CyberTAN Technology Inc.
Parent Company Only Financial Report
with Independent Auditors' Report
2022 and 2021
(Stock Code: 3062)

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

Financial Review No.22004899(2023)

To CyberTAN Technology Inc.:

Audit opinion

We have audited the standalone balance sheet of CyberTAN Technology Inc. (hereinafter referred to as the "CyberTAN") as at December 31, 2022 and 2021, the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only cash flow statement for the periods January 1 to December 31, 2022 and 2021, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the other matter section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent company only financial position of CyberTAN as at December 31, 2022 and 2021, and business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of CyberTAN in accordance with the Code of Ethics for Professional Accountants of the Republic of China and with other responsibilities of the Code of Ethics performed. According to our audits and other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for the opinion.

Key audit matters

The "key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2022 parent company only financial statements of CyberTAN. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2022 parent company only financial statements of CyberTAN are described as follows:

Evaluation of allowance for inventory valuation loss

Item Description

Regarding the accounting policies for the inventory valuation, please refer to Note

4(12) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the parent company only financial report; for description of inventory accounting titles, please refer to Note 6(4) to the parent company only financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2022 were NTD 104,528 thousand and NTD 2,866 thousand, respectively.

CyberTAN mainly involves in the sale of communication products manufactured by the subsidiaries. The risk caused by loss on inventory devaluation or the obsolescence of inventory may be higher due to the short life cycle and severe market competition. Inventory is evaluated by CyberTAN and its subsidiaries on the basis of the cost and net realizable value, whichever is lower. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the cost and net realizable value, whichever is lower, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN and its subsidiaries as well as the objective judgments of the management concerned during the identification of obsolescent or damaged inventory belong to the field to be determined during the audit, we listed the evaluation for the loss of allowance for inventory valuation of CyberTAN and its subsidiaries as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Adopted the acquired allowance policy for inventory devaluation of CyberTAN and its subsidiaries during the comparative period of financial statements and evaluated the reasonableness of the allowance policy.
2. Acquired the net realizable value statement of inventory cost, randomly checked related supporting documents and recalculated its accuracy, validated the appropriateness regarding the logic of inventory aging report system used for evaluation, conducted spot check for individual inventory number to confirm the degree of inventory closeout and information and evaluated the basis of net realizable value estimated by the management and its reasonableness.
3. Checked related information acquired during inventory taking process and inquired the management and personnel related to inventory to confirm conditions of obsolescent, remaining, older, out-of-fashion or damaged inventory neglected in the inventory details.

Evaluation for the loss of accounts receivable

Item Description

Regarding the accounting policies for the loss evaluation of accounts receivable, please refer to Note 4(9) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions regarding the loss evaluation of accounts receivable, please refer to Note 5(2) to the parent company only financial report; for description of accounts receivable accounting titles, please refer to Note 6(3) to the parent company only financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2022 were NTD 1,994,852 thousand and NTD 19,642 thousand, respectively.

CyberTAN regularly assess if there is objective evidence implicating the impairment of individual accounts receivable and the assessment method includes the consideration of overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections. The Group also calculates loss ratio based on past aging data statement and considers expected credit losses of industrial forward-looking evaluation to estimate the amount of loss allowance to be recognized. Because the estimation process involves the objective judgment of the management toward the preceding impairment evidence, the factor impacting the recognized amount of loss allowance tends to have high uncertainty, causing significant impact on the recoverable amount of accounts receivable. Therefore, we consider CyberTAN's evaluation for the impairment loss of accounts receivable as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Understand and evaluate the reasonableness of the allowance policy and procedure regarding the allowance loss of accounts receivables.
2. Acquire the aging data statement the management used to evaluate the expected credit loss ratio of accounts receivable, confirm its data source logic is consistently adopted and test relevant forms to confirm the correctness of its aging data.
3. Evaluate the reasonableness of the estimation used by the management to evaluate the expected credit loss ratio of accounts receivable and acquire related supporting documents, including forward-looking adjustment, disputable accounts, status of lasting aging, subsequent collection status, financial status impacting the customer and signs suggesting the customer is unable to pay as scheduled.

Other matters – Audit related to other CPAs

For the companies invested under equity method in the aforementioned parent company only financial statements of CyberTAN, we have not audited the financial statements which was prepared based on different financial report structure, instead other CPAs did. Therefore, our opinions expressed on the amount listed in said parent company only financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor' s report. The balances of the invested company under the equity method as of December 31, 2022 and 2021 were NTD 18,444 thousand and NTD 232,149 thousand, respectively. The comprehensive income recognized under the equity method for the said companies were NTD (17,728) thousand and NTD 11,890 thousand on January 1 to December 31, 2022 and 2021, respectively.

Responsibilities of Management and the Governance Unit with Governance of the Parent Company Only Financial Statements

The management is responsible for preparing the appropriate parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial statements. As a result, it can ensure material misstatement due to fraud or error is not pertained in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of CyberTAN to continue as a going concern, disclosing, as applicable, matters related to ongoing concerns and using the going concern basis of accounting unless management either intends to liquidate the CyberTAN or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of CyberTAN is responsible for supervising the financial reporting process.

Independent Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 and audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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. We acquire necessary understanding of the internal control mechanism that is related to the audit to design appropriate audit process for the situation at the time. The purpose of the knowledge is not expressing opinions to the effectiveness of the internal control mechanism of CyberTAN.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going concern capacity of CyberTAN exist, and whether there is major uncertainty. A conclusion will be made afterwards. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to

modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the CyberTAN to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the CyberTAN in order to express an opinion on the parent company only financial statements. The independent auditor is responsible for guiding, supervising, and implementing the individual audit of CyberTAN, and also for forming an audit opinion for the parent company only financial statements.

We communicate with the governance units 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 in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants of the Republic of China 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, (including related safeguards).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2022 parent company only financial statements of CyberTAN. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

PricewaterhouseCoopers Taiwan
FENG-MIN CHUAN
CPA
HSU-YUNG CHIEN
Former Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan
Approval Reference No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033
Former Securities and Futures Commission, Ministry of Finance
Approval No.: (84)Taiwan-Finance-Securities(6) No. 13377

March 15, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

	Assets	Notes	December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	Current assets							
1100	Cash and Cash Equivalents	6(1)	$	712,594	10	$	1,500,773	21
1136	Financial assets measured at amortized cost – current	6(2)		550,000	8		1,190,200	17
1170	Accounts receivable, net	6(3)		1,322,241	19		721,213	10
1180	Accounts receivable – the related party, net	6(3) and 7		652,969	9		318,085	5
1210	Other receivables- the related party	7		946,450	14		204,955	3
1220	Income tax assets in the current period			12,416	-		11,591	-
130X	Inventory	6(4)		101,662	1		105,220	2
1479	Other current assets – others			14,593	-		9,503	-
11XX	**Total current assets**			4,312,925	61		4,061,540	58
	Non-current assets							
1535	Financial assets measured at amortized cost -non-current	6(2) and 8		22,504	-		20,636	-
1550	Investment at equity method	6(5)		1,606,377	23		1,858,169	26
1600	Property, plant and equipment	6(6) and 7		601,458	9		611,160	9
1755	Right-of-use assets	6(7) and 7		227,264	3		243,558	4
1780	Intangible assets			1,739	-		-	-
1840	Deferred income tax assets	6(25)		63,003	1		27,159	-
1990	Other non-current assets – others	6(9)		209,021	3		203,255	3
15XX	**Total non-current assets**			2,731,366	39		2,963,937	42
1XXX	**Total assets**		$	7,044,291	100	$	7,025,477	100

(To be continued)

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 449,955	7	$ 570,450	8
2130	Contract liabilities – current	6(18)	54,820	1	33,384	1
2170	Accounts payable		1,001,387	14	481,135	7
2180	Accounts payable – the related party	7	19,541	-	74,007	1
2200	Other payables		103,277	2	85,888	1
2220	Other payables – the related party	7	3,356	-	5,078	-
2230	Income tax liabilities in the current period		-	-	8,301	-
2250	Liability reserve – current	6(13)	9,367	-	5,101	-
2280	Lease liabilities – current		17,889	-	16,989	-
2365	Refund liabilities – current		4,645	-	2,151	-
2399	Other current liabilities -others		75,865	1	31,053	-
21XX	**Total current liabilities**		1,740,102	25	1,313,537	18
	Non-current liabilities					
2550	Liability reserve – non-current	6(13)	9,144	-	9,367	-
2570	Deferred income tax liabilities	6(25)	5,573	-	15,770	-
2580	Lease liabilities – non-current		218,034	3	233,534	4
2600	Other non-current liabilities		6,571	-	6,990	-
25XX	**Total non-current liabilities**		239,322	3	265,661	4
2XXX	**Total liabilities**		1,979,424	28	1,579,198	22
	Equity					
	Capital stock	6(14)				
3110	Common stock		3,302,154	47	3,286,054	47
	Capital reserves	6(15)				
3200	Capital reserves		620,772	9	572,050	8
	Retained earnings	6(16)				
3310	Legal reserve		825,257	12	821,042	12
3320	Special reserve		122,154	2	187,892	3
3350	Undistributed earnings		393,963	5	701,395	10
	Other equity	6(17)				
3400	Other equity		(199,433)	(3)	(122,154)	(2)
3XXX	**Total equity**		5,064,867	72	5,446,279	78
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 7,044,291	100	$ 7,025,477	100

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

CyberTAN Technology Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousand
(Except the unit of earnings per share is NTD)

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(18) and 7	$ 5,737,047	100	$ 3,927,997	100
5000	Operating cost	6(4)(23) (24) and 7	(5,543,955)	(97)	(3,714,988)	(95)
5900	Operating gross profit		193,092	3	213,009	5
	Operating expense	6(23) (24) and 7				
6100	Selling expenses		(14,364)	-	(11,707)	-
6200	Administrative expenses		(86,723)	(2)	(58,394)	(2)
6300	R&D expenses		(249,355)	(4)	(249,469)	(6)
6450	Expected credit impairment losses	12(2)	(12,286)	-	1,526	-
6000	Total operating expenses		(362,728)	(6)	(318,044)	(8)
6900	Operating profits		(169,636)	(3)	(105,035)	(3)
	Non-operating revenue and expenses					
7100	Interest revenue	6(19)	10,998	-	9,198	-
7010	Other revenue	6(20) and 7	75,108	1	75,481	2
7020	Other gains and losses	6(21)	18,220	1	302,501	8
7050	Financial Costs	6(22) and 7	(23,891)	-	(7,861)	-
7070	Share of profit or loss of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(5)	(339,198)	(6)	(272,956)	(7)
7000	Total non-operating income and expense		(258,763)	(4)	106,363	3
7900	**Net (Loss)profit before tax**		(428,399)	(7)	1,328	-
7950	Income tax benefits	6(25)	61,725	1	23,065	1
8200	**Current net (Loss)profit**		($ 366,674)	(6)	$ 24,393	1
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(11)	$ 5,438	-	$ 499	-
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(17)	-	-	(407)	-
8330	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items not reclassified to profit or loss	6(5)	(69,487)	(1)	77,193	2
8349	Income tax related to items not reclassified	6(25)	(1,088)	-	(100)	-
8310	Total of items not reclassified to profit or loss		(65,137)	(1)	77,185	2
	Items may be reclassified to profit or loss subsequently					
8361	Exchange difference in the financial statement translation of the foreign operation	6(17)	32,671	-	8,251	-
8380	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(17)	12,912	-	(290)	-
8399	Income tax related to items may be reclassified	6(17) (25)	(6,535)	-	(1,650)	-
8360	Total of items may be reclassified to profit or loss subsequently		39,048	-	6,311	-
8300	**After-tax income of other comprehensive loss for the year**		($ 26,089)	(1)	$ 83,496	2
8500	**Total comprehensive income (loss) for the year**		($ 392,763)	(7)	$ 107,889	3
	Basic earnings per share					
9750	Total basic earnings per share	6(26)	($ 1.12)		$ 0.07	
	Diluted earnings per share					
9850	Total diluted earnings per share	6(26)	($ 1.12)		$ 0.07	

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	Common stock	Capital reserves	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Exchange difference in the financial statement translation of the foreign operation	Other equity: Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Other equity: Unearned compensation	Total
2021										
Balance at January 1, 2021		$ 3,286,054	$ 578,131	$ 816,159	$ 126,502	$ 774,807	($ 125,279)	($ 62,612)	$ -	$ 5,393,762
Current net profit		-	-	-	-	24,393	-	-	-	24,393
Other comprehensive income for the year	6(17)	-	-	-	-	2,475	6,331	74,710	-	83,496
Total comprehensive income for the year		-	-	-	-	26,868	6,331	74,710	-	107,889
Appropriation and allocation of earnings in 2020	6(16)									
Legal reserve		-	-	4,883	-	(4,883)	-	-	-	-
Special reserve		-	-	-	61,390	(61,390)	-	-	-	-
Allocation of cash dividends		-	-	-	-	(49,291)	-	-	-	(49,291)
Disposal of equity instrument measured at fair value through other comprehensive income	6(17)	-	-	-	-	24,746	-	(24,746)	-	-
Disposal of Investment at equity method	6(15)(17)	-	(6,081)	-	-	(9,462)	-	9,462	-	(6,081)
Balance at December 31, 2021		$ 3,286,054	$ 572,050	$ 821,042	$ 187,892	$ 701,395	($ 118,968)	($ 3,168)	$ -	$ 5,446,279
2022										
Balance at January 1, 2022		$ 3,286,054	$ 572,050	$ 821,042	$ 187,892	$ 701,395	($ 118,968)	($ 3,186)	$ -	$ 5,446,279
Current net profit (loss)		-	-	-	-	(366,674)	-	-	-	(366,674)
Other comprehensive income for the year	6(17)	-	-	-	-	12,425	39,048	(77,562)	-	(26,089)
Total comprehensive income for the year		-	-	-	-	(354,249)	39,048	(77,562)	-	(392,763)
Appropriations of 2021 earnings	6(16)									
Legal reserve		-	-	4,215	-	(4,215)	-	-	-	-
Reversal of special reserve		-	-	-	(65,738)	65,738	-	-	-	-
Allocation of cash dividends		-	-	-	-	(16,430)	-	-	-	(16,430)
Disposal of equity instrument measured at fair value through other comprehensive income	6(17)	-	-	-	-	1,856	-	(1,856)	-	-
Issuance of employee restricted shares	6(12)(14)(15)	16,100	28,392	-	-	-	-	-	(44,492)	-
Compensation cost of share-based payments	6(17)	-	-	-	-	-	-	-	7,451	7,451
Recognition of change in equity of associates not in proportion to the Company's ownership	6(6)(15)	-	20,459	-	-	-	-	-	-	20,459
Disposal of Investment at equity method	6(15)(17)	-	(129)	-	-	(132)	-	132	-	(129)
Balance at December 31, 2022		$ 3,302,154	$ 620,772	$ 825,257	$ 122,154	$ 393,963	($ 79,920)	($ 82,472)	($ 37,041)	$ 5,064,867

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

CyberTAN Technology Inc.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flow from operating activities			
Net profit (loss) before tax in the current period		($ 428,399)	$ 1,328
Adjustment items			
Income/expenses items without impact on cash flow			
Depreciation expenses	6(23)	45,295	43,534
Miscellaneous expenses – depreciation expenses	6(21)	20,533	21,075
Amortization expenses	6(23)	1,950	126
Expected credit impairment losses	12(2)	12,286	(1,526)
Interest expenses	6(22)	23,891	7,861
Miscellaneous expenses – interest expenses	6(21)	2,334	2,473
Interest revenue	6(19)	(10,998)	(9,198)
Dividend revenue	6(2)(20)	-	(408)
Transactions of share-based payments	6(12)	7,451	-
Share of losses of from subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(5)	339,198	272,956
Gains on disposal of investments under equity method	6(21)	(4,039)	(330,596)
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Accounts receivable		(613,314)	(35,983)
Accounts receivable – the related party		(334,884)	328,025
Other receivables- the related party		(741,495)	(160,837)
Inventory		3,558	(77,112)
Other current assets – others		(5,124)	(4,361)
Other non-current assets		(327)	26
Net changes of liabilities related to operating activities			
Contract liabilities – current		21,436	(20,099)
Accounts payable		520,252	(131,205)
Accounts payable – the related party		(54,466)	(9,708)
Other payables		12,217	17,058
Other payables – the related party		(1,722)	(6,017)
Refund liabilities – current		2,494	290
Liability reserve		4,043	(22,663)
Other current liabilities -others		44,812	(61,888)
Cash inflow from operations		(1,133,018)	(176,849)
Paid income tax		(1,064)	(27,059)
Net cash outflow from operating activities		(1,134,082)	(203,908)
Cash flow from investing activities			
Return of capital from financial assets measured at fair value through other comprehensive income		-	1,260
Disposal of financial assets measured at amortized cost - current		638,332	152,000
Disposal of investment price under equity method	6(5)	6,125	490,062
Acquisition of investments accounted for using equity method	6(5)	(95,511)	-
Refunds from decapitalization of the invested company under the equity method	6(5)	-	5,000
Allocation of cash dividends from affiliated companies under the equity method	6(5)	2,445	434
Acquisition of property, plant, and equipment	6(6)	(38,233)	(25,932)
Disposal of property, plant, and equipment proceeds		1,594	-
Purchase of intangible assets		(3,689)	-
Dividends received		-	408
Interest received		11,030	9,362

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

CyberTAN Technology Inc.

Parent Company Only Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	January 1 to December 31, 2022	January 1 to December 31, 2021
Net cash inflow (outflow) from investing activities		522,093	632,594
Cash flow from financing activities			
Decrease in short-term loans		(120,495)	(117,963)
Decrease (Increase) in guarantee deposits		(419)	3,767
Repayment of lease principal	6(27)	(17,793)	(16,829)
Allocation of cash dividends	6(16)	(16,430)	(49,291)
Interest paid		(21,053)	(10,518)
Net cash outflow from financing activities		(176,190)	(190,834)
(Decrease) Increase in cash and cash equivalents in the current period		(788,179)	237,852
Balance of cash and cash equivalents, beginning		1,500,773	1,262,921
Balance of cash and cash equivalents, ending		$ 712,594	$ 1,500,773

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

CyberTAN Technology Inc.
Notes to Parent Company Only Financial Statements
2022 and 2021

Unit: NTD thousand
(Unless otherwise specified)

I. Company History and Business Scope

CyberTAN Technology Inc. (hereinafter referred to as the "the Company") was established in the Republic of China. We mainly engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers, gateways, virtual private networks, firewalls, Layer 3 and Layer 4 switches, wired broadband network security router and wireless broadband network security router.

II. Approval Date and Procedures of the Financial Statements

The parent company only financial report was released after being approved by the board of directors on March 15, 2023.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed and effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following are applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed and effective by the FSC in 2022:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 – 2020 Cycle	January 1, 2022

(Note) The FSC approved that the enterprise can apply this amendment earlier on January 1, 2021.

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(II) Effect of not adopting the new promulgated or revised IFRS, IAS, IFRIC, and SIC endorsed by the FSC

The following are applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2023:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IAS 1, "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8, "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(III) Impacts of IFRS issued by IASB but not yet approved by FSC

The following are the IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
Amendments to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 –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

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

IV. Summary of Significant Accounting Policies

The major accounting policies applied to prepare the parent company only financial statements are as follows. Unless otherwise provided, the policies have been applied during all the presentation period.

(I) Compliance Statement

The present company only financial report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(II) Basis of preparation

1. Except the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
   (1) Financial instruments and liabilities (including derivatives) measured at fair value through profit or loss based on fair value.
   (2) Measurement at fair value through other comprehensive income based on fair value.
   (3) Defined benefit liability stated based on the net after pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial report that complies with the IFRS, IAS, IFRIC and SIC (hereinafter referred to as the "IFRSs") endorsed and effective by FSC requires some important accounting estimates. The application of the Group's accounting policy also requires the management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the consolidated financial report, please refer to the description in Note 5.

(III) Translation of foreign currency

Each item listed in the parent company only financial statements of the Company is measured by the currency of the primary economic environment in which the business department situated (i.e. functional currency). The parent company only financial report was prepared in the Company's functional currency, "NTD."

1. Foreign currency transaction and balance

   (1) Foreign currency transaction converts the conversion difference generated by the transaction to functional currency adopting the spot exchange rate on the date of transactions or measurement date and recognizes the difference as current profit or loss.

   (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.

   (3) For non-monetary assets and balance of liabilities in foreign currency, those measured at fair value through profit or loss are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss; those measured at fair value through other comprehensive income are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as other comprehensive income item; those not measured at fair value are measured at historical exchange rate on initial transaction date.

   (4) All exchange gain or loss is listed in "Other Profit and Loss" of profit and loss statement.

2. Translation of the foreign operation

   (1) For all Company's entities, affiliated companies and joint agreements with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency by the following method:

      A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date;

      B. The profits and losses presented in each statement of comprehensive income were translated in accordance with the average exchange rates in current period; and

      C. All resulted exchange differences were recognized under other comprehensive income.

   (2) When the foreign operation for partial disposal or selling is a subsidiary, the accumulated exchange differences recognized under other comprehensive income are reattributed proportionally as non-controlling equity of the subsidiaries. However, when the Company maintains partial rights of the former subsidiary but losses the control over the subsidiary included in the foreign operation institutions, it is conducted based on the disposal of all equity in the foreign operation institutions.

(IV) Classification of assets and liabilities as current and non-current

1. Assets that match any of the following conditions shall be classified as current assets:

   (1) Assets expected to be realized, intent to be sold or consumed over the normal operating cycles.

   (2) Primarily for trading purposes.

(3) Assets expected to be realized within 12 months after the balance sheet date.

(4) Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted in more than 12 months after the balance sheet date.

The Company listed all assets that did not comply with the following conditions as non-current assets.

2. Assets that match any of the following conditions shall be classified as current liabilities:

(1) Liabilities expected to be settled in normal business cycle.

(2) Primarily for trading purposes.

(3) Liabilities expected to be settled within 12 months after the balance sheet date.

(4) Liabilities with settlement period which cannot be unconditionally deferred for at least 12 months after the date of the balance sheet. Liabilities under the terms that give counterparties the option repay in the form of equity instruments and without the effect on their classification due to such terms

The Company listed all assets that did not comply with the following conditions as non-current liabilities.

(V) Cash equivalents

Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment shall be classified cash equivalents.

(VI) Financial assets at fair value through other comprehensive income

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(1) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets ;and

(2) The assets contractual cash flows represent solely payments of principal and interest.

2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

3. At initial recognition, the company measures the financial assets at fair value plus transaction costs. The company subsequently measures the financial assets at fair value:

(1) The changes in fair value of equity investments that were recognized in other comprehensive income are re classified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(2) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the change in fair value of debt instruments are taken through other comprehensive income. When the financial

asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(VII) Financial assets measured at amortized cost

1. This refers to those meeting the following conditions at the same time:
   (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
   (2) 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.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.
3. The time deposit not complying with cash equivalents held by the Company is measured at investment amount since the impact of discounting was insignificant.

(VIII) Accounts receivable

1. This refers to accounts from the rights to receive consideration without any condition due to commodity transfer or labor service based on contract agreement.
2. This belongs to short-term accounts receivable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(IX) Impairment of financial assets

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost and accounts receivable or rentals receivable that comprises material financial parts, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date, the Company measures the loss allowance based on 12-month expected credit losses for those without significant increase in credit risk after initial recognition; for those with significant increase in credit risk after initial recognition, the loss allowance is measured based on the amount of the expected credit losses throughout the duration; for accounts receivable excluding material financial parts or contract assets, the allowance loss is measured at the amount of the expected credit losses throughout the duration.

(X) Derecognition of the financial assets

The Company will derecognize financial assets only in the event where the interests on a contract for financial assets-based cash flow ceased to be effective.

(XI) Operating lease (lessor)

The lease income from operating lease deducting any given incentives of the lessee is amortized and recognized as current profit or loss under straight-line method over the lease period.

(XII) Inventory

Inventories are measured at the lower of cost or net realizable value while the cost is determined by weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity).It excludes loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value 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.

(XIII) Investment/subsidiaries and affiliated companies under the equity method

1. Subsidiaries mean the entities controlled by the Company (including structured entities). When the Company is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Company is held controlling the entities.
2. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company equal to or exceed its equity in the subsidiaries, the Company continues the recognition of the losses based on the shareholding ratio.
4. The affiliated companies refer to the entity in which the Company has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Company in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
5. The shares in profit or loss acquired from affiliated companies by the Company were recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Company's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Company does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Company made payment on behalf of the affiliated companies.
6. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Company, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Company.
7. The unrealized profit or loss deriving from the transactions between the Company and the affiliated companies were written off based on the equity ratio of the affiliated companies; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company forfeits its material influence over the affiliated companies, if the Group disposes the affiliated companies, the accounting treatment for the values related to the affiliated companies as stated into other comprehensive income previously is identical with the basis for the Company's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed thereof, the gain or loss shall be reclassified into income from equity, when the Company has no

significant impact on the affiliated companies. Provided that where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on the proportion.

9. According to regulations of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

(XIV) Property, plant and equipment

1. Property, plant and equipment is accounted at acquisition cost at initiation and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such item will probable inflow to the Company and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss upon occurring.
3. The subsequent measurement of property, plant, and equipment adopts the cost model and the depreciation is calculated over the estimated useful lives in accordance with the straight-line method. The property, plant and equipment are depreciated and for each and every major part individually.
4. The Company at least reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the accounting estimate of IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of change. The useful life of each asset are as follows:

House and buildings	3 years to 41 years
(The useful life of interior construction is 3–10 years)	
Machinery and equipment	3 years to 10 years
Transportation equipment	5 years
Office equipment	2 years to 10 years
Other equipment	2 years to 5 years

(XV) Lease transactions of lessee – right-of-use assets/lease liabilities

1. The lease asset is recognized as right-of-use assets and lease liabilities upon the date available for use by the Company. When the lease contract is short-term lease or low-valued underlying asset lease, the lease payment is recognized as expenses on a straight-line method within the lease period.
2. The unpaid lease payment is recognized as lease liability based on present value discounted at the Company's incremental borrowing rate of interest on the start date of

lease. The lease payment includes:

Subsequently, it is measured at the amortized cost under the interest method, and the interest expenses are recognized during the lease period. When changes in lease term or lease payment are not caused by contract modification, lease liabilities will be reevaluated and the remeasurement will be used to adjust right-of-use assets.

3. The right-of-use assets are recognized based on the cost on the starting date of the lease, the cost includes:

(1) The original measured amount of lease liability;

(2) Any lease payment paid before or on the starting date;

(3) Initial direct costs incurred; and

The subsequence is measured by cost model and the right-of-use assets provide depreciation from the starting date of lease, up to the durable life expires or the lease period expires, the earlier prevails. When the lease liabilities are reassessed, the right-of-use assets will adjust any remeasurement of the lease liabilities.

(XVI) Intangible assets

1. Computer software

The computer software is recognized by acquisition cost and is amortized under straight-line method based on 1 years of useful life.

2. Goodwill

The goodwill is generated due to acquisition method adopted for business merger.

(XVII) Impairment of non-financial assets

1. The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset’s face value. The recoverable amount is the fair value of an asset less the disposition cost or the use value, whichever is higher. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.
2. The recoverable amount of goodwill shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.
3. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(XVIII) Loans

This refers to the long-term and short-term amounts borrowed from the bank. Loans of the Company is measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price lessing trading cost and redemption value, its interest expenses shall be recognized in profit or loss based on amortized procedure under effective interest method within the outstanding period.

(XIX) Accounts payable

1. This means debt generated from the purchase of materials, commodities or labor services on credit.
2. This belongs to short-term accounts payable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(XX) Derecognition of the financial liabilities

The Company will have the financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

(XXI) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXII) Liability reserve

The reserve for warranty liabilities shall be recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is measured by best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of current market toward the time value of money and the liabilities and the discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the reserve for liabilities.

(XXIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.
2. Pension

   (1) Defined appropriation plan

   Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

   (2) Defined benefit plan

   A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary uses the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency exposure and maturity date as the obligations on the balance sheet date.

B. The remeasurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

3. Remuneration to employees and directors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate. If the remuneration to employees is paid with stock shares, the basis for calculating the number of shares shall be the closing price on the day preceding to the day of resolution made by the shareholders' meeting.

(XXIV) Employee share-based payment

Restricted stocks:

(1) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
(2) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to turn the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
(3) For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign during the vesting period, the restricted stocks will be buy back from the Group, and the price to be paid is estimated and recognized as compensation cost and liability on the date of grant in accordance with the terms and conditions of the issuance.

(XXV) Income Tax

1. The income tax expenses consist of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.
2. The Company calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Undistributed earnings, if any, shall be levied income tax. The income tax expenses for undistributed earnings will be stated in the year next to the year when the earnings are generated, upon approval of the motion for allocation of earnings at

a shareholders' meeting.

3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized; insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.
4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be reevaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

(XXVI) Capital stock

Common share is classified as equity. The net amount directly attributable to new shares issuing or additional cost of stock option is recognized as deduction of proceeds in the equity after deducting income tax.

(XXVII) Allocation of dividends

The dividends allocated to the Company's shareholders are recognized in the financial report upon allocation of dividends resolved by the shareholders' meeting of the Company. The distributed cash dividend is recognized as liabilities and the distributed stock dividend is recognized as stock dividend to be distributed and reclassified as common shares on the date of new share issuance.

(XXVIII) Recognition of revenue

1. Sale of goods

(1) The Company researches and develops, manufactures and sells products related to wire communication and wireless broadband network. The sales revenue is

recognized upon the transfer of product control to the customer, i.e. the timing when the product is delivered to the buyer, the buyer has the discretionary power regarding the selling channels and prices of product and the Company has no unfulfilled contract obligations that may affect the reception of such product by the buyer. When the product is delivered to the specified location, the risk of obsolescence and loss is transferred to the buyer and the buyer accepts the product based on the sales contract or there is objective evidence indicating all acceptance standards has been met, the commodity delivery is thus completed.

(2) The sales revenue of communication products is recognized by net amount of contract price deducting estimated sales discount. Generally, the sales discount for the customer is calculated based on accumulated sale volume of 12 months. The Company adopts expected value method to estimate sales discount based on historical experience. The revenue amount is recognized only within the scope of height may not result in significant reversal and the estimate is updated on each balance sheet date. As of the balance sheet date, the estimated sales discount payable to the customer related to the sales is recognized as refund liabilities. The collection conditions of trading are agreed based on general business trading mode.

(3) The Company provides standard warranty for products sold and has responsibility to provide refund for products with defect, which is recognized in reserve for liabilities upon sales.

(4) The accounts receivable is recognized upon the delivery of product to the customer because the Company has unconditional rights to contract proceeds since that timing and can collect consideration from the customer after that time.

2. Cost of acquiring customer contract

The Company expected to recover the additional cost generated from the acquisition of customer contract. However, the related contract term is less than one year so such cost shall be recognized in expenses when incurred.

(XXIX) Government grants

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

V. Major sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent company only financial report of the Company, the management decided the adopted accounting policy by their judgment and made accounting estimates and assumptions based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date. The actual results might be different from the major accounting estimates and assumptions, so the historical experience and other factors will be considered for constant evaluation and adjustment. The Company has considered the economic impact of the novel coronavirus as a significant accounting estimate and will continue to evaluate the impact on its financial position and financial performance. The following are the description of uncertainty to significant accounting judgments, estimates and assumptions:

(I) Significant judgments on choice of accounting policy

None.

(II) Accounting estimates and assumptions

1. Valuation of inventory

Inventory shall be evaluated on the basis of the lower the cost and net realizable value. As a result, the Company must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the repaid transformation of technology, the Company assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value on the balance sheet date. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore significant changes may occur.

As of December 31, 2022, the book value of the Company's inventory was NTD 101,662.

2. Evaluation for the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Company uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Company also calculates loss ratio based on past aging data statement and considers the industrial forward-looking evaluation to estimate credit loss rate. This requires subjective judgment and the reserve matrix as the basis to estimate the possible credit loss.

As of December 31, 2022, the book value of accounts receivable (including the related party) after recognizing the credit loss by the Company was NTD 1,975,210.

VI. Explanation of Important Accounting Titles

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working fund	$ 542	$ 277
Checking deposit and current deposits	160,942	97,819
Time deposit	301,000	789,000
Cash equivalents – repurchase bonds	250,110	613,677
Total	$ 712,594	$ 1,500,773

1. The financial institutions trading with the Company are reputable banks and the Company trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The Company has reclassified time deposit with the initial maturity date over three months and limitation to item of "Financial assets measured at amortized cost." Please refer to the description in Note 6, (2).

(II) Financial assets measured at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposit expired over three months	$ 550,000	$ 1,190,200
Non-current items:		

Pledged time deposit	$ 22,504	$ 20,636

1. Without taking into account the collaterals or credit enhancement held by the Company, for the financial assets measured at amortized cost that best represents the Company, the maximum amounts of credit risk exposure as of December 31, 2022 and 2021 were the book balance, respectively.
2. The counterparty invested by the Company has good credit risk.
3. For pledged financial assets measured at amortized cost by the Company, please refer to Note 8.

(III) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 1,341,883	$ 728,569
Accounts receivable – the related party	652,969	318,085
Less: Allowance loss	(19,642)	(7,356)
	$ 1,975,210	$ 1,039,298

1. For aging analysis of notes and accounts receivable (including the related party), please refer to Note 12, (2).
2. The balances of notes and accounts receivable as of December 31, 2022 and 2021 were generated by the customer's contract. Also, the balance of accounts receivable from the customer's contract was NTD 1,338,695 as of January 1, 2021.
3. The notes and accounts receivable (including the related party) of the Company does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Company, for the notes and accounts receivable that best represents the Company, the maximum credit risk exposure amounts as of December 31, 2022 and 2021 were the book balance, respectively.
5. For the information related to credit risks, please refer to Note 12, (2).

(IV) Inventory

	December 31, 2022		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 43,628	($ 78)	$ 43,549
Semi-finished goods	60	(58)	2
Finished products	60,840	(2,729)	58,111
Total	$ 104,528	($ 2,866)	$ 101,662

	December 31, 2021		
	Costs	Costs	Book amount
Materials	$ 82,835	($ 1)	$ 82,834
Semi-finished goods	60	(20)	40
Finished products	23,223	(877)	22,346
Total	$ 106,118	($ 898)	$ 105,220

The inventory cost recognized in expenses in current period by the Company:

	2022	2021
Cost of sold inventory	$ 5,541,985	$ 3,716,054
Devaluation loss (Revaluation gain)	1,968	(1,066)
	$ 5,543,955	$ 3,714,988

Due to the destocking, the Company benefited from a decline in the value of inventory in 2022.

(V) Investment at equity method

	2022	2021
January 1	$ 1,858,169	$ 2,216,952
Addition of investments accounted for using equity method	95,511	-
Disposal of investments at accounted for using equity method	(2,215)	(165,547)
Refunds from decapitalization of investment under the equity method	-	(5,000)
Cash dividend distributed from investment under the equity method	(2,445)	(434)
Share of profit or loss from investment under the equity method	(339,198)	(272,956)
Changes in capital surplus	20,459	-
Other comprehensive income under the equity method	(69,487)	77,193
Exchange difference in the financial statement translation of the foreign operation	45,583	7,961
December 31	$ 1,606,377	$ 1,858,169

For information of the Company's subsidiaries, please refer to Note 4(3) in the 2022 consolidated financial statements of the Company and its subsidiaries.

1. The investment gains (losses) recognized under the equity method in 2022 and 2021 are as follows:

	2022	2021
Subsidiaries:		
CyberTAN Corp.(U.S.A)	$ 2,763	$ 3,437
CyberTAN(B.V.I) Investment Corp.	(246,031)	(162,766)
Ta Tang Investment Co., Ltd.	13,232	(6,500)
Affiliated companies:		
Microelectronics Technology, Inc. (Microelectronics Technology)	(110,105)	(109,842)
Mega Power Ventures Inc.	943	2,715
Total	($ 339,198)	($ 272,956)

2. The basic information about affiliated companies important to the Company is stated as follows:

Company name	Principal business place	Shareholding ratio December 31, 2022	Shareholding ratio December 31, 2021	Nature of relationship	Measurement method
Microelectronics Technology	Taiwan	22.72%	22.96%	Invested company under the equity method by the Company	Equity method

3. The summarized financial information of affiliated companies important to the Company is stated as follows:

	Microelectronics Technology	
	December 31, 2022	December 31, 2021
Current assets	$ 4,501,789	$ 4,563,530
Non-current assets	2,039,261	1,988,820
Current liabilities	(3,325,623)	(3,281,470)
Non-current liabilities	(1,137,822)	(1,308,514)
Total net assets	$ 2,077,605	$ 1,962,366
Shares of the affiliates' net assets	$ 471,949	$ 450,540
Goodwill	491,354	492,444
Others	(16,518)	(17,557)
Book value of affiliated companies	$ 946,785	$ 925,427

	Microelectronics Technology	
	2022	2021
Revenue	$ 4,482,301	$ 3,929,852
Net profit of continuing operations for the year	($ 486,410)	($ 450,016)
Other comprehensive income (after tax)	74,454	(7,148)
Total comprehensive income for the year	($ 411,956)	($ 457,164)

4. As the affiliated company important to the Company, Microelectronics Technology, Inc. has the open quotation. Its fair value as of December 31, 2022 and 2021 were NTD 2,122,267 and NTD 3,895,069, respectively.

5. The Company disposed of 8,571 thousand shares of Microelectronics Technology, Inc. in 2021,as a related company of the Company, for a total sale price of $409,062, and recognized a gain of $330,596 on disposal of the investment using the equity method, resulting in a decrease in shareholding from 26.72% to 22.96% .

6. On March 2022, the company investments accounted for using equity method, Microelectronics Technology issued new shares, recognition of change in equity of associates not in proportion to the Company's ownership decreased from 22.96% to 22.77%, and the capital reserves were recognized as $20,459.
7. The Company disposed of 120 thousand shares of Microelectronics Technology, Inc. in 2022, as a related company of the Group, for a total sale price of $6,125, and recognized a gain of $4,039 on disposal of the investment using the equity method, shareholding ratio decreased from 22.77% to 22.72%.
8. The Group holds 22.72% of Microelectronics's shares, which is the single largest shareholder of such company. However, the shareholding does not exceed half of total shares and does not exceed the majority vote of the shareholders present at the meeting. Also, the Group has no control over the financial affairs, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant activities. Therefore, it is determined that the Group has no control over such company but only significant impact thereof.

(VI) Property, plant and equipment

		House and buildings		Machinery and equipment		Other equipment		Total
January 1, 2022								
Costs	$	872,742	$	94,126	$	95,407	$	1,062,275
Accumulated depreciation	(	309,499)	(	62,700)	(	78,916)	(	451,115)
	$	563,243	$	31,426	$	16,491	$	611,160
2022								
January 1	$	563,243	$	31,426	$	16,491	$	611,160
Increase		852		14,225		23,156		38,233
Disposal (cost)		-	(	4,097)	(	11,173)	(	15,270)
Disposal (accumulated depreciation)		-		2,503		11,173		13,676
Depreciation expenses	(	24,811)	(	11,209)	(	10,321)	(	46,341)
December 31	$	539,284	$	32,848	$	29,326	$	601,458
December 31, 2022								
Costs	$	873,594	$	104,254	$	107,390	$	1,085,238
Accumulated depreciation	(	334,310)	(	71,406)	(	78,064)	(	483,780)
	$	539,284	$	32,848	$	29,326	$	601,458

		House and buildings		Machinery and equipment		Other equipment		Total
January 1, 2021								
Costs	$	871,442	$	78,163	$	91,907	$	1,041,512
Accumulated depreciation	(	283,132)	(	57,021)	(	70,341)	(	410,494)
	$	588,310	$	21,142	$	21,566	$	631,018
2021								
January 1	$	588,310	$	21,142	$	21,566	$	631,018
Increase		1,300		21,132		3,500		25,932
Disposal (cost)		-	(	5,169)		-	(	5,169)
Disposal (accumulated depreciation)		-		5,169		-		5,169
Depreciation expenses	(	26,367)	(	10,848)	(	8,575)	(	45,790)

December 31	$ 563,243	$ 31,426	$ 16,491	$ 611,160
December 31, 2021				
Costs	$ 872,742	$ 94,126	$ 95,407	$ 1,062,275
Accumulated depreciation	(309,499)	(62,700)	(78,916)	(451,115)
	$ 563,243	$ 31,426	$ 16,491	$ 611,160

The property, plant, and equipment of the Company were not provided as collateral or capitalized interest.

(VII) Lease transactions – Lessee

1. The underlying assets rented by the Company include the land and the building. The term of lease contract is usually 4 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. Besides the rented assets shall not be used as loan guarantee, there were no other restrictions.
2. The lease terms of drinking fountain, copy machine and parking space rented by the Company are less than 12 months.
3. The following information is the book value and recognized depreciation expenses of right-of-use assets:

	December 31, 2022	December 31, 2021
	Book amount	Book amount
Land	$ 223,025	$ 240,365
House	894	3,193
Transportation Equipment	3,345	-
	$ 227,264	$ 243,558

	2022	2021
	Depreciation expenses	Depreciation expenses
Land	$ 17,341	$ 17,340
House	1,477	1,479
Transportation Equipment	669	-
	$ 19,487	$ 18,819

4. The Company’s increasing of right-of-use assets in 2022 and 2021 were NTD 3,193 and NTD 2,163 respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	2022	2021
Item influencing current profit or loss		
Interest expenses of lease liabilities	$ 5,081	$ 5,357
Expenses for short-term lease contracts	170	164
Expenses for lease of low-price assets	208	213
	$ 5,459	$ 5,734

6. The Company’s total cash outflow of lease in 2022 and 2021 were NTD 23,252 and NTD 22,563, respectively.

(VIII) Lease transactions – Lessor

1. The underlying asset leased by the Company is the building and the term of lease contract is usually 1 to 5 years. The lease contract adopts individual negotiation and includes various different terms and conditions. To ensure the use condition of the leased assets, it is often required that the lessee shall not use the leased assets for loan guarantee.

2. The Company recognized NTD 73,660 and NTD 72,112 of rent revenue based on the operating lease contract in 2022 and 2021, respectively, and there were no variable lease payments.
3. The maturity analysis of lease payment based on operating lease of the Company is as follows:

	December 31, 2022	December 31, 2021
Not more than 1 year	$ 33,496	$ 37,609
More than 1 year but less than 5 years	-	-
Total	$ 33,496	$ 37,609

(IX) Others non-current assets

	December 31, 2022	December 31, 2021
Tax Overpaid Retained for Offsetting the Future Tax Payable	$ 163,386	$ 163,690
Net defined benefit asset	45,227	39,461
Others	408	104
Total	$ 209,021	$ 203,255

(X) Short-term loans

Nature of loan	December 31, 2022	Interest rate interval	Collateral
Bank loans – credit loans	$ 449,955	3.70%~5.61%	None

Nature of loan	December 31, 2021	Interest rate interval	Collateral
Bank loans – credit loans	$ 570,450	0.70%~0.85%	None

(XI) Pension

1. (1) The Company has established the regulation for retirement with welfare in accordance with the “Labor Standards Act,” which is applicable to the years of service for full-time employees before the implementation of the “Labor Pension Act” on July 1, 2005, and the employees continued to adopt the “Labor Standards Act” after the “Labor Pension Act” has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The company contributes 2% of the total salary on a monthly basis to the pension fund and deposits at the special pension account under the title of the Pension Reserve Monitoring Committee Taiwan the Bank of Taiwan. Before the end of the fiscal year, the Company calculates the balance of the said labor pension fund account. If the pension account balance is insufficient to pay for the pension of employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum before the end of March in the following year.

   (2) The amount recognized in the balance sheet is stated as follows:

	December 31, 2022	December 31, 2021
Current values of the ascertained fringe benefit obligations	($ 22,845)	($ 23,162)
Fair values of the planned assets	68,072	62,623

Net defined benefit assets	$ 45,227	$ 39,461

(3) Changes in the net defined benefit liabilities are as follows:

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2022			
Balance, January 1	($ 23,162)	$ 62,623	$ 39,461
Service cost in the current period	(96)	-	(96)
Interest (expenses) revenue	(161)	437	276
	(23,419)	63,060	39,641
Remeasurement amount:			
Return on plan assets (excluding amount Included in interest income or expenses)	-	4,864	4,864
Effects of changes in financial assumptions	1,323	-	1,323
Adjustment through experience	(749)	-	(749)
	574	4,864	5,438
Pension fund contribution	-	148	148
Balance, December 31	($ 22,845)	$ 68,072	$ 45,227

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2021			
Balance, January 1	($ 22,598)	$ 61,524	$ 38,926
Service cost in the current period	(100)	-	(100)
Interest (expenses) revenue	(79)	215	136
	(22,777)	61,739	38,962
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	884	884
Effects of changes in financial assumptions	408	-	408
Adjustment through experience	(793)	-	(793)
	(385)	884	499
Balance, December 31	($ 23,162)	$ 62,623	$ 39,461

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (the scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) The utilization of the fund is supervised by Supervisory Committee for Labor Pension Reserve. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of No. 19 of IAS. For the fair value of the total assets under the fund on December 31, 2022 and 2021, please refer to the labor pension fund utilization report published by the government each year.

(5) Actuarial hypotheses about pension are summarized as follows:

	2022	2021
Discount rate	1.35%	0.70%
Future raise rate	3.00%	3.00%

The hypotheses of future mortality rate are estimated based on the statistics published by each country and experience.

Due to the change in principal actuarial assumptions adopted, the affected present value of the defined benefit obligation is as follows:

	Discount rate		Future raise rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 493)	$ 511	$ 501	($ 487)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 609)	$ 631	$ 615	($ 597)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(6) The Company schedules to contribute NTD 0 to the pension plan in 2023.

(7) Until December 31, 2022, the weighted average duration of the pension plan has been 10 years. The maturity analysis on pension contribution is as follows:

Less than 1 year	$	3,432
1–2 years		580
2–5 years		2,045
Over 5 years		19,763
	$	25,820

2. (1) As of July 1, 2005, the Company instituted the defined contribution pension plan according to the "Labor Pension Act" applicable to the native employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the "Labor Pension Act" chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

   (2) The principal of the pension cost recognized by the Company according to the said pension regulations were NTD 9,498 and NTD 8,226 in 2022 and 2021, respectively.

(XII) Share-based payment

1. In 2022,the Group's share-based payment arrangements are as follows：

Type of arrangement	Grant date	Quantity granted	Contractual period	Vesting conditions
Plan of restricted stocks to employees	September 13, 2022	1,110 thousand shares	3 years	Description (1)and(2)
Plan of restricted stocks to employees	November 8, 2022	500 thousand shares	3 years	Description (2)and(3)

(1) The Employee restricted shares are exercised in installments of 40%, 30% and 30% depending on the employees' continued service period (ranging from one to three years), with the expiration date on September 12, 2025.

(2) The Employee restricted shares are exercised in installments of 40%, 30% and 30% depending on the employees' continued service period (ranging from one to three years), with the expiration date on November 7, 2025.

(3) The Employee restricted shares issued by the Company are issued without consideration and are not transferable during the vesting period, except for voting rights and the right to participate in dividend distribution, which are not restricted. Employees resign during the vesting period are must return the stocks to the Group, and are not required to return the dividends received.

(4) All of the above share-based payment agreements were settled in equity。

2. The details of the above share-based payment agreements are as follows.：

	2022	2021
	Quantity (in thousands)	Quantity (in thousands)
employee restricted shares January 1	-	-
Current issue	1,610	-
employee restricted shares, December 31	1,610	-

3. The fair value of stock options granted on grant date is measured using the grant date share price less the strike price .Relevant information is as follows:

Type of arrangement	Grant date	Stock Price (in dollars)	Exercise Price (in dollars)	Expected price volatility (%)	Expected option life	Expected dividends	Risk-free interest rate (%)	Fair value per unit (in dollars)
Plan of restricted stocks to employees	September 13, 2022	29.7	-	-	3 years	-	-	29.7
Plan of restricted stocks to employees	November 8, 2022	23.5	-	-	3 years	-	-	23.05

4. The expenses arising from share-based payment transactions were as follows:

	2022	2021
equity settlement	$ 7,451	$ -

(XIII) Liability reserve

	Warranty	
	2022	2021
Balance, January 1	$ 14,468	$ 37,131
Increase in liability reserve in current period	17,889	5,360
Used liability reserve in current period	(13,846)	(28,023)
Balance, December 31	$ 18,511	$ 14,468

The analysis of liability reserve is as follows:

	December 31, 2022	December 31, 2021
Current	$ 9,367	$ 5,101
Non-current	$ 9,144	$ 9,367

The Company's reserve for warranty liabilities is estimated according to the historical warranty information of such product to estimate possible after-sale service in the future. The warranty liabilities of the Company estimated to be used in 2023 and 2024 are NTD 9,367 and NTD 5,101 respectively.

(XIV) Capital stock

1. As of December 31, 2022, the Company's authorized capital was NTD 5,000,000 which was divided into 500,000 thousand shares (including 14,000 thousand shares exercisable under employee stock options). The paid-in capital was NTD 3,302,154 at NTD 10 per share. All shares issued by the Company were paid in full.

   Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
January 1	328,605	328,605
employee restricted shares	1,610	-
December 31	330,215	328,605

2. On May 9, 2022,the employee restricted shares were resolved by the Board of Directors (please refer to Note 4(24)).The base date for the issuance of new shares was on September 13 and November 8, 2022, and employees do not required to pay to acquire those stocks. The rights and obligations of those common stocks issuance were the same as those of other issued common stocks until the employees fulfilled the vesting condition, except for the restriction on the right of transfer of shares.

(XV) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium excessing the par value and the gains in the form of gifts, besides covering losses, the Company shall distribute the capital reserve by issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulation of Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserve for offset.

	2022				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	$ 484,632	$ 37,140	$ 41,310	$ 8,968	$ 572,050
Issuance of employee restricted shares	-	-	28,392	-	23,892
Disposal of Investment at equity method	-	(129)	-	-	(129)
Recognition of change in equity of associates not in proportion to the Company's ownership	-	20,459	-	-	20,459
December 31	$ 484,632	$ 57,470	$ 69,702	$ 8,968	$ 620,772

	2021				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	$ 484,632	$ 43,221	$ 41,310	$ 8,968	$ 578,131
Disposal of Investment at equity method	-	(6,081)	-	-	(6,081)
December 31	$ 484,632	$ 37,140	$ 41,310	$ 8,968	$ 572,050

(XVI) Retained earnings

1. If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall draft a motion for allocation of the residual balances plus the undistributed earnings and proposal the shareholders' meeting to resolve the distribution of bonuses to the shareholders.
2. The board of directors is authorized to distribute dividends and bonuses in whole or in part, which may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and reported on Shareholder's Meeting.
3. The dividend policy of the Company is as follows: The Company is currently at a developing stage. The Company's dividend distribution policy is subject to the Company's current and future investment environment, fund requirements, competition from local and abroad, and capital budgets, as well as taking into consideration the interests of shareholders and the long-term financial planning. Shareholder dividends are set aside on accumulated unappropriated earnings, which shall not be less than 15% of earnings, available for appropriation for the year, if the current year available for appropriation earnings is less than 3% of the Company's paid-in capital, it may not be distributed, and cash dividends shall not be less 10% of total dividends.
4. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
5. Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the debit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the debit balance under other equities is reversed, the reversed amount may be included into the allocable earnings.
6. The appropriations of 2021 and 2020 earnings had been resolved at the shareholders meeting on June 24,2022 and July 30 2021,respectively.Details are summarized as follows:

	2021		2020	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Allocated legal reserve	$ 4,215		$ 4,883	
(reversed)Allocated special reserve	(65,738)		61,390	
Distributed cash dividends for shareholders	16,430	0.05	49,291	0.15
Total	($ 45,093)		$ 115,564	

7. As of March 15, 2023, the board of directors had not approved the proposal of 2022 earnings distribution.

(XVII) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Unearned compensation	Total
January 1, 2022	($ 3,186)	($ 118,968)	$ -	($ 122,154)
Retained earnings of Valuation adjustment	(1,856)	-	-	1,856)
Valuation adjustment –Subsidiaries and affiliated companies	(77,562)	-	-	(77,562)
Valuation adjustment transferred to retained earnings –Subsidiaries and affiliated companies	132	-	-	132
Currency translation differences:				
- the Company and subsidiaries	-	32,671	-	32,671
-tax of the Company and subsidiaries	-	(6,535)	-	(6,535)
- Affiliated companies	-	12,912	-	12,912
Issuance of employee restricted shares	-	-	(44,492)	(44,492)
Compensation cost of share-based payments	-	-	7,451	7,451
December 31, 2022	($ 82,472)	($ 79,920)	($ 37,041)	($ 199,433)

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
January 1, 2021	($ 62,612)	($ 125,279)	($ 187,891)
Valuation adjustment	(407)	-	(407)
Retained earnings of Valuation adjustment	(24,746)	-	(24,746)
Valuation adjustment – Subsidiaries and affiliated companies	75,117	-	75,117
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	9,462	-	9,462
Currency translation differences:			
-the Company and subsidiaries	-	8,251	8,251
-tax of the Company and subsidiaries	-	(1,650)	(1,650)
-Affiliated companies	-	(290)	(290)
December 31, 2021	($ 3,186)	($ 118,968)	($ 122,154)

(XVIII) Operating revenue

	2022	2021
Revenue from customer contracts	$ 5,737,047	$ 3,927,997

1. Details of revenue from customer contracts

   The revenue of the Company is mainly from providing products transferred in certain timing and the revenue can be classified by the following main product lines and geographical area:

2022	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
Revenue from external customer contracts	NTD1,377,322	NTD 3,627,064	NTD 289,930	NTD 200,360	NTD 242,371	NTD 5,737,047

2021	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
Revenue from external customer contracts	NTD 554,708	NTD 2,667,533	NTD 294,044	NTD 51,327	NTD 360,385	NTD 3,927,997

2. Contract liabilities

(1) The Company's balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on December 31, 2022, December 31, 2021 and January 1, 2021 were NTD 54,820, NTD 33,384 and NTD 53,483, respectively.

(2) Contract liabilities at the beginning recognized in the revenue in current period

	2022	2021
Balance of the contract liabilities at the beginning recognized in the revenue in current period	$ 16,333	$ 23,825

(XIX) Interest revenue

	2022	2021
Interest revenue	$ 10,998	$ 9,198

(XX) Other revenue

	2022	2021
Dividend revenue	$ -	$ 408
Rental revenue	73,660	72,112
Revenue from government subsidy	45	291
Miscellaneous income	1,403	2,670
Total	$ 75,108	$ 75,481

(XXI) Other gains and losses

	2022	2021
Net currency exchange gain (loss)	$ 40,284	($ 1,702)
Gains on disposal of investments under equity method	4,039	330,596
Miscellaneous expenses – depreciation expenses	(20,533)	(21,075)
Miscellaneous expenses – interest expenses	(2,334)	(2,473)
Miscellaneous expenses	(3,236)	(2,845)
Total	$ 18,220)	$ 302,501)

(XXII) Financial Costs

	2022	2021
Interest expenses:		
Bank loans	$ 21,144	$ 4,977
Lease liabilities	2,747	2,884
Financial Costs	$ 23,891	$ 7,861

(XXIII) Additional Information on the Nature of Expense

	2022	2021
Employee benefit expenses	$ 262,523	$ 214,255
Depreciation expenses of property, plant and equipment	34,446	33,294
Depreciation expenses of right-of-use assets	10,849	10,240
Amortization expense of intangible assets	1,950	126
	$ 309,768	$ 257,915

(XXIV) Employee benefit expenses

	2022	2021
Salary expenses	$ 224,958	$ 185,017
Expenses for labor and health insurance	16,815	12,181
Pension expenses	9,318	8,190
Other employment expenses	11,432	8,867
	$ 262,523	$ 214,255

1. According to the Articles of Incorporation, if there is profit after annual closing, the Company shall allocate 7%–9% thereof as the remuneration to employees. However, earnings must first be used to offset cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage.
2. The employees' compensation and directors' and supervisors' remuneration was not estimated due to the loss in 2022.

   The Company estimated the remuneration to employees was NTD 887 in 2021.Said values were stated into salary expenses.

   The employee remuneration in 2021 approved by the board of directors and the employee remuneration of NTD 887 recognized in the 2021 financial report, which are consistent with the amount recognized in the financial statement in 2021.
3. Please refer to the "Market Observation Post System" for information related to the remuneration to employees, directors, and supervisors of the Company approved by the board of directors and resolved by a shareholders' meeting.

(XXV) Income Tax

1. Income tax expenses

   (1) Income tax benefits consisting of:

	2022	2021
Income tax in the current period:		
Income tax generated from the current income	$ -	$ 2,695
Underestimated (overestimated) income tax in previous year	(8,061)	(3,621)
Total income tax in the current period	(8,061)	(926)
Deferred income tax:		
Initial occurrence and reversal of temporary difference	(53,664)	(22,139)
Total deferred income tax	(53,664)	(22,139)
Income tax (benefits) expenses	($ 61,725)	($ 23,065)

   (2) Income tax benefits related to other comprehensive income:

	2022	2021
Remeasurement of defined benefit obligation	($ 1,088)	($ 100)
Exchange differences on the translation of the foreign operation	(6,535)	(1,650)
	($ 7,623)	($ 1,750)

2. Relation between income tax and accounting profit:

	2022	2021
Income tax calculated based on net profit before tax at the statutory tax rate	($ 85,680)	$ 226
Excluded expenses by the tax laws	19,378	23,269
Exemption by the tax laws	(997)	(66,744)
Realizable evaluation changes of deferred income tax assets	13,635	21,070
Underestimated (overestimated) income tax in previous year	(8,061)	(3,621)
Effect from Alternative Minimum Tax	-	2,695
Income tax (benefits) expenses	($ 61,725)	($ 23,065)

3. The amount of deferred income tax assets and liabilities due to temporary difference are shown in the following:

	2022			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 180	$ 394	$ -	$ 574
Warranty reserve	2,893	809	-	3,702
Bonus payable for unused vacation	1,342	93	-	1,435
Loss of foreign investment recognized under the equity method	-	38,342	-	38,342
Exchange differences on the translation of the foreign operation	22,314	-	(6,535)	15,779
Refund liabilities	430	499	-	929
Unrealized exchange loss	-	2,242	-	2,242
Subtotal	$ 27,159	$ 42,379	($ 6,535)	$ 63,003
- Deferred income tax liabilities:				
Foreign investment at equity method	($ 10,312)	$ 10,312	$ -	$ -
Unrealized exchange profit	(1,038)	1,038	-	-
Remeasurement of defined benefit plan	(4,420)	(65)	(1,088)	(5,573)
Subtotal	($ 15,770)	$ 11,285	($ 1,088)	($ 5,573)
Total	$ 11,389	$ 53,664	($ 7,623)	$ 57,430

	2021			
	January 1	Recognized	Recognized in	December 31

		into profit and/or loss	other comprehensive net profit	
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 393	($ 213)	$ -	$180
Warranty reserve	7,426	(4,533)	-	2,893
Bonus payable for unused vacation	1,186	156	-	1,342
Exchange differences on the translation of the foreign operation	23,964	-	(1,650)	22,314
Pension fund payable	634	(634)	-	-
Refund liabilities	372	58	-	430
Unrealized exchange loss	4,150	(4,150)	-	-
Subtotal	$ 38,125	($ 9,316)	($ 1,650)	$ 27,159
- Deferred income tax liabilities:				
Gain of foreign investment recognized under the equity method	($ 42,178)	$ 31,866	$ -	($ 10,312)
Unrealized exchange profit	-	(1,038)	$ -	(1,038)
Remeasurement of defined benefit plan	(4,947)	627	(100)	(4,420)
Subtotal	($ 47,125)	$ 31,455	($ 100)	($ 15,770)
Total	($ 9,000)	$ 22,139	($ 1,750)	$ 11,389)

4. Expiration dates of unused loss carryforward and amounts of unrecognized deferred tax assets are as follows：

December 31,2022

Year incurred	Amount field/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2021	$ 105,350	$ 105,350	$ 105,350	120
2022	$ 68,176	$ 68,176	$ 68,176	121

December 31,2021

Year incurred	Amount field/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2021	$ 105,350	$ 105,350	$ 105,350	120

5. The Company's profit-seeking business income tax have been certified by the tax authority up until 2020

(XXVI) Earnings per share

	2022		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
Basic loss per share:			
Net loss attributable to the parent company's common stock shareholders	($ 366,674)	328,605	($ 1.12)

	2021		
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 24,393	328,605	$ 0.07
Diluted earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 24,393	328,605	
Impacts of dilutive potential common shares on employee remuneration	-	42	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	$ 24,393	328,647	$ 0.07

In fiscal 2022, diluted loss per share was not calculated as the inclusion of potential common shares has an anti-dilutive effect due to the Company's net loss.

(XXVII) Changes in liability reserve from financing activities

	Warranty			
	2022		2021	
January 1	$	250,523	$	265,189
Changes in cash flow from financing	(	17,793)	(	16,829)
Increase in current period		3,193		2,163
December 31	$	235,923	$	250,523

Besides Lease liabilities, the Group's changes in liabilities from financing activities in 2022 and 2021 were changes in cash flow from financing without any non-cash changes. Please refer to the consolidated statement of cash flow.

VII. Transactions of the Related Party

(I) Name of the related party and relationship

(II)

Name of the related party	Relationship with the Company
GWONG-YIH LEE	Key management of the Company(Note)
TSE-TSAN CHEN	Key management of the Company(Note)
CyberTAN Corp.(U.S.A)	Subsidiary of the Company
Ta Tang Investment Co., Ltd.	〃
CyberTAN (B.V.I) Investment Corp.	〃
CyberTAN Technology (HONG KONG) Limited	The Company is the ultimate parent company of such company
Fuhongkang Technology (Shenzhen) Co., Ltd.	〃
Chongqing Hongdaofu Technology Co., Ltd.	〃
HON YAO FU Technology Company Limited (HON YAO FU)	〃
Microelectronics Technology, Inc. and its subsidiaries (Microelectronics Technology and its subsidiaries)	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and its subsidiaries)	Groups with significant impact on the Company
FOXCONN Technology Co., Ltd. and its subsidiaries	Other related parties
Fitipower Integrated Technology Inc.	〃
Innolux Corporation and its subsidiaries	〃
Garuda Technology Co., Ltd. and its subsidiaries (Garuda Technology and its subsidiaries)	〃
Pan-International Industrial Corp.	〃

Note: The chairman of the Company was changed from TSE-TSAN CHEN to GWONG-YIH LEE On April 6, 2022.

(III) Significant transactions with the related party

1. Operating revenue

	2022	2021
Sale of goods:		
Subsidiaries		

-CyberTAN Corp.(U.S.A)	$ -	$ 1,518
Groups with significant impact on the Company		
-Cloud Network	1,284,331	530,862
-Belkin	856,573	971,199
- Others	20,357	62,733
	$ 2,161,261	$ 1,566,312

The Company's unit sales price of partial goods for the related party is equivalent to the general customer's price while partial goods are not sold to the customer. Thus, the sales prices are incomparable. The mode of collection adopts NET 20 days and the collection period is O/A 120 days. The mode of collection for general customer is O/A 60 days.

2. Purchase

	2022	2021
Purchase of commodities:		
Subsidiaries		
-HON YAO FU	$ 5,187,133	$ 1,701,849
-Chongqing Hongdaofu Technology Co., Ltd.	302,345	1,759,052
Groups with significant impact on the Company		
-Cloud Network	139,772	45,799
-Foxconn Interconnect Technology Limited	76,273	53,185
- Others	53,028	31,529
Affiliated companies		
-Microelectronics Technology and its subsidiaries	70,017	128,072
Other related parties		
- Others	42,087	18,897
	$ 5,870,655	$ 3,752,065

The Company's unit selling price of partial goods for the related party is equivalent to the general vendor's price while partial unit purchase price has no other vendor's price for comparison. The mode of collection adopts NET30 days and the collection period is O/A 120 days. The mode of collection for general vendors is O/A 60 days.

3. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable – the related party		
Subsidiaries		
Groups with significant impact on the Company	$ 581,506	$ 95,781
-Cloud Network		
-Belkin	69,683	184,115
-Mega well	-	37,231
- Others	1,780	958
	$ 652,969	$ 318,085

4. Other accounts receivable

	December 31, 2022	December 31, 2021
Other receivables – the related party		

	December 31, 2022	December 31, 2021
Subsidiaries		
-HON YAO FU	$ 906,140	$ 201,051
- Others	899	1,008
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	1,954	995
Affiliated companies		
- Microelectronics Technology and its subsidiaries	37,457	1,901
	$ 946,450	$ 204,955

Other receivables from the related party mainly are the purchase amount on behalf of the related party and rental revenue.

5. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable – the related party		
Subsidiaries		
-Chongqing Hongdaofu Technology Co., Ltd.	$ -	$ 36,462
Entities with significant impact on the Company		
-Foxconn Interconnect Technology Limited	3,338	5,884
- Others	777	1,825
Affiliated companies		
-Microelectronics Technology and its subsidiaries	8,949	24,018
Other related parties		
- Pan-International Industrial Corp.	5,048	-
- Garuda Technology and its subsidiaries	-	4,896
- Others	1,429	922
	$ 19,541	$ 74,007

6. Other payables

	December 31, 2022	December 31, 2021
Other payables – the related party		
Subsidiaries		
- Others	$ 220	$ 1,925
Entities with significant impact on the Company		
- Hon Hai Precision Ind. Co., Ltd.	2,543	2,504
Affiliated companies	218	205
Other related parties	375	444
	$ 3,356	$ 5,078

Other payables to the related party mainly are payables of processing fee and labor service fee.

7. Lease transactions – Lessee

(1) The Company rented buildings from FOXCONN Technology Co., Ltd. The tern of lease contract is 10 years and the rent is paid at the end of each month.

(2) Lease liabilities

A. Ending balance:

	December 31, 2022	December 31, 2021
Other related parties	$ -	$ 1,061

B. Interest expenses

	December 31, 2022	December 31, 2021
Other related parties	$ 21	$ 42

8. Processing expenses

	2022	2021
Groups with significant impact on the Company	$ 5,501	$ 11,719

9. Labor service fee

	2022	2021
Groups with significant impact on the Company	$ 1,323	$ 1,430

The fee was the provided by the Company to the affiliated companies which provided industrial information consultation service in 2022 and 2021

10. Property transaction

(1) Acquisition of property, plant, and equipment

	2022	2021
Other related parties	$ -	$ 389

(2) Disposal of property, plant, and equipment (2021: None.)

	2022	
Subsidiaries	Disposal proceeds	Disposal (loss)gain
-Chongqing Hongdaofu Technology Co., Ltd.	$ 1,594	$ -

11. Service and repair fee

	2022	2021
CyberTAN Corp.(U.S.A)	$ 13,235	$ 9,367

12. Rental revenue

	2022	2021
Affiliated companies		
- Microelectronics Technology and its subsidiaries	$ 66,088	$ 60,964
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	6,046	9,903
	$ 72,134	$ 70,867

The Company leased property, plant and equipment to the related party in 2022 and 2021. The rent price per square meter has no significant difference with those of the non-related party. The rent is collected every quarter.

13. Guarantee deposit received

	2022	2021
Affiliated companies		
-Microelectronics Technology and its subsidiaries	$ 5,765	$ 5,765
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	349	719
	$ 6,114	$ 6,484

14. Other transactions

The related party GWONG-YIH LEE and TSE-TSAN CHEN served as the joint guarantor of bank loans and joint writer of guaranteeing invoice by the Company in 2022 and 2021.

(IV) Information on the remuneration to the key management:

	2022	2021
Salary and other short-term employee benefits	$ 18,753	$ 12,361

Benefits after severance/retirement	471	404
Total	$ 19,224	$ 12,765

VIII. Pledged Assets

The details of the Company's assets provided as collateral are as follows:

Asset item	Book value December 31, 2022	Book value December 31, 2021	Purpose of collateral
Time deposit (listed financial assets measured at amortized cost – non-current)	$ 22,504	$ 20,636	Guarantee deposits of superficies

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The Company's capital management objective is intended to protect the Company's continued operation and maintain optimal capital structure to reduce capital cost and provide remuneration to the shareholder. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Financial assets measured at amortized cost	$ 4,206,860	$ 3,955,964
Financial liabilities		
Financial liabilities measured at amortized cost	$ 1,584,086	$ 1,223,548
Lease liabilities	235,923	250,523

$ 1,820,009	$ 1,474,071

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivables (including the related party), other receivables – the related party and guaranteed deposits paid; the financial liabilities measured at amortized cost include the short-term loans, accounts payable (including the related party), other payables (including the related party) and deposits received.

2. Risk management policy

(1) Various financial risks have impact on the daily operation of the Company, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce adverse impact of uncertainty on the Company's financial performance, the Company used forward exchange contracts to hedge the risk of exchange rate. The derivative tool used by the Company is for hedging purpose instead of trading or speculation.

(2) The risk management work is executed by the Company's financial department based on the policy approved by the board of directors. The Company's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Company. The board of directors has established written principles for the overall risk management while providing written policy for certain scope and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of the financial and non-financial instruments and the investment principles of remained current funds.

3. Nature and degree of important financial risk

(1) Market risk

Exchange rate risk

A. The Company is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company mainly involve USD and RMB. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.

B. The management of the Company has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the companies in the Company. Each company shall adopt hedging policy against the overall exchange rate risk via the Company's financial department. The exchange rate risk is measured by the expected transactions with high possibility to generate USD and RMB expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.

C. The Company's business lines involved some non-functional currencies (the functional currency of the Company is NTD). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets and liabilities denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 68,193	30.710	$ 2,094,207	2%	$ 33,507	$ -
RMB : NTD	2,149	4.408	9,473	2%	152	-
Financial liabilities						
Monetary items						
USD : NTD	$ 91,507	30.710	$ 2,810,180	2%	$ 44,963	$ -

	December 31, 2021					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 39,371	27.680	$ 1,089,789	1%	$ 8,718	$ -
RMB : NTD	2,144	4.344	9,314	1%	75	-
Financial liabilities						
Monetary items						
USD : NTD	$ 42,079	27.680	$ 1,164,747	1%	$ 9,318	$ -

D. The Company's total amount of all exchange loss (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD 40,284 and NTD (1,702) in 2022 and 2021, respectively.

Price risk

A. The Company's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio and the separation method is based on the limited amount set by the Company.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform the contracts. This is mainly due to the trading counterparty cannot pay the notes and accounts payable based on the payment conditions and financial assets classified to be measured at amortized cost.

B. The Company established the credit risk management in the Company's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy defined by the Company, each business unit within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the board of directors according to the internal or external ratings. The management will also control the periodic draw down of credit limits.

C. The Company adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Company takes it as a default of the contract.

D. The following presumption provided by the Company adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition:

(A) When the contract payment past due for over 90 days based on the agreed payment terms, it is determined that the credit risk of financial instrument increased significantly after the initial recognition.
(B) For bond investment traded in Taipei Exchange, those financial assets with investment grading rated by any external credit rating agency on balance sheet date are considered with low credit risk.

E. The Company's indexes used to determine the debt instrument as credit impairment are as follows:

(A) Issuer has major financial difficulty or likely to wind up or proceed with other financial reorganizations;
(B) The active market of financial assets might extinguish due to financial difficulty of the issuer;
(C) Overdue or non-performance of interest or principal payment by the issuer;
(D) National or regional adverse economic changes related to the default of issuer.

F. The Company classified the customer's notes and accounts receivable based on customer rating and the characteristics of customer and used the reserve matrix as the basis with simplified approach to estimate the expected credit losses.

G. The Company offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Company will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2022 and 2021, the Company does not have creditor's right which was written off with means of recourse.

H. The Company adopted the business indicators of National Development Council for the future forward-looking considerations to adjust the established loss ratio based on certain period of history and current information to estimate the allowance loss of the notes and accounts (including the related parties) receivable. The reserve matrix on December 31, 2022 and 2021 are as follows:

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue 181 – 365 days	Overdue more than 365 days	Total
December 31, 2022						
Expected loss ratio	0.98%	2.88%	2.94%	3.06%	100.00%	
Total book value	$ 1,994,521	$ 331	$ -	$ -	$ -	$ 1,994,852
Allowance loss	19,632	10	-	-	-	19,642

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 days	Overdue more than 365 days	Total
December 31, 2021						
Expected loss ratio	0.64%	3.10%	10.60%	24.05%	100.00%	
Total book value	$ 1,041,487	$ 5,167	$ -	$ -	$ -	$ 1,046,654
Allowance loss	7,194	162	-	-	-	7,356

I. The aging analysis of accounts receivable (including the related party) is as follows:

	December 31, 2022	
	Notes receivable	Accounts receivable
Undue	$ -	$ 1,994,521
Within 90 days	-	331
	$ -	$ 1,994,852

	December 31, 2021	
	Notes receivable	Accounts receivable
Undue	$ -	$ 1,041,487
Within 90 days	-	5,167
	$ -	$ 1,046,654

The aging analysis stated above was based on the number of overdue days.

J. The Company's statement of changes in the allowance loss for accounts receivable using the simplified approach is as follows:

	2022	2021
	Accounts receivable (including the related party)	Accounts receivable (including the related party)
January 1	$ 7,356	$ 8,882
(reversal of)Impairment loss recognized	12,286	(1,526)
December 31	$ 19,642	$ 7,356

(3) Liquidity risk

A. The cash flow forecast is executed by each business department in the Company and summarized by the Company's finance department. The finance department of the Company supervises the forecast of the Company's current fund demand to ensure there are sufficient fund to support the operating needs.

B. The following table refers to the Company's non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. The contractual cash flow amount disclosed in the following statement is the undiscounted amount.

Non-derivative financial liabilities December 31, 2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 6,114	$ -	$ -	$ 456
Lease liabilities	22,499	21,946	62,598	162,930
	$ 28,613	$ 21,946	$ 62,598	$ 163,386

Non-derivative financial liabilities December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 6,484	$ 50	$ -	$ 456
Lease liabilities	21,595	20,759	61,907	183,566
	$ 28,079	$ 20,809	$ 61,907	$ 184,022

Except for those specified above, the non-derivative financial liabilities of the Company will expire within the coming year.

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of the financial and non-financial instruments are defined as follows:

   Level 1: The quotation of the same asset or liability in an active market on the measurement date acquired by the enterprise (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis. The fair value of TPEx-listed share invested by the Company belongs to this level.

   Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivatives invested by the Company belongs to this level.

   Level 3: Inputs for the asset or liability that are not based on.

2. The methods and assumptions used by the Company to measure fair value is as follows:

   (1) The Company's fair value inputs (i.e. Level 1) adopting the quoted market price are listed in the following based on the characteristics of the instruments:

	TWSE(TPEx) listed stocks
Quoted market price	Closing price

   (2) Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and similar financial instruments' current fair value and discounted cash flow method or other evaluation technology, including the market information that can be acquired on the date of preparing the parent company only balance sheet. The information is then used on a calculation model (such as yield curve referred by Taipei Exchange and the average quotation of Reuters commercial paper rate).

(3) When evaluating unstandardized financial instruments with low complexity such as debt instrument without active market, interest rate swap contract, exchange swap contract and options, the Company adopts evaluation technology widely used in the market participants. The parameters used by the evaluation model of such financial instruments usually are information observable in the market.

(4) The Company includes the credit valuation adjustment in the consideration for the fair value calculation of financial and non-financial instruments to reflect the credit risk of the trading counterparty and the credit quality of the Company, respectively.

3. There was no transfer between level 1 and level 2.
4. The following statement is the changes in level 3 in 2022 and 2021:

	Equity instruments	
	2022	2021
January 1	$ -	$ 1,667
Profit or loss recognized under other comprehensive income		
Recognized unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	-	(407)
Refunds from decapitalization of invested equity instrument at fair value through other comprehensive income	-	(1,260)
December 31	$ -	$ 1,667

5. There was no transfer-in and transfer-out from level 3 in 2022 and 2021.
6. For the Company's evaluation process for fair value classified as level 3, the finance department is responsible to conduct the independent fair value validation of the financial instrument. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating evaluation model, conducting roll-back test, updating required input value and data as well as other necessary fair value adjustment for evaluation model.

XIII. Noted Disclosures

(I) Information related to material transactions

1. Loans to others: None.
2. Endorsement/guarantee made for others: None.
3. Marketable securities held at year-end (excluding investments in subsidiaries, affiliated companies, and joint venture): Please refer to Attachment I.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of property reaching NTD 300 million or more than 20% of the

paid-in capital: None.

7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment II.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment III.
9. Transactions of derivatives: None.
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Attachment IV.

(II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations, etc. (excluding the invested company in China): Please refer to Attachment V.

(III) Information about investment in Mainland China

1. Basic information: Please refer to Attachment VI.
2. Major transactions with the invested company in China either directly or indirectly with occurrence through third regions: Please refer to Attachment VII.

(IV) Major shareholders' information

Major shareholders' information: None.

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CyberTAN Technology Inc.
Securities – Ending (Excluding Those Controlled by Invested Subsidiaries, Affiliated Companies and Joint Ventures)
December 31, 2022

Attachment I

Unit: NTD thousand
(Unless otherwise specified)

				Transaction				Remarks
Holding company	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account title	Number of shares	Book amount (Note 3)	Shareholding ratio	Fair value	(Note 4)
CyberTAN Technology Inc.	Solutionsoft Systems, Inc.	-	Investment in equity instruments measured at fair value through other comprehensive income	$ 2,500,000	$ -	5.25%	$ -	-
CyberTAN (B.V.I) InvestmentCorp.	Innovation Works Limited	-	〃	41,755	18,235	2.71%	18,235	-
Ta Tang Investment Co., Ltd.	Protop Technology Co., Ltd.	-	〃	142,408	-	0.06%	-	-

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “Financial Instruments: Recognition and Measurement” of IAS 39 and other securities deriving from these items.

Note 2: This column is not required if the issuer of the securities is not a related party.

Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of any accumulated loss; otherwise, please complete the column with the initial acquisition cost or the book value of the amortized cost net of the accumulated loss.

Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

CyberTAN Technology Inc.
Purchase/Sale Amount of Transactions with Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2022

Attachment II

Unit: NTD thousand
(Unless otherwise specified)

			Transaction				Trading conditions different from those of regular transactions and reasons thereof		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship	Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	Remarks (Note 2)
CyberTAN Technology Inc.	Chongqing Hongdaofu Technology Co., Ltd.	Subsidiary of the Company	Purchase	$ 302,345	5.51%	Payment term: O/A 60 days	$ -	Payment term for regular customers: O/A 60 days	$ -	0.00%	-
〃	HON YAO FU Technology Company Limited	〃	Purchase	5,187,133	94.55%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	-	0.00%	-
〃	Cloud Network Technology Singapore Pte. Ltd.	Groups that have significant impact on the Group	Purchase	139,772	2.55%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	-	0.00%	-
〃	Belkin International, Inc.	〃	Sale	856,573	14.89%	Collection term: Net 75 days	-	Collection term for regular customers: O/A 60 days	69,683	3.52%	-
〃	Cloud Network Technology Singapore Pte. Ltd.	〃	Sale	1,284,311	22.32%	Collection term: Net 75 days	-	Collection term for regular customers: O/A 60 days	581,506	29.41%	-

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “unit price” and “loan period” columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the difference from regular transactions shall be indicated in the Remarks.

Note 3: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

Attachment III

CyberTAN Technology Inc.
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2022

Attachment III

Unit: NTD thousand
(Unless otherwise specified)

Company stating in receivables	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Overdue accounts receivable from related parties		Subsequent recovered amount of accounts receivable from related parties	Appropriated allowance for bad debt
					Amount	Treatment		
CyberTAN Technology Inc.	Cloud Network Technology Singapore Pte. Ltd.	Groups that have significant impact on the Group	$ 581,506	1.92%	$ -	-	$ 284,526	$ 5,699
〃	HON YAO FU Technology Company Limited	Subsidiary of the Company	$ 906,140	-	$ -	-	$ 645,706	$ -

(Table of Other receivables) (Note3)

Note 1: Please list the amount of notes/accounts receivable, other receivables, etc., from related parties, respectively.

Note 2: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

Note 3： Those were Receivables from purchasers of raw materials.

Attachment IV

CyberTAN Technology Inc.
Business Relationship and Major Transactions between the Parent Company and Its Subsidiaries and among Subsidiaries and Amounts
January 1 to December 31, 2022

Attachment IV

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Trader	Counterparty	Relationship with trader (Note 2)	Transaction: Title	Transaction: Amount	Transaction: Trading conditions	Transaction: Percentage in total consolidated operating revenue or assets (Note 3)
0	CyberTAN Technology Inc.	Chongqing Hongdaofu Technology Co., Ltd.	1	Purchase	$ 302,345	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	5.26%
〃	〃	HON YAO FU Technology Company Limited	1	Purchase	5,187,133	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	90.16%
〃	〃	〃	1	Other receivables	906,140	Collection term: O/A 60 days; collection term for general customers: O/A 60 days.	12.06%
1	Fuhongkang Technology (Shenzhen) Co., Ltd.	CyberTAN Corp. (U.S.A)	3	Other receivables	28,421	Collection term: O/A 90 days; collection term for general customers: O/A 30–90 days.	0.38%

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the “No.” column. This column shall be completed as follows:
(1) 0 is reserved for the parent company.
(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into three categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; in case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosed the transaction, the other subsidiary is not necessary to disclose the same.)
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: To calculate the percentage of the transaction amount in total consolidated operating revenue or assets, the share of the balance at ending of the period in the total consolidated assets is used as the basis of the calculation under the item of assets/liabilities; the share of the interim accumulated amount in the total consolidated operating revenue is used as the basis for the calculation under the item of profit/loss.

Note 4: The disclosure threshold for intercompany transactions is $10 million.

CyberTAN Technology Inc.
Name and Territory of Invested Companies and Other Relevant Information (Excluding Invested Companies in China)
January 1 to December 31, 2022

Attachment V

Unit: NTD thousand
(Unless otherwise specified)

				Original investment amount (Note)		Shareholding at the end of the period					
Name of investor	Name of invested company	Territory	Main business operation	End of current period	End of last year	Number of shares	Ratio	Book amount	Current profit (loss) of invested company (Note 2 (2))	Profit (loss) from investments recognized in the current period (Note 2 (3))	Remarks
CyberTAN Technology Inc.	CyberTAN Corp. (U.S.A)	USA	Sales of wired and wireless communication equipment	$ 18,165	$ 18,165	600,000	100.00%	$ 52,233	$ 2,762	$ 2,762	-
〃	Ta Tang Investment Co., Ltd.	Taiwan	General investment business	100,000	100,000	10,000,000	100.00%	210,130	13,232	13,232	-
〃	CyberTAN TechnologyCorp. (B.V.I)	British Virgin Islands	General investment business	704,190	704,190	22,043,717	100.00%	378,786	(246,700)	(246,031)	-
〃	Microelectronics Technology, Inc.	Taiwan	Design, manufacturing and sale of terrestrial microwave communication products	1,591,894	1,498,555	54,070,749	22.72%	946,785	(486,410)	(110,105)	-
〃	Mega Power Ventures Inc.	Taiwan	General investment business	14,000	14,000	1,400,000	25.00%	18,444	3,772	943	-
CyberTAN (B.V.I) Investment Corp.	CyberTAN Technology (HONGKONG) Limited	Hong Kong	General investment business	211,072	211,072	-	100.00%	141,878	(270,213)	(270,213)	-
〃	HON YAO FU TechnologyCompany Limited	Vietnam	Development, manufacturing and sale of high-end routers	277,119	277,119	-	100.00%	216,119	7,952	6,824	-

Note 1: When the listed company has set up any holding company overseas and used the consolidated financial statements as the main financial statements pursuant to local laws, the information on overseas invested companies may be disclosed only to the extent that the information is related to the holding company.

Note 2: Otherwise, the table shall be completed as follows:

(1) The "name of invested company," "territory," "main business operation," "original investment amount" and "shareholding at the end of the period" columns should be completed sequentially based on the Company's (listed company's) investment and each of its reinvestments in directly or indirectly controlled-invested companies. The relationship (subsidiary or sub-subsidiary) of each invested company with the Company (listed company) should be indicated in the Remarks.

(2) The "current profit (loss) of invested company" column should be filled in with the amount of the current profit/loss of each invested company.

(3) The "profit (loss) from investments recognized in the current period" column should be filled in only with the amount, recognized by the Company (listed company), of the profit/loss from direct investments in each subsidiary and of the profit/loss of each invested company valued under the equity method, and it is not necessary to provide other profits/losses. When providing "the recognized amount of the current profit/loss from direct investments in each subsidiary," it should ensure that the current profit/loss amount of each subsidiary includes any profit/loss from reinvestments that shall be recognized in accordance with regulations.

CyberTAN Technology Inc.
Information on Investments in Mainland China – Basic Information
January 1 to December 31, 2022

Attachment VI

Unit: NTD thousand
(Unless otherwise specified)

Name of Chinese invested company	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of invested company	The Company's shareholding ratio of direct or indirect investment	Profit (loss) from investments recognized in current period (Note 2)	Investment book value – ending	Profit received from investments as of the end of current period	Remarks
					Remittance	Recovery							
Fuhongkang Technology (Shenzhen) Co., Ltd.	Development, manufacturing and sale of high-end routers	$ 168,188	(2)	$ 212,868	$ -	$ -	$ 212,868	($ 270,213)	1.00	($ 270,213)	$ 141,878	$ -	-
Chongqing Hongdaofu Technology Co., Ltd.	Development, manufacturing and sale of high-end routers	257,298	(3)				-	(277,781)	1.00	(275,985)	(218,900)	-	-

Name of company	Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 4)
Fuhongkang Technology Co., Ltd..	$212,868 (USD6,344)	$217,521 (USD6,500)	$ 3,038,921

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:
(1) Engaged in direct investment in Mainland China.
(2) Reinvested in Mainland China through a company in a third area, CyberTAN Technology (HONG KONG) Limited.
(3) Others: Directly reinvested in Chinese companies through investment in the Chinese companies.

Note 2: In the "profit (loss) from investments recognized in the current period" column:
(1) An indication is needed if the investment is under preparation and there is no profit or loss.
(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
A. The financial statements audited and approved by an international accounting firm that has collaboration relationship with an accounting firm in the Republic of China
B. The financial statements audited by a CPA of the parent company in Taiwan
C. Others

Note 3: All amounts in the table should be stated in NTD.

Note 4: Pursuant to the newly amended "Review Principles of Investment and Engagement of Technological Cooperation in Mainland China" of Ministry of Economic Affairs Review No.09704604680 dated August 29, 2008, the ceiling amount of the investment in China which is 60% of consolidated net worth or net worth (higher).

CyberTAN Technology Inc.
Information on Investments in Mainland China – Major Transactions with Invested Companies in China, either Directly or Indirectly, through A Business in A Third Area
January 1 to December 31, 2022

Attachment VII

Unit: NTD thousand
(Unless otherwise specified)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Endorsements/guarantees or pledges of collateral		Financing				
Name of Chinese invested company	Amount	%	Amount	%	Balance	%	Balance at ending of period	Purpose	Maximum balance	Balance at ending of period	Range of interest rates	Current interest	Others
Chongqing Hongdaofu Technology Co., Ltd.	($ 302,345)	5.51%	$ -	-	$	0%	$ -	-	$ -	$ -	-	$ -	-
Fuhongkang Technology (Shenzhen) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Other payables $28,421

CyberTAN Technology Inc.
Cash and Cash Equivalents
December 31, 2022

Statement 1 Unit: NTD thousand

Item	Summary			Amount
Cash on hand and working fund				$ 542
Checking deposit and current deposits				
- Checks and current deposits in NTD				72,160
- Checks and current deposits in foreign currency	Current deposit in USD	2,546 thousand	Exchange rate 30.71	78,193
	Current deposit in RMB	2,149 thousand	Exchange rate 4.408	9,474
	Current deposit in other foreign currency			1,115
Time deposit – NTD				301,000
Cash equivalents – repurchase bonds				250,110
Total				$ 712,594

CyberTAN Technology Inc.
Accounts receivable, net
December 31, 2022

Statement 2 Unit: NTD thousand

Customer name	Amount	Remarks
Accounts receivable		
Customer A	$ 908,412	
Customer B	240,799	
Customer C	156,702	
Others	35,971	Balance of each customer not exceeding 5% of the account amount
Subtotal	1,341,884	
Less: Allowance loss	(19,643)	
Total	$ 1,322,241	
Accounts receivable – the related party		
Cloud Network	$ 581,506	
Belkin	69,683	
Others	1,780	Balance of each customer not exceeding 5% of the account amount
Subtotal	$ 652,969	

CyberTAN Technology Inc.
Inventories
December 31, 2022

Statement 3 Unit: NTD thousand

Item	Amount: Cost	Amount: Market price	Remarks
Materials	$ 43,628	$ 42,260	Net realizable value of raw material is determined at replacement cost.
Goods in process and semi-finished	60	60	
Finished products	60,840	60,688	
Total	104,528	103,008	The net realizable value of finished goods and semi-finished goods is calculated based on the final selling price.
Less: Allowance for inventory valuation loss	(2,866)		
Net	$ 101,662		

CyberTAN Technology Inc.
Changes in long-term equity investment under the equity method
January 1 to December 31, 2022

Statement 4

Unit: NTD thousand

Name of invested company	Balance, beginning		Increases in the current period (Note 1)		Decrease in the current period (Note 2)		Balance, ending			Market value or net equity value	Collateral and mortgage
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Total Amount	
CyberTAN Corp.(U.S.A)	600,000	$ 44,499	-	$ 7,733,	-	$ -	600,000	100.00	$ 52,232	$ 52,232	None
Ta Tang Investment Co., Ltd.	10,000,000	196,782	-	13,348	-	-	10,000,000	100.00	210,130	210,130	〃
CyberTAN (B.V.I) Investment Corp.	22,043,717	652,844	-	27,699	-	(301,767)	22,043,717	100.00	378,786	378,786	〃
Microelectronics Technology, Inc.	52,353,995	925,427	1,836,754	136,913	(120,000)	(115,555)	54,070,749	22.72	946,785	2,122,267	〃
Mega Power Ventures Inc.	1,400,000	38,617	-	943	-	(21,116)	1,400,000	25.00	18,444	18,444	〃
		$ 1,858,169	-	$ 186,636		($ 438,428)			$ 1,606,377		〃

Note 1: The increase for the current period includes the gain on investment under the equity method, cash capital increase of investments under the equity method for this periodand share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method in current period.

Note2: The decrease for the current period includes loss on investment under the equity method, disposal of investments under equity method, share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method.

CyberTAN Technology Inc.
Statement of short-term loans
December 31, 2022

Statement 5 | Unit: NTD thousand

Type of loans	Balance, ending	Loan duration	Interest rate interval	Financing quota	Collateral and mortgage	Remarks
Credit loans	$ 307,974	July 8, 2022 to February 8, 2023	3.70%~4.17%	$ 550,000	None	-
Credit loans	141,981	December 8, 2022 to February 15, 2023	5.50%~5.61%	400,000	〃	-
	$ 449,955			$ 950,000		

CyberTAN Technology Inc.
Accounts payable
December 31, 2022

Statement 6 Unit: NTD thousand

Customer name	Amount	Remarks
Accounts payable		
Supplier A	$ 57,409	
Supplier B	52,934	
Others	891,044	Balance of each supplier not exceeding 5% of the account amount
	$ 1,001,387	
Accounts payable – the related party		
Microelectronics Technology and its subsidiaries	8,949	
Pan-International Industrial Corp.	5,048	
Foxconn Interconnect Technology Limited	3,338	
Others	2,206	Balance of each supplier not exceeding 5% of the account amount
	$ 19,541	

CyberTAN Technology Inc.
Operating revenue
January 1 to December 31, 2022

Statement 7 Unit: NTD thousand

Item	Quantity	Amount	Remarks
Operating revenue			
Communication product	3,801,951	$ 5,494,676	
Others		242,371	
		$ 5,737,047	

CyberTAN Technology Inc.
Operating cost
January 1 to December 31, 2022

Statement 8

Unit: NTD thousand

Item	Amount
Raw materials, beginning	82,835
Less: Raw materials, ending	(43,628)
Reclassified as expenses	(232)
Materials consumed in current period	38,975
Manufacturing expenses	53,423
Current manufacturing costs	92,398
Semi-finished goods, beginning	60
Less: Reclassified as expenses	(171)
Semi-finished goods, ending	(60)
Current finished product cost	92,227
Plus: Finished products, beginning	23,223
Current purchase	5,489,072
Less: Finished products, ending	(60,840)
Reclassified as expenses	(1,695)
Production and marketing costs	5,541,987
Loss on decline in value of inventory	1,968
Operating cost	$ 5,543,955

CyberTAN Technology Inc.
Manufacturing expenses
January 1 to December 31, 2022

Statement 9 **Unit: NTD thousand**

Item	Amount	Remarks
After-sales service fee	$ 17,890	
Salary expenses	15,133	
Outsourced processing expenses	9,584	
Others	28,706	Balance of each account not exceeding 5% of the account amount
	$ 53,423	

CyberTAN Technology Inc.
Selling expenses
January 1 to December 31, 2022

Statement 10 | Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 7,883	
Commission expenses	1,359	
Sample fee	1,210	
Others	3,912	Balance of each account not exceeding 5% of the account amount
	$ 14,364	

CyberTAN Technology Inc.
Administrative expenses
January 1 to December 31, 2022

Statement 11 | Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 40,786	
Labor service fee	7,832	
Depreciation	7,439	
Miscellaneous expenses	5,178	
Insurance premium	4,785	Balance of each account not exceeding 5% of the account amount
Others	20,703	
	$ 86,723	

CyberTAN Technology Inc.
R&D expenses
January 1 to December 31, 2022

Statement 12 Unit: NTD thousand

Item	Amount		Remarks
Salary expense	$	159,356	
Depreciation		34,676	
Insurance premium		13,773	Balance of each account not exceeding 5% of the account amount
Others		41,550	
	$	249,355	

CyberTAN Technology Inc.
Summary of employee benefits, depreciation, depletion and amortization expenses of the year by function
January 1 to December 31, 2022

Statement 13 | Unit: NTD thousand

By function / By nature	2022			2021		
	As operating costs	As operating expenses	Total	As operating costs	As operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 15,133	$ 208,025	$ 223,158	$ 9,196	$ 174,021	$ 183,217
Expenses for labor and health insurance	1,125	15,690	16,815	786	11,395	12,181
Pension expenses	584	8,734	9,318	425	7,765	8,190
Remuneration to Directors	-	1,800	1,800	-	1,800	1,800
Other employee benefit expenses	960	10,472	11,432	577	8,290	8,867
Depreciation expenses	2,644	42,651	45,295	1,829	41,705	43,534
Amortization expenses	-	1,950	1,950	-	126	126

Note:

1. The amounts of the Company's employees in current and previous years were 190 and 169, respectively; among them, four and six directors did not concurrently serve as employees, respectively.
2. The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follow:
   (1) The average employee benefit expense in current year was NTD 1,402 ("total employee benefit expenses in current year - total remuneration to directors" / "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 1,303 ("total employee benefit expenses in previous year - total remuneration to directors" / "number of employees in previous year - number of directors not concurred as employees").
   (2) The average employee salary expense in current year was NTD 1,200 (total salary expenses in current year - "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 1,124 (total salary expenses in previous year - "number of employees in previous year - number of directors not concurred as employees").
   (3) The change in average employee salary expense was by 6.76% ("average employee salary expenses in current year - average employee salary expenses in previous year" / average employee salary expenses in previous year").
3. The Company has established an Audit Committee to replace the authority of the supervisors; therefore, there is no remuneration to supervisors.
4. Please refer to Note 6(23) for the Company's allowance policy of employee remuneration.
5. CyberTAN Technology pays attention to the treatment and benefit of employees and establishes a reward system with internal reasonableness and external competitiveness.
   (1) Directors and managers: The Company fully considers business performance of the Company (including financial and non-financial aspects), individual performance and duties and connection and reasonableness between industrial development trends and future economic risks to establish a reasonable remuneration after referring to the external market level. The Company also submits the individual remuneration to directors and managers reviewed by the remuneration committee to the board of

directors for resolution.

(2) Employees: By regular market survey and review, the Company provides remuneration level better than that provided under laws with external competitiveness; for the internal salary of employees, the Company plans the competitive remuneration based on position, educational background, professional seniority and work performance while taking the comparison result of external market salary survey into consideration, regardless of factors such as gender, age, marriage, race, nationality, religion and politics. In this case, the Company is devoted to form a quality work environment with complete welfare.