:

	December 31	
	2022	**2021**
Pledged deposits (classified as other current assets)	$ -	$ 148
Land and building (classified as Property, plant and equipment)	23,297	23,440
Land and building (classified as investment properties)	197,799	199,805
	$ 221,096	$ 223,393

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 22,371	30.710 (USD:NTD)	$ 687,013
RMB	10,736	4.408 (RMB:NTD)	47,325
			$ 734,388
Non-monetary items			
Investments accounted for using the equity method			
USD	10,890	30.710 (USD:NTD)	$ 334,429
RMB	2,223	4.408 (RMB:NTD)	9,799
Financial assets at fair value through profit of loss			
USD	4,743	30.710 (USD:NTD)	145,656
Financial assets at fair value through other comprehensive income			
USD	6,697	30.710 (USD:NTD)	205,657
			$ 695,541
Financial liabilities			
Monetary items			
USD	$ 22,160	30.710 (USD:NTD)	$ 680,528
RMB	440	4.408 (RMB:NTD)	1,939
			$ 682,467

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,378	27.680 (USD:NTD)	$ 813,174
RMB	292	4.344 (RMB:NTD)	1,267
			$ 814,441
Non-monetary items			
Investments accounted for using the equity method			
USD	11,220	27.680 (USD:NTD)	$ 310,574
RMB	2,208	4.344 (RMB:NTD)	9,593
Financial assets at fair value through profit of loss			
USD	6,927	27.680 (USD:NTD)	191,751
Financial assets at fair value through other comprehensive income			
USD	5,761	27.680 (USD:NTD)	159,459
			$ 671,377
Financial liabilities			
Monetary items			
USD	29,001	27.680 (USD:NTD)	$ 802,737

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Loss
USD	29.805 (USD:NTD)	$ 53,929	28.009 (USD:NTD)	$ (5,360)
RMB	4.422 (RMB:NTD)	(417)	4.342 (RMB:NTD)	(9)
		$ 53,512		$ (5,369)

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None).

2) Endorsements/guarantees provided (None).

3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 1).

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None).

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None).

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None).

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2).

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3).

9) Trading in derivative instruments (None).

b. Information on investees (Table 4).

c. Information on investment in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

TABLE 1

BIOSTAR MICROTECH INT'L CORP.

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Biostar Microtech Int'L Corp	Bonds							
	AMXLMM 5 3/8 04/04/32 - REGS - 5/8% 04 Apr 2032	None	Financial assets at fair value through other comprehensive income - current	300	$ 8,315	-	$ 8,315	
	ARGENTUM NETHERLANDS B.V. FRN 5 3/4% 15 August 2050	None	Financial assets at fair value through other comprehensive income - current	400	11,639	-	11,639	
	BARCLAYS 5.2% 12 May 2026	None	Financial assets at fair value through other comprehensive income - current	300	8,963	-	8,963	
	C 4.14 05/24/25 FRN 4, 14% 24 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,034	-	9,034	
	COMMERZBANK AG REG-S 8 1/8% 19 September 2023	None	Financial assets at fair value through other comprehensive income - current	300	9,285	-	9,285	
	HSBC 5.21 08/11/28 FRN 5.21% 11 August 2028	None	Financial assets at fair value through other comprehensive income - current	300	8,902	-	8,902	
	HYSAN 4.1 PERP FRN 4.1% 03 March 2169	None	Financial assets at fair value through other comprehensive income - current	300	7,909	-	7,909	
	JPM 3.9 07/15/25 3.9% 15 July 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,004	-	9,004	
	MQGAU 1.201 10/14/25 FRN - REGS - 1.201% 14 October 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,459	-	8,459	
	MS 3.62 04/17/25 FRN 3,62% 17 April 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,993	-	8,993	
	MUFG 2.193 02/25/25 2,193% 25 February 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,629	-	8,629	
	NSANY 4.81 09/17/30 - REGS - 4.81% 17 September 2030	None	Financial assets at fair value through other comprehensive income - current	700	18,295	-	18,295	
	ORACLE CORP 2.95% 15 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,748	-	8,748	
	QBE INSURANCE GROUP 6 3/4% 02 December 2044	None	Financial assets at fair value through other comprehensive income - current	400	11,974	-	11,974	
	SCGAU 5 1/8 09/24/2080 FRN - REGS - 5 1/8% 24 September 2080	None	Financial assets at fair value through other comprehensive income - current	500	12,867	-	12,867	
	SOCGEN 6.221 06/15/33 FRN - REGS - 6.221% 15 June 2033	None	Financial assets at fair value through other comprehensive income - current	300	8,650	-	8,650	
	STANLN 3.785 05/21/25 FRN - REGS - 3,785% 21 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,894	-	8,894	
	STANLN 3.971 03/30/26 FRN - REGS - 3.971% 30 March 2026	None	Financial assets at fair value through other comprehensive income - current	300	8,806	-	8,806	
	T-MOBILE USA INC 4 3/4% 01 February 2028	None	Financial assets at fair value through other comprehensive income - current	300	8,957	-	8,957	
	TRPCN 5 7/8 08/15/2076 FRN - 16-A - 5 7/8% 15 August 2076	None	Financial assets at fair value through other comprehensive income - current	350	10,217	-	10,217	
	VOD 4 1/8 06/04/2081 FRN 4 1/8% 04 June 2081	None	Financial assets at fair value through other comprehensive income - current	400	9,117	-	9,117	
					$ 205,657		$ 205,657	
	Mutual Funds							
	BLACKROCK ASIA TIGER BD USD DIS A3	None	Financial assets at fair value through profit or loss - current	40	$ 11,821	-	$ 11,821	
	BLACKROCK CHINA BOND USD HDG DIS A6	None	Financial assets at fair value through profit or loss - current	49	12,341	-	12,341	
	JPM GLB BOND OPPS FD USD DIST C MTH	None	Financial assets at fair value through profit or loss - current	5	14,601	-	14,601	
	JPM GLB HI YLD USD BD FD DIST - C-	None	Financial assets at fair value through profit or loss - current	6	15,668	-	15,668	
	JPM INCOME USD DIV C	None	Financial assets at fair value through profit or loss - current	5	13,388	-	13,388	
	MZNCH ENHANCEDYIELD ST USDHDGACC R	None	Financial assets at fair value through profit or loss - current	4	16,238	-	16,238	
	PIMCO GLBL IG CREDIT USD ACC INV	None	Financial assets at fair value through profit or loss - current	22	13,598	-	13,598	
	PIMCO INCOME FUND USD ACC INV	None	Financial assets at fair value through profit or loss - current	41	16,029	-	16,029	
	PIMCO INCOME FUND USD INC INV	None	Financial assets at fair value through profit or loss - current	47	13,311	-	13,311	
					$ 126,995		$ 126,995	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Preference Shares							
	ATHENE HOLDING LTD PFD PERP FRN A	None	Financial assets at fair value through profit or loss - current	15	$ 9,881	-	$ 9,881	
	AEGON FUNDING CORP II PFD	None	Financial assets at fair value through profit or loss - current	15	8,780	-	8,780	
					$ 18,661		$ 18,661	
	Domestic Listed Shares							
	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss - current	1,000	$ 40,700	-	$ 40,700	
	Arcadyan Technology Corporation	None	Financial assets at fair value through profit or loss - current	200	19,140	-	19,140	
	K. S. Terminals Inc.	None	Financial assets at fair value through profit or loss - current	200	14,040	-	14,040	
					$ 73,880		$ 73,880	
	Domestic Unlisted Shares							
	Gunitech Corp.	None	Financial assets at fair value through profit or loss - non-current	1,250	$ 11,250	12.50	$ 11,250	
	Phansco Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,250	-	13.82	-	
	Ostar Meditech Corp.	None	Financial assets at fair value through profit or loss - non-current	660	-	10.59	-	
	AMIC TECHNOLOGY CORPORATION	None	Financial assets at fair value through profit or loss - non-current	79	-	-	-	
	HODAD ELECTRONIC CO., LTD.	None	Financial assets at fair value through profit or loss - non-current	309	-	1.93	-	
	GenkiTek Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	500	-	15.63	-	
	BE Epitaxy Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	19,978	99,960	16.65	99,960	
					$ 111,210		$ 111,210	
	Domestic Unlisted Preference Shares							
	Element III Venture Capital Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,820	$ 28,701	5.39	$ 28,701	
	Element IV Venture Capital Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,000	32,704	11.45	32,704	
					$ 61,405		$ 61,405	

(Concluded)

BIOSTAR MICROTECH INT'L CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Biostar Microtech Int'L Corp.	Biostar Microtech (U.S.A.) Corp.	Subsidiary	Sales	$ 318,392	14.33	About 120 days	Normal	Normal	$ 170,384	55.83	
	Biostar Microtech Netherlands B.V.	Subsidiary	Sales	271,366	12.21	About 120 days	Normal	Normal	56,290	18.44	

TABLE 3

BIOSTAR MICROTECH INT’L CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Garnet International Corp.	Biostar Microtech Int’L Corp.	Parent	$ 263,400	-	$ -	-	$ -	$ -
Biostar Microtech Int’L Corp.	Biostar Microtech (U.S.A.) Corp.	Subsidiary	170,384	-	-	-	43,156	-

TABLE 4

BIOSTAR MICROTECH INT'L CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Biostar Microtech Int'L Corp.	Garnet International Corp.	British Virgin Islands	Manufacture and Sale of Mainboard, Industrial Computers, and Display Card	$ 327,523 (US$ 10,700)	$ 327,523 (US$ 10,700)	10,700	100	$ 285,177	$ 2,963	$ 2,963	Subsidiary
	Biostar Microtech (U.S.A.) Corp.	USA	Manufacture and Sale of Mainboard, Industrial Computers, and Display Card	93,990 (US$ 3,000)	93,990 (US$ 3,000)	3,000	100	2,260	(10,985)	(13,088)	Subsidiary
	Biostar Microtech Europe Holding B.V.	Netherlands	Investment Business	47,270 (EUR 1,000)	47,270 (EUR 1,000)	10	100	46,992	(5,713)	(2,610)	Subsidiary
	Immense Wealth International Limited.	Samoa	Investment Business	20,659 (US$ 700)	20,659 (US$ 700)	1,000	100	9,799	65	65	Subsidiary
Biostar Microtech Europe Holding B.V.	Biostar Microtech Netherlands B.V.	Netherlands	Manufacture and Sale of Mainboard, Industrial Computers, and Display Card	47,270 (EUR 1,000)	47,270 (EUR 1,000)	10	100	59,945 (US$ 1,952)	(5,702) (US$ -191)	(5,702) (US$ -191)	Sub-subsidiary

BIOSTAR MICROTECH INT'L CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

1. The name of investee company, main business and products, paid-in capital, investment method, remittance of funds, shareholding ratio, investment gain (loss), carrying amount, and repatriation of investment income of mainland China.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee (Note 1)	% Ownership of Direct or Indirect Investment	Investment Profit (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Dong Guan Biomax Technology Co., Ltd.	Electronic Technology Consulting Services	US$ 125 (RMB 764)	Indirect investment in mainland China through companies registered in a third region. (Notes 2 and 3)	$ -	$ -	$ -	$ -	$ (249) (RMB -56)	100	$ (249) (RMB -56)	$ 3,019 (RMB 56)	$ -
Hong Ren Yi Medical Equipment (Dongguan) Co., Ltd.	Manufacture and Sale of Medical Supplies and Equipments	RMB 4,500	Indirect investment in mainland China through companies registered in a third region. (Note 4)	20,043 (RMB 4,500)	-	-	20,043 (RMB 4,500)	(214) (RMB -48)	100	(214) (RMB -48)	(6,198) (RMB -1,406)	-

2.

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$655 (RMB4,500) $20,043	US$780 (RMB5,264) $23,954 (Note 5)	60% of net equity is $1,348,456 (Note 6)

Note 1: Calculated based on the financial statement audited by the accountant in the same period and shareholding percentage.

Note 2: Investment capital are from the investment in the third region, not remitted from Taiwan.

Note 3: The investment company in the third region is Garnet International Corp.

Note 4: The investment company in the third region is Immense Wealth International Limited.

Note 5: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs is converted from the exchange rate of NT$30.71 to US$1 on December 31, 2022.

Note 6: Calculated according to the third point of the Ministry of Economic Affairs' review principles for investment and technical cooperation in the mainland, the higher one between the company's net income and the combined net income is used.

TABLE 6

BIOSTAR MICROTECH INT'L CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Note 3	-	-

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 (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different basis in preparation.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the right to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

Note 3: There is no shareholder that owns over 5% of shares on December 31, 2022.

BIOSTAR MICROTECH INT'L CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash		
Cash on hand		$ 236
Demand deposits		
Checking and demand deposits		257,925
Foreign demand deposits	Including US$1,380 thousand @30.71, EUR64 thousand @32.72 and RMB1,344 thousand @4.41.	50,539
Cash equivalents		
Time deposits	Note	394,449
		$ 703,149

Note: Including NT$29,000 thousand, US$11,900 thousand with exchange rate of US$1=NT$30.71.

STATEMENT 2

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOST - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

Name	Name of Financial Assets	Shares	Par Value	Total Amount	Interest Rate	Acquisition Cost	Fair Value Unit Price	Fair Value Total Amount	Remark
Mutual fund	BLACKROCK ASIA TIGER BD USD DIS A3	40	-	$ -		$ 15,513	9.70	$ 11,821	Note
	BLACKROCK CHINA BOND USD HDG DIS A6	49	-	-		14,841	8.27	12,341	Note
	JPM GLB BOND OPPS FD USD DIST C MTH	5	-	-		15,292	89.12	14,601	Note
	JPM GLB HI YLD USD BD FD DIST -C-	6	-	-		16,203	92.20	15,668	Note
	JPM INCOME USD DIV C	5	-	-		14,841	85.37	13,388	Note
	MZNCH ENHANCEDYIELD ST USDHDGACC R	4	-	-		15,270	130.98	16,238	Note
	PIMCO GLBL IG CREDIT USD ACC INV	22	-	-		15,613	20.28	13,598	Note
	PIMCO INCOME FUND USD ACC INV	41	-	-		15,493	12.84	16,029	Note
	PIMCO INCOME FUND USD INC INV	47	-	-		14,296	9.31	13,311	Note
Stocks	UNITED MICROELECTRONICS CORP.	1,000	10	10,000		50,841	40.70	40,700	
	ARCADYAN TECHNOLOGY CORPORATION	200	10	2,000		24,741	95.70	19,140	
	K. S. TERMINALS INC.	200	10	2,000		14,512	70.20	14,040	
Preference stock	ATHENE HOLDING LTD PFD PERP FRN A	15	25	375		12,313	19.06	9,881	Note
	AEGON FUNDING CORP II PFD	15	25	375		11,630	21.45	8,780	Note
				$ 14,750		$ 251,399		$ 219,536	

Note: Unit price and par value in USD.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

Name	Name of Financial Assets	Shares	Acquisition Cost	Fair Value		Remark
				Unit Price	Total Amount	
Bonds	AMXLMM 5 3/8 04/04/32 - REGS - 5 3/8% 04 Apr 2032	300	$ 8,424	27.72	$ 8,315	
	ARGENTUM NETHERLANDS B.V. FRN 5 3/4% 15 Aug 2050	400	13,079	29.10	11,639	
	BARCLAYS 5.2% 12 May 2026	300	9,079	29.88	8,963	
	C 4.14 05/24/25 FRN 4,14% 24 May 2025	300	8,614	30.11	9,034	
	COMMERZBANK AG REG-S 8 1/8% 19 Sep 2023	300	8,946	30.95	9,285	
	HSBC 5.21 08/11/28 FRN 5.21% 11 Aug 2028	300	8,786	29.67	8,902	
	HYSAN 4.1 PERP FRN 4.1% 03 Mar 2169	300	8,691	26.36	7,909	
	JPM 3.9 07/15/25 3.9% 15 Jul 2025	300	8,926	30.01	9,004	
	MQGAU 1.201 10/14/25 FRN - REGS - 1.201% 14 Oct 2025	300	8,352	28.20	8,459	
	MS 3.62 04/17/25 FRN 3,62% 17 Apr 2025	300	8,570	29.98	8,993	
	MUFG 2.193 02/25/25 2,193% 25 Feb 2025	300	8,164	28.76	8,629	
	NSANY 4.81 09/17/30 - REGS - 4.81% 17 Sep 2030	700	19,715	26.14	18,295	
	ORACLE CORP 2.95% 15 May 2025	300	8,651	29.16	8,748	
	QBE INSURANCE GROUP 6 3/4% 02 Dec 2044	400	12,842	29.94	11,974	
	SCGAU 5 1/8 09/24/2080 FRN - REGS - 5 1/8% 24 Sep 2080	500	14,879	25.73	12,867	
	SOCGEN 6.221 06/15/33 FRN - REGS - 6.221% 15 Jun 2033	300	8,102	28.83	8,650	
	STANLN 3.785 05/21/25 FRN - REGS - 3,785% 21 May 2025	300	8,451	29.65	8,894	
	STANLN 3.971 03/30/26 FRN - REGS - 3.971% 30 Mar 2026	300	8,556	29.35	8,806	
	T-MOBILE USA INC 4 3/4% 01 Feb 2028	300	8,743	29.86	8,957	
	TRPCN 5 7/8 08/15/2076 FRN - 16-A - 5 7/8% 15 Aug 2076	350	11,741	29.19	10,217	
	VOD 4 1/8 06/04/2081 FRN 4 1/8% 04 Jun 2081	400	11,351	22.79	9,117	
			$ 212,662		$ 205,657	

STATEMENT 4

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Non-related party		
A Corporation	Payment	$ 21,086
Others (Note)	Payment	61,435
		82,521
Less: Allowance for impairment loss		(4,000)
		$ 78,521
Related party		
Biostar Microtech (U.S.A.) Corp.	Payment	$ 170,384
Biostar Microtech Netherlands B.V.	Payment	56,290
		$ 226,674

Note: The amount of individual clients does not exceed 5% of the account balance.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value
Raw materials	$ 393,033	$ 324,030
Work in process	62,188	61,514
Finished goods	369,301	306,499
	824,522	$ 692,043
Less: Allowance for inventory valuation losses	(132,479)	
	$ 692,043	

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

	Balance, January 1, 2022		Additions		Decreases		Balance, December 31, 2022		Provide Guarantee or Pledge	
Investees	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Fair Value**	**Situation**	**Remark**
Gunitech Corp.	1,250	$ 11,250	-	$ -	-	$ -	1,250	$ 11,250	No	
Phansco Co., Ltd.	1,250	-	-	-	-	-	1,250	-	No	
Ostar Meditech Corp.	660	-	-	-	-	-	660	-	No	
AMIC Technology Corporation	79	-	-	-	-	-	79	-	No	
Hodad Electronic Co., Ltd.	309	-	-	-	-	-	309	-	No	
Element III Venture Capital Co., Ltd.	3,000	29,192	-	-	180	491	2,820	28,701	No	Note
Element IV Venture Capital Co., Ltd.	3,000	29,381	-	3,323	-	-	3,000	32,704	No	Note
GenkiTek Technology Co., Ltd.	500	2,560	-	-	-	2,560	500	-	No	Note
BE Epitaxy Semiconductor Technology Co., Ltd.	19,978	99,960	-	-	-	-	19,978	99,960	No	
		$ 172,343		$ 3,323		$ 3,051		$ 172,615		

Note: Additions are due to the changes in fair value, and decreased is due to redeemed of preference stocks and the changes in fair value.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

	Balance, January 1, 2022		Additions		Decreases			Balance, December 31, 2022			Provide Guarantee or Pledge	
Investees	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Gain (Loss)**	**Shares**	**Amount**	**%**	**Situation**	**Remark**
Garnet International Corp.	10,700	$ 254,552	-	$ 27,662	-	$ -	$ 2,963	10,700	$ 285,177	100	No	Note
Biostar Microtech (U.S.A.) Corp.	3,000	12,723	-	2,625	-	-	(13,088)	3,000	2,260	100	No	Note
Biostar Microtech Europe Holdings B.V.	-	43,299	-	6,303	-	-	(2,610)	-	46,992	100	No	Note
Immense Wealth International Limited	1,000	9,593	-	141	-	-	65	1,000	9,799	100	No	Note
		$ 320,167		$ 36,731		$ -	$ (12,670)		$ 344,228			

Note: The changes this year are due to cumulative conversion adjustments.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Non-related party		
Lotes Co., Ltd.	Payment	$ 47,861
World Peace Industrial Co., Ltd.	Payment	35,949
Global Brands Manufacture Limited	Payment	34,876
Arrow Electronics Taiwan Ltd.	Payment	24,606
WT Microelectronics Co., Ltd.	Payment	24,462
Others (Note)	Payment	175,045
		342,799
Related party		
Biostar Microtech (U.S.A.) Corp.	Payment	6,974
Garnet International Corp.	Payment	9,218
		16,192
		$ 358,991

Note: The amount of individual clients does not exceed 5% of the account balance.

STATEMENT 9

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Numbers	Amount
Mainboard	947	$ 1,361,952
Industrial computers	61	178,877
Display card	85	274,459
SSDs	157	88,265
Electronic parts	-	189,583
Others	-	129,083
		$ 2,222,219

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct materials	
Raw materials, beginning of year	$ 599,390
Raw material purchased	1,679,926
Cost of raw materials sold	(176,790)
Transfer to finished goods	(251,883)
Others	(5,850)
Raw materials, end of year	(393,033)
	1,451,760
Manufacturing overhead	196,903
Manufacturing cost	1,648,663
Work in process, beginning of year	59,220
Work in process, end of year	(62,188)
Cost of finished goods	1,645,695
Finished goods, beginning of year	280,502
Raw material transfer	251,883
Finished goods, end of year	(369,301)
Others	(12,453)
Cost of manufacturing and sales	1,796,326
Cost of raw materials sold	176,790
Inventory valuation losses	51,073
Other operating costs	(49,334)
	$ 1,974,855

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Payroll expenses	$ 54,436	$ 25,220	$ 43,229	$ 122,885
Export expenses	18,410	-	-	18,410
Other expenses (Note)	41,910	18,028	26,583	86,521
	$ 114,756	$ 43,248	$ 69,812	$ 227,816

Note: The amount of each item does not exceed 5% of the account balance.

BIOSTAR MICROTECH INT’L CORP.

STATEMENT OF EMPLOYEE BENEFIT AND DEPRECIATION EXPENSE BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
Item	**Classified as Operating Cost**	**Classified as Operating Expense**	**Total**	**Classified as Operating Cost**	**Classified as Operating Expense**	**Total**
Employee benefit expenses						
Salary expenses	$ 14,625	$ 119,047	$ 133,672	$ 20,704	$ 169,751	$ 190,455
Labor and health insurance	1,429	10,279	11,708	1,389	11,511	12,900
Pension	685	10,327	11,012	679	5,141	5,820
Remuneration of directors	-	2,459	2,459	-	9,564	9,564
Others	684	4,432	5,116	742	4,664	5,406
	$ 17,423	$ 146,544	$ 163,967	$ 23,514	$ 200,631	$ 224,145
Depreciation expenses	$ 13	$ 4,648	$ 4,661	$ 443	$ 5,890	$ 6,333

Note:

1. For the years ended December 31, 2022 and 2021, the Company had 149 and 154 employees, respectively. There were 5 non-employee directors in both years.

2. For the year ended December 31, 2022, the average employee benefit expenses is $1,122 thousand. (Total employee benefit expenses for this year minus total remuneration of directors) ÷ (Total employees for this year minus non-employee directors).

3. For the year ended December 31, 2021, the average employee benefit expenses is $1,440 thousand. (Total employee benefit expenses for this year minus total remuneration of directors) ÷ (Total employees for this year minus non-employee directors).

4. For the year ended December 31, 2022, the average employee salary expense is $928 thousand. (Total employee salary expenses for this year) ÷ (Total employees for this year minus non-employee directors).

5. For the year ended December 31, 2021, the average employee salary expense is $1,278 thousand. (Total employee salary expenses for this year) ÷ (Total employees for this year minus non-employee directors).

6. The change in average employee salary expense was 27.39%. (The average of employee salary expenses for this year minus the average of employee salary expenses for last year) ÷ (The average of employee salary expenses for last year).

7. For the year ended December 31, 2022, the remuneration of supervisors is $0.

8. For the year ended December 31, 2021, the remuneration of supervisors is $1,900 thousand.

9. The Company’s remuneration of directors is reviewed and approved by the salary and compensation committee due to their contribution to the Company, performance, and the correlation between business and performance. The remuneration of general manager and vice general manager of the Company should be determined by the Human Resources Department of the Company in accordance with relevant regulations on performance appraisal, depending on individual performance and contribution to the Company’s overall operations. The remuneration of employees is determined based on individual performance and contribution to the Company’s overall operations.