

Stock Code: 3062

CyberTAN Technology Inc.

2022

Annual Report

Publication Date: May 5, 2023

Company Website: <http://www.cybertan.com.tw>

MOPS Website: <http://mops.twse.com.tw>

This Is A Translation Of The 2022Annual Report (The "Annual Report") Of Cybertan Technology Inc. (The "Company").

This Translation Is Intended For Reference Only And Nothing Else, The Company Hereby Disclaims Any And All Liabilities Whatsoever For The Translation. The Chinese Text Of The Annual Report Shall Govern Any And All Matters Related To The Interpretation Of The Subject Matter Stated Herein.

I. Names, titles, phone numbers and e-mail addresses of the spokesperson and deputy spokesperson.

(I) Spokesperson: Lynn Kuo	Title: Spokesperson
Tel: (03)577-7777	E-mail address:ir@cybertan.com.tw
(II) Deputy Spokesperson: Maxon Huang	Title: Vice President
Tel: (03)577-7777	E-mail address:ir@cybertan.com.tw

II. Addresses and phone numbers of the headquarters, branches and factories.

Headquarters address: Hsinchu Science Park, No. 99, Yuanqu 3rd Rd., Baoshan Township, Hsinchu County
Tel: (03)577-7777

III. Names, addresses, websites and phone numbers of the stock transfer agent.

Stock Transfer Agent: Stock Affairs Department of Grand Fortune Securities Co., Ltd.
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Website: <http://www.gfortune.com.tw>
Tel: (02)2371-1658

IV. Names of CPAs, and name, address, website and phone number of the CPA firm for the latest financial statement.

Name of CPA: CPA Min-Chuan Feng , CPA Yung-Chien Hsu
Name of CPA firm: PricewaterhouseCoopers Taiwan
Address: 27F., No. 333, Sec. 1, Keelung Rd., Taipei City
Website: <http://www.pwc.com/tw>
Tel: (02)2729-6666

V. Name of any exchange where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: <http://www.cybertan.com.tw>

Table of Contents

One. Letter to Shareholders	1
Two. Company Profile	2
I. Establishment date	2
II. Company milestones.....	2
Three. Corporate Governance Report	5
I. Organization.....	5
II. Information about Directors, President, Vice President, Assistant Vice President, and officers of departments and branches	7
III. Remuneration to Directors, President, Vice President in the most recent year	19
IV. Corporate Governance Implementation	24
V. Information of CPA Fees	61
VI. Information on Replacement of CPA	61
VII. The Company's Chairman, President, or any financial or accounting manager who has been employed by a CPA firm or any of its affiliates in the most recent year ...	61
VIII. Any transfer of equities and change in equities pledged by directors, supervisors, managers, and shareholders with a stake of more than 10% in the most recent year up to the publication date of this annual report	61
IX. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship	63
X. The total number of shares of the same investee held by the Company, its directors, supervisors, managers, and any companies controlled directly or indirectly by the Company, and the consolidated shareholding ratio	64
Four. Financing Status.....	65
I. Capital and shares	69
II. Issuance of corporate bonds	69
III. Issuance of preferred shares	69
IV. Issuance of overseas depository receipts	69
V. Issuance of employee stock option certificates.....	69
VI. Issuance of restricted stock awards for employees.....	70
VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company	74
VIII. Implementation of capital utilization plan	74
Five. Business Operation	75
I. Capital and shares.....	75
II. Market and sales overview	85
III. The number of employees, their average years of service, average age, and ratio by education level in the most recent two years up to the publication date of this annual report.....	94
IV. Information on environmental protection expenditures	94
V. Labor relation.....	95

VI. Cyber Security Management	96
VII. Important contract.....	97
Six. Financial Overview.....	98
I. Condensed balance sheet and statement of comprehensive income for the most recent five years	98
II. Financial analysis for the most recent five years	103
III. Audit Committee’s audit report on the financial statements for the most recent year.....	106
IV. Financial statements for the most recent year	106
V. CPA-audited separate financial statements for the most recent year	106
VI. Any financial difficulties of the Company or any of its affiliates in the most recent year up to the publication date of this annual report.....	106
Seven. Review and Analysis of Financial Position and Financial Performance and Risk Matters	107
I. Financial position	107
II. Financial performance.....	107
III. Cash flow.....	107
IV. Impacts of material capital expenditure in the most recent year on the financial status.....	109
V. The investment policies, the main reasons for the gains or losses of investments in the most recent year, improvement plans and the investment plans for the next year	109
VI. Analysis and assessment of risk matters	109
VII. Other important matters	111
Eight. Special Items	112
I. Information on affiliates.....	112
II. Private placement of securities in the most recent year up to the publication date of this annual report.....	115
III. Holding or disposal of the Company’s shares by its subsidiaries in the most recent year up to the publication date of this annual report	115
IV. Other necessary supplementary information	115
Nine. Any Matters That Have A Material Impact on Shareholders’ Equity or the Price of Securities	115
Any matters that have a material impact on shareholders’ equity or the price of securities as defined in Sub-Paragraph 2, Paragraph 3, Article 36 of the Act in the most recent year up to the publication date of this annual report	115

One. Report to Shareholders

Dear Shareholders:

We sincerely appreciate your great support for CyberTAN Technology over the past year. We hereby provide a report on the 2021 operational outcome and the 2022 future outlook of the Company for your review and consideration:

Financial and Operational Outcomes

In 2022, the Company made adjustments in each aspect, including product positioning and development; build-up of a talent pool for software R&D; efficiency enhancement of manufacturing; and restructuring of the Company's internal policies, procedures and platforms. The results of improvement continue to be seen.

The overall operating results are summarized as follows: In 2022, our net revenue was NT\$5,753,342 thousand; our net operating loss was NT\$212,921 thousand. The net loss after tax was NT\$366,674 thousand, and the loss per share after tax was NT\$1.12. Regarding our financial operations, we have adhered to the principle of stability and have planned long- and short-term fund usage based on the status of our operations. In 2022, the current ratio was 264%, and the debt ratio was 33%. Such results show that we currently have sufficient working capital and that our financial structure is sound.

Business, R&D, and Operational Focuses

The Company deems 2023 a year of laying a robust foundation and will continue to make internal adjustments and enhance R&D power. Regarding R&D, new products such as PON, 5G CPE, Switch and cloud solution network management for small and medium-sized enterprises will continually be launched to the market starting from the second quarter. Regarding business, CyberTAN will seek more possibilities to cooperate with current customers and will extend to the market of enterprise appliances. Regarding manufacturing, our factories will gradually introduce intelligent manufacturing and connect AI big data via e-system so as to achieve better efficiency and quality in manufacturing. In response to subsequent capacity needs, we will seek suitable land in Vietnam to carry out our factory expansion plan. Our ESG project will be initiated in 2023, for which relevant task forces have been established and work items have been fully developed in order to show our ability and ambition to service international customers.

The Company will still face multiple challenges this year, including risks from geopolitics, global inflation, sluggish economy and other issues, all of which have imposed material impacts on countries and business operations around the world. Although external challenges are massive, we find that governments in every country continue to increase investments in network infrastructure. Meanwhile, appliances and needs related to network technology continually expand and extend. With the rise of satellite communication and 5G/6G mobile networks, artificial intelligence and cloud computing are also growing increasingly popular. In addition, the Internet of vehicles and Internet of things mark the trend towards an Internet of everything. All of these will bring business opportunities to the Company.

In 2023, the management will make more efforts to deliver outstanding operating performance to reward our investors. Lastly, we want to thank our shareholders, customers, suppliers and all employees for their long-time support and encouragement.

All the best!

Chairman: Gwong-Yih Lee

Two. Company Profile

I. Date of incorporation: June 10, 1998

II. Company milestones:

The Company was established with the capital of NTD 75 million in June 1998. We have 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/Layer 4 switches.

Time	Milestone
June 1998	1-port 10M Ethernet/IP Gateway was successfully developed
July 1998	8-port 10M Ethernet/IP Gateway was successfully developed
November 1998	4-port 10/100M Ethernet/IP Gateway was successfully developed
February 1999	8-port 10/100M Ethernet/IP Gateway was successfully developed
July 1999	Smart Ethernet Gateway was successfully developed
September 1999	The paid-in capital was increased out of cash to NTD 135,000,000
October 1999	We were approved at the 147th meeting by the Steering Committee of the National Science Council to set up a plant in the Hsinchu Science Park
October 1999	4-port 10/100M Switched Ethernet Router was successfully developed
February 2000	1-port 10/100M High-speed Ethernet Router was successfully developed
April 2000	8-port 10/100M Switched Ethernet Router was successfully developed
June 2000	USB Interface 10/100M Switched Ethernet Router was successfully developed
October 2000	10M HPNA Home Network Router was successfully developed
November 2000	The plant at No.99, Park Avenue 3rd, Hsinchu Science Park was purchased
December 2000	The paid-in capital was increased out of cash to NTD 350,000,000
February 2001	Broadband VoIP Router was successfully developed
March 2001	ADSL Router was successfully developed
June 2001	The paid-in capital was increased out of earnings and capital reserves to NTD 693,000,000.
August 2001	VPN Router was successfully developed.
October 2001	The public issuance was approved with the Letter (90) Tai-Cai-Zheng (1) No.162322 of the Securities and Futures Institute
November 2001	4-port 10/100M Switched Wireless 802.11b Ethernet Router was successfully developed
January 2002	Our stock was listed for trading on the emerging stock market
January 2002	Powerline/Ethernet Bridge was successfully developed
February 2002	Powerline/USB Bridge was successfully developed
March 2002	Firewall Bridge was successfully developed
May 2002	4-port 10/100M Switched VPN/Firewall Router was successfully developed
June 2002	We signed a letter of intent with BroMax Communications to officially announce a strategic partnership to public

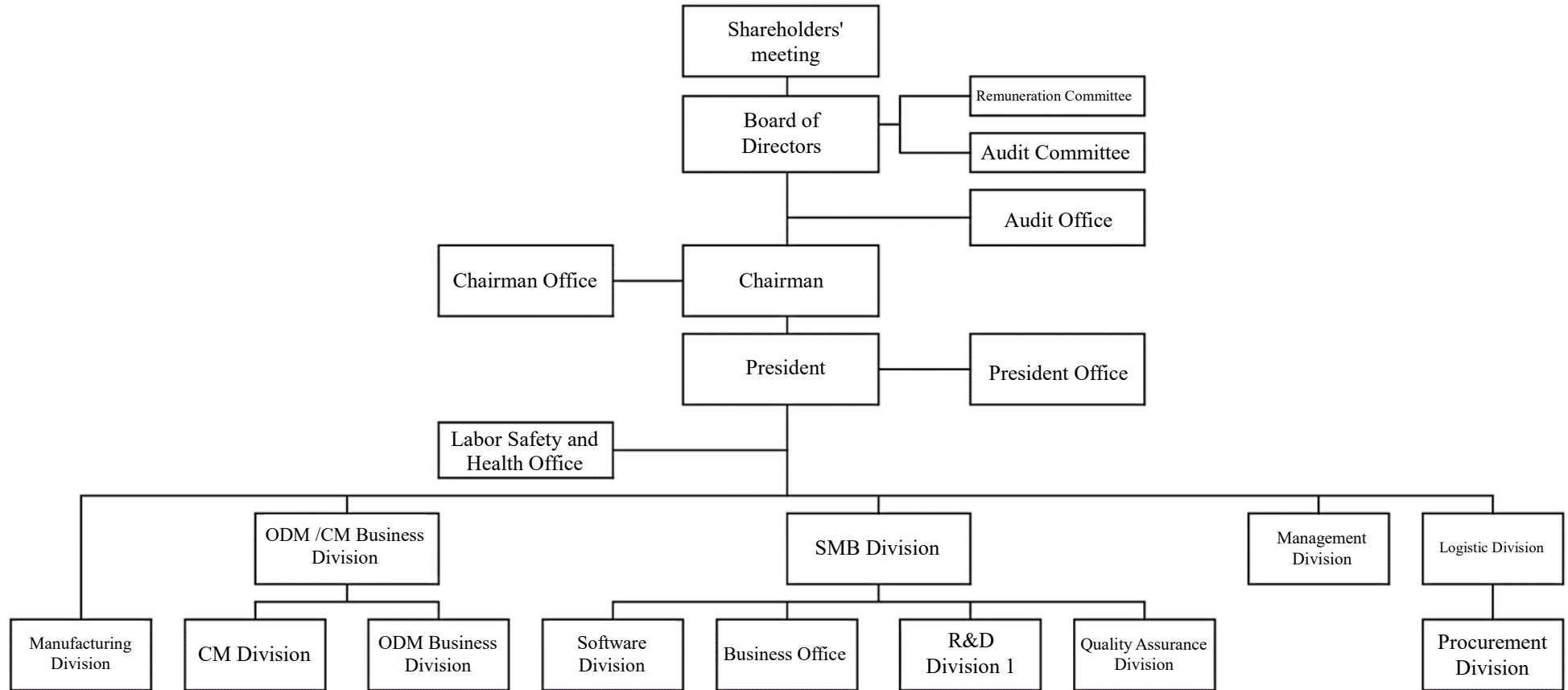
July 2002	4-port 10/100M Switched Wireless 802.11b VPN/Firewall Router was successfully developed
August 2002	4-port 10/100M Switched Powerline Router was successfully developed
October 2002	2-port WAN/ 4-port LAN Switched VPN/Firewall Router was successfully developed
November 2002	USB VPN/Firewall Network Gateway was successfully developed
November 2002	New shares related to acquisition of the shares of BroMax Communications, Inc. were issued. BroMax Communications was an investee in which the Company had a 100% shareholding. The paid-in capital was increased to NTD 1,463,587,510
December 2002	4-port 10/100M Switched Wireless 802.11g Ethernet Router was successfully developed
March 2003	The Company officially merged with BroMax Communications, Inc. on March 1 set as the merger record date.
March 2003	11b Powerline/Wireless Network Bridge, 11b Wireless Presentation Server, 11g Wireless Network Card, and 11g Wireless Access Point were successfully developed
April 2003	11g Wireless Network Bridge was successfully developed
July 2003	11g ADSL Wireless Router was successfully developed
July 2003	Our stock was listed on the TWSE for trading
February 2004	802.11a/g WLAN product series was successfully developed
March 2004	Wireless Streaming Music Player Supporting Music Downloading and Playing was successfully developed
April 2004	VoIP and ADSL-integrated Wireless Router, Wireless DVD Player, and Wireless PCI Network Card and PCMCIA Network Card in line with the WAPI standard were successfully developed
April 2004	We were the first WAPI (WLAN Authentication and Privacy Infrastructure)-certified network communication company
April 2004	Digital Home Audio Media Adapter was officially shipped.
August 2004	We passed the TL 9000 international certification
September 2004	We passed the WPA2 (Wireless Protected Access 2) and WMM (Wi-Fi Multimedia) certifications.
October 2004	We were the only company in the Greater China that passed the “Designed to DLNA Guidelines” test of the “Digital Living Network Alliance” (DLNA).
November 2004	11a/b/g MIMO Wireless Network Card was successfully developed
December 2004	11a+g Router was successfully developed
January 2005	11b Miniaturized Wireless Module was successfully developed
March 2005	11g Miniaturized Wireless Module was successfully developed
September 2005	Our DMA passed the first official version of the interoperability test of the Digital Living Network Alliance (DLNA)
September 2005	We won the Excellent Enterprise Award of the Industrial Technology Advancement Award which was known as the “Oscars of the tech industry”
April 2014	Wi-Fi 802.11ac 3x3/2x2 Dual-mode Indoor Base Station for Small Businesses was shipped
April 2014	Wi-Fi 802.11ac 3x3/3x3 Dual-mode Indoor Base Station for Small Businesses was shipped

January 2015	DTA HD Gen2 Set-top Box was shipped
April 2015	First batch of 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped.
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	Docsis 3.0 Cable Modem was shipped
November 2016	4K Set-top Box was shipped
October 2016	First batch of IoT Wireless Smart Home Sensor Kits was shipped to North American distributors
December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
January 2017	Mesh Wi-Fi Router won several awards of the CES Awards – PC Magazine: “The Best Wi-Fi Mesh Network System of 2017”; Last Gadget Standing: “2017 Winner”; ZDNet: “The best smart home, IoT products of CES 2017”; Gotta Be Mobile: “2017 CES Excellence Awards”
March 2018	High-class SD-WAN /vCPE Router was delivered to operators for certification
December 2018	Sample of LEO Satellite Broadband Router was delivered
January 2019	Ka-band Satellite Broadband Mesh Wi-Fi Router was shipped
February 2019	First version of High-speed Satellite Broadband Wireless Extender Mesh Wi-Fi Router for Chinese customers
March 2019	NB-IoT Tracker was delivered to telecommunication operators for certification
April 2019	NB-IoT Tracker for North American customers
April 2020	Wi-Fi 6 Router was shipped
October 2020	5G FWA sample was delivered to customers for testing
November 2020	BMC support VCPE was delivered to customers for certification
April 2021	Wi-Fi 6 Dual-band Mesh Full Coverage Router was shipped
June 2021	Wi-Fi 6E Tri-band High Performance Router was shipped
June 2021	Sample of LEO Satellite Broadband Trial Operation was delivered
August 2021	Wi-Fi 6 Dual-band Router Supporting 10G/GPON was shipped
October 2021	Sample of 5G FWA SD-WAN WIFI 6 Router was delivered to European customers for testing
February 2022	LEO Satellite Broadband Router was mass produced
June 2022	Wi-Fi 6E Tri-band High Performance Outdoor Wireless Base Station was shipped
July 2022	Sample of Wi-Fi 7 4x4 Tri-band High Performance Router was delivered for testing
September 2022	Sample of LEO Satellite Broadband 5G Backbone Network Access Gateway was delivered
November 2022	Sample of LEO Satellite Broadband Maritime Vessel Gateway was delivered

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Operations of main divisions

Main Department	Business
Audit Office	Audit the Company's internal regulations and systems and provide improvement suggestions.
Manufacturing Division	Responsible for the management of raw material incoming and applications therefor, planning for production scheduling, improvement of production processes, product inspection and shipment operations.
CM Division / ODM Business Division / Business Office	Responsible for market development of products, customer management, order management, collection management, customer complaint handling, planning, research, and specification development as well as promotion of future products.
Software Division/ R&D Division 1	Responsible for technology research and development of software and hardware products, design, sample production, product improvement, product abnormality analysis, design and manufacturing of production jigs and technical support to the Business Division and customers.
Quality Assurance Division	Establish and implement workplace operating rules, improve the Company's product quality, and create an international image so that customers have the best quality assurance.
Management Division	Responsible for establishing an overall management system and for the Company's general affairs, personnel, payroll, training, finance, accounting, stock affairs, and information systems according to the Company's operational objectives.
Procurement Division	Responsible for supplier resource management, production material planning, procurement and inventory control.

II. Information about Directors, President, Vice President, Assistant Vice President, and officers of departments and branches

(I) Directors

1. Shareholding information of Directors

May 5, 2023

Title	Nationality or place of registration	Name	Gender	Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
								Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
	ROC	Foxconn Technology Co., Ltd	-		2021.7.30	3	2006.1.20	10,035,348	3.08%	10,035,348	3.05%	-	-	-	-	-	-	-	-	-	-
Chairman	ROC	Representative: Gwong-Yih Lee	Male	61~70	-	-	-	-	-	50,000	0.02%	50,000	0.02%	-	-	Selected Education and Professional Qualification Master of Electrical Engineering, State University of New York Past Positions Chairman and President of CyberTAN Technology Inc. Founder, Chairman and President of TransMedia Communication Inc. Founder, Chairman and President of Digicom Systems Inc.	<ul style="list-style-type: none"> ● Independent Director of Hauman Technologies Corp. ● Director of Microelectronics Technology Inc. ● Director of Translink Capital ● Director of Creative Technology Ltd. ● Director of UNITX, Lab. ● Director of ITRI International Inc. ● Director of FOOTPRINTKU INC. ● President of CyberTAN Technology Inc. ● President of CyberTAN Corp.(USA) ● Chairman of Cyber Touch Investment Inc. ● Chairman of CyberTAN (BVI) Investment Corp. ● Chairman of CyberTAN Technology (Hongkong) Limited 	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
	ROC	Foxconn Technology Co., Ltd	-	2021.7.30	3	2006.1.20	10,035,348	3.08%	10,035,348	3.05%	-	-	-	-	-	-	-	-	-	-
Director	ROC	Representative: Hank Hsieh	Male 51-60	-	-	-	-	-	50,000	0.02%	-	-	-	-	Selected Education and Professional Qualification Bachelor, Department of Information Management, National Sun Yat-sen University Past Positions Director and Vice President of Finance, CyberTAN Technology Inc. Assistant Vice President of Business Management, Foxconn Communication and Network Solution Business Group Manager of Finance, Ambit Microsystems Corp.	<ul style="list-style-type: none"> ● Vice President of Management Division, CyberTAN Technology Inc. ● Director of Microelectronics Technology Inc. ● Director of Cyber Touch Investment Inc. ● Chairman of Fuhongkang Technology (Shenzhen) Co., Ltd. ● Chairman of Chongqing Hongdaofu Technology Co., Ltd. ● Chairman of HON YAO FU Technology Company Limited 	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	ROC	Hung-Hsun Ting	Male 61~70	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Department of Accounting, Chinese Culture University Passed the national examination for CPA</p> <p>Past Positions Manager of Certification Department and Project Department, and Partner and Accountant of Baker Tilly Clock & Co Small- and Medium-sized Enterprise Emeritus Instructor Director of Pacific SOGO Department Stores Co., Ltd. Independent Director of HOLA Taiwan Independent Supervisor of Tien Lian Biotech Co., Ltd. Supervisor of Emerging Display Technologies Co., Ltd.</p>	<ul style="list-style-type: none"> ● Partner and Accountant, Baker Tilly Clock & Co ● Independent Director, Remuneration Committee Member, and Accounting and Audit Committee Member and Chair of ShunSin Technology Holdings Limited ● Director of Cen Link Co., Ltd. ● Independent Director / Member of the Compensation Committee of the Audit Committee, M-POWER INFORMATION CO., LTD 	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	ROC	Judy Y.C. Chang	Female 71-80	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Doctor of Law, China University of Political Science and Law; Master of Information Management, Lawrence Institute of Technology; Master of Law, American University; Bachelor, Department of Law, Fu Jen Catholic University</p> <p>Past Positions Partner, Lee & Lee Attorneys-At-Law Lecturer of Fu Jen Catholic University</p>	<ul style="list-style-type: none"> ●Senior Advisor of Wu & Partners, Attorneys-At-Law 	-	-	-	-
Independent Director	ROC	Shih-Mei Lin	Female 41-50	2021.7.30	3	2021.7.30	-	-	-	-	-	-	-	-	<p>Selected Education and Professional Qualification LLB. National Taiwan University LLM. University College London, UK passed the national examination for lawyer</p> <p>Past Positions Lawyer ,Island Taiwan Law Office Lawyer ,K&L Gates Law Office Lawyer ,Kew&Lord Law Office</p>	<ul style="list-style-type: none"> ●Managing Attorney, Dawning Law Office ●Independent Director, Fortune Information Systems Corporation ●Independent Director, Taimide Technology Incorporation ●Commissioner, Ill-gotten Party Assets Settlement Committee ●Executive Director, Taipei Bar Association 	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	ROC	Ying-Shan Lin	Male 51-60	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	Selected Education and Professional Qualification EMBA, National Sun Yat-sen University Past Positions Master of Management Science, Kaohsiung Technology University	<ul style="list-style-type: none"> ● Chairman and President of Mildex Optical Inc. ● Independent Director and Remuneration Committee Member of Tayih Kenmos Auto Parts Co., Ltd. ● Independent Director and Remuneration Committee Member of ShunSin Technology Holdings Limited 	-	-	-	-

Note 1: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Teddy Chen, and the current is Gwong-Yih Lee, who was elected chairman by the Board of Directors)

Note 2: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Kuo-Liang Ho, and the current is Hank Hsieh)

2. Major shareholders of corporate shareholders

(1) Major shareholders of corporate shareholders

Names of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	9.88%
	Bao Shin International Investment Co., Ltd.	8.92%
	Hyield Venture Capital Co., Ltd.	6.01%
	Xin Sheng Investment Limited	4.70%
	Hon Yuan International Investment Co., Ltd.	2.41%
	Hon Chi International Investment Co., Ltd.	2.25%
	Standard Chartered Bank as custodian of LGT	2.11%
	Citibank Custody Investment Account of the Norwegian Central Bank	1.11%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.09%
	JPMorgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.04%

(2) Major shareholders of major corporate shareholders

Names of corporates	Major shareholders of corporates	Shareholding ratio
Hon Hai Precision Industry Co., Ltd.	Gou, Tai –ming(Terry Gou)	12.56%
	Citibank Hosting Government of Singapore Investment Account	2.78%
	New Labor Pension Fund	1.64%
	LGT Bank AG	1.20%
	JPMorgan Chase Hosting Vanguard Developing Markets Index Fund	1.19%
	JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund	1.14%
	Citibank Hosting Norges Bank Investment Account	1.06%
	Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depository Receipts Account	1.06%
	Yuanta Taiwan Excellence 50 in custody with CTBC Bank	0.89%
	Standard Chartered Bank's iShares Emerging Markets ETF Investment Account	0.82%
Bao Shin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hyield Venture Capital Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	97.95%
Xin Sheng Investment Limited	Hopetown Properties Limited	100%
Hon Yuan International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hon Chi International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%

3. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors :

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
Chairman Gwong-Yih Lee	For Directors' professional qualification and experience, please refer to page 7-9 of this Annual Report.	Not Applicable	1
Director Hank Hsieh			0
Independent Director Hung-Hsun Ting	None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.(Note 1)	All of the following situations apply to each and every of the Independent Directors: 1.Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CyberTan shares 3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2
Independent Director Judy Y.C. Chang			0
Independent Director Shih-Mei Lin			2
Independent Director Ying-Shan Lin			2

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

- 1.Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 2.Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 3.Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 4.Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;

- 5.Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- 6.If she/he does not have any or limited legal capacity; or
- 7.If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2:1.Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2.Not serving concurrently as an independent director on more than three other public companies in total.

3.During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

4.Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional background, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passed the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. Currently, there are six directors consisting of professional and diversified members of attorneys, CPAs, lecturers in colleges or universities and professional managers. Directors who are also employees of the Company represent 33.33% of the Board and the independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members. The targeted ratio of female directors is above 25% and the female directors currently account for about 33.33%. The independent directors have about eight years of directorship experience up to the publication date of the annual report and the independent directors under 60 account for 50%.

Item Name of director	Gender	Operational judgment ability	Accounting, financial and legal analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	Insight of international markets	Leadership	Decision-making ability
Gwong-Yih Lee	Male	✓		✓	✓	✓	✓	✓	✓
Hank Hsieh	Male	✓	✓	✓	✓	✓	✓	✓	✓
Hung-Hsun Ting	Male	✓	✓		✓	✓	✓	✓	✓
Judy Y.C. Chang	Female	✓	✓		✓	✓	✓	✓	✓
Shih-Mei Lin	Female	✓	✓		✓	✓	✓	✓	✓
Ying-Shan Lin	Male	✓		✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors: The Board of Directors of the Company consists of six directors, of which four are independent directors and two directors as employee (66.67% and 33.33% of all directors), as well as the independent directors are more than half of the board seats. As of May 9, 2022, In addition, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 13 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors).

(II) President, Vice President, Assistant Vice President, and officers of departments and branches

May 5, 2023

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman & President	ROC	Gwong-Yih Lee	Male	2022.4.6	50,000	0.02%	50,000	0.02%	-	-	Selected Education Master of Electrical Engineering, State University of New York Past Positions Chairman and President of CyberTAN Technology Inc. Founder, Chairman and President of TransMedia Communication Inc. Founder, Chairman and President of Digicom Systems Inc.	<ul style="list-style-type: none"> ● Independent Director of Hauman Technologies Corp. ● Director of Microelectronics Technology Inc. ● Director of Translink Capital ● Director of Creative Technology Ltd. ● Director of UNITX, Lab. ● Director of ITRI International Inc. ● President of FOOTPRINTKU INC. ● Director of CyberTAN Corp.(USA) ● Chairman of Cyber Touch Investment Inc. ● Chairman of CyberTAN (BVI) Investment Corp. ● Chairman of CyberTAN Technology (Hongkong) Limited 	-	-	-	
Vice President	ROC	Deaxy Wang	Male	2011.8.27	55,000	0.02%	-	-	-	-	Selected Education Master's Program of Electronic Engineering, Yuan Ze University	<ul style="list-style-type: none"> ● Supervisor of Ta Tang Investment Co., Ltd. ● Supervisor of Fuhongkang Technology (Shenzhen) Co., Ltd. ● Supervisor of Chongqing Hongdaofu Technology Co., Ltd. and Responsible Person of its Guangzhou Branch 	-	-	-	
Vice President	ROC	Maxon Huang	Male	2019.10.14	-	-	-	-	-	-	Selected Education Bachelor, Industrial Design, San Jose State University Past Positions Senior Director of Network Communication Business Group, Foxconn Technology Group	None	-	-	-	

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice President	ROC	Hank Hsieh	Male	2022.4.6	50,000	0.02%	-	-	-	-	<p>Selected Education Bachelor, Department of Information Management, National Sun Yat-sen University</p> <p>Past Positions Director and Vice President of Finance, CyberTAN Technology Inc. Assistant Vice President of Business Management, Foxconn Communication and Network Solution Business Group Manager of Finance, Ambit Microsystems Corp.</p>	<ul style="list-style-type: none"> ● Director of Microelectronics Technology Inc. ● Director of Cyber Touch Investment Inc. ● Chairman of Fuhongkang Technology (Shenzhen) Co., Ltd. ● Chairman of Chongqing Hongdaofu Technology Co., Ltd. ● Chairman of HON YAO FU Technology Company Limited 	-	-	-	
Vice President	ROC	Raoul Oyang	Male	2022.6.1	-	-	-	-	-	-	<p>Selected Education Master of Applied Mathematics, National Chung Hsing University</p> <p>Past Positions Senior Director of R&D Division, TP-Link Taiwan R&D CO., Ltd. Vice Director of XAVi Technologies Corporation</p>	None	-	-	-	
associate	ROC	Jeffrey Liu	Male	2023.3.1	-	-	-	-	-	-	<p>Selected Education Doctor of Computer Science, National Tsing Hua University</p> <p>Past Positions Senior Manager of Business Development, Arcadyan Technology Corporation Manager of Product Line, TP-Link Taiwan R&D CO., Ltd.</p>	None	-	-	-	

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
associate	ROC	Jacob Chen	Male	2023.3.6	-	-	-	-	-	-	Selected Education Master of Material Science and Engineering, National Taiwan University Past Positions Director of Sercomm Corporation Senior Director, Hewlett Packard Taiwan Ltd.	None	-	-	-	
Finance & Accounting Officer	ROC	Even Lee	Female	2022.10.19	-	-	-	-	-	-	Selected Education Bachelor, Department of Business Administration, National Taiwan University Past Positions Financial Advisor, Gmax Capital Inc. Finance & Accounting Officer, U-MEDIA Communications, Inc.	None	-	-	-	

III. Remuneration to Directors, President, Vice President in the most recent year

(I) Remuneration to directors and independent directors

December 31, 2022

Unit: NTD thousand

Title	Name	Remuneration to Directors								Ratio of sum of A, B, C, and D to profit after tax %		Remuneration to directors who are employees								Ratio of sum of A, B, C, D, E, F and G to profit after tax %		Remuneration from investees beyond subsidiaries or the parent company
		Remuneration (A) (Note 1)		Retirement pension (B)		Remuneration to directors (C)		Business execution expenses (D) (Note 1)				Salaries, bonuses, special allowances, etc. (E)		Retirement pension (F) (Note 2)		Remuneration to employees (G)						
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company included in the financial statements		The Company	All the companies included in the financial statements			
Chairman	Foxconn Technology Co., Ltd. Representative: Gwong-Yih Lee (Note 3)	-	-	-	-	-	-	-	-	-	-	5,675	5,675	9	9	-	-	-	-	5,684 (1.55)	5,684 (1.55)	None
Director	Roger Wu (Note 4)	-	-	-	-	-	-	-	-	-	-	1,892	1,892	38	38	-	-	-	-	1,930 (0.53)	1,930 (0.53)	None
Director	Foxconn Technology Co., Ltd. Representative: Hank Hsieh (Note 5)	-	-	-	-	-	-	-	-	-	-	3,847	3,847	7	7	-	-	-	-	3,854 (1.05)	3,854 (1.05)	None
Independent Director	Hung-Hsun Ting	-	-	-	-	-	-	420	420	420 (0.11)	420 (0.11)	-	-	-	-	-	-	-	-	420 (0.11)	420 (0.11)	None
Independent Director	Judy Y.C. Chang	-	-	-	-	-	-	420	420	420 (0.11)	420 (0.11)	-	-	-	-	-	-	-	-	420 (0.11)	420 (0.11)	
Independent Director	Shih-Mei Lin	-	-	-	-	-	-	420	420	420 (0.11)	420 (0.11)	-	-	-	-	-	-	-	-	420 (0.11)	420 (0.11)	
Independent Director	Ying-Shan Lin	-	-	-	-	-	-	420	420	420 (0.11)	420 (0.11)	-	-	-	-	-	-	-	-	420 (0.11)	420 (0.11)	

- Please describe the policy, system, standard and structure of remuneration payment for independent directors and specify the correlation with the remuneration payment amount based on the directors' responsibility, risk, and involvement duration: The Company paid remunerations to the directors in consideration of the peer level in accordance with Article 16 of the Articles of Incorporation.
- In addition to what is disclosed in the above table, the remuneration to the Company's directors for providing services (such as assuming a non-employee advising post) for all the companies included in the financial statement in the most recent year: None.

Note 1: The Company's directors did not receive any compensation from earning distribution but only received their business execution remuneration.

Note 2: The data represent the contribution to expensed incurred retirement pension.

Note 3: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Tse-Tsan Chen, and the current is Gwong-Yih Lee, who was elected chairman by the Board of Directors)

Note 4: Director Roger Wu resigned as Director and President on May 7, 2022; therefore, information after resignation will not be disclosed.

Note 5: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Kuo-Liang Ho, and the current is Hank Hsieh)

Range of Remuneration

Range of remuneration to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All the companies included in the financial statements H	The Company	All the companies included in the financial statements I
Below NTD 1,000,000	Gwong-Yih Lee 、 Roger Wu 、 Hank Hsieh 、 Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Gwong-Yih Lee 、 Roger Wu 、 Hank Hsieh 、 Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	-	-	Roger Wu	Roger Wu
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	-	-	Hank Hsieh	Hank Hsieh
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	-	-	Gwong-Yih Lee	Gwong-Yih Lee
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-	-	-
Over NTD 100,000,000	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

(II) Remuneration to the President and Vice President

December 31, 2022 Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc. (C)		Employee remuneration amount (D) (Note 3)				Ratio of sum of A, B, C and D to profit after tax (%)		Remuneration from investes beyond subsidiaries or the parent company
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman & President	Gwong-Yih Lee	19,708	19,708	386	386	6,345	6,345	-	-	-	-	26,439 (7.21)	26,439 (7.21)	None
CEO(Note 1)	Stanley Wang													
President(Note 2)	Roger Wu													
Vice President	Deaxy Wang													
Vice President	Maxon Huang													
Vice President	Hank Hsieh													
Vice President	Irving Liu													
Vice President	Raoul Oyang													

Note 1: Chief Executive Officer: Stanley Wang was dismissed on October 3, 2022; therefore, information after his dismissal will not be disclosed.

Note 2: President Roger Wu resigned as Director and President on May 7, 2022; therefore, information after resignation will not be disclosed.

(III) Remuneration to the top five management personnel

December 31, 2022 Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc. (C)		Employee remuneration amount (D) (Note 3)				Ratio of sum of A, B, C and D to profit after tax (%)		Remuneration from investees beyond subsidiaries or the parent company
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman & President	Gwong-Yih Lee	5,675	5,675	9	9	-	-	-	-	-	-	5,684 (1.55)	5,684 (1.55)	None
CEO(Note 1)	Stanley Wang	623	623	35	35	4,000	4,000	-	-	-	-	4,658 (1.27)	4,658 (1.27)	None
Vice President	Deaxy Wang	2,669	2,669	108	108	1,245	1,245	-	-	-	-	4,022 (1.10)	4,022 (1.10)	None
Vice President	Hank Hsieh	3,847	3,847	7	7	-	-	-	-	-	-	3,854 (1.05)	3,854 (1.05)	None
Vice President	Maxon Huang	3,387	3,387	108	108	200	200	-	-	-	-	3,695 (1.01)	3,695 (1.01)	None

Note 1: Chief Executive Officer: Stanley Wang was dismissed on October 3, 2022; therefore, information after his dismissal will not be disclosed.

Range of Remuneration

Range of remuneration to the President and Vice President	Names of the President and Vice President	
	The Company	All the companies included in the financial statements E
Below NTD 1,000,000	Irving Liu	Irving Liu
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Roger Wu 、 Raoul Oyang	Roger Wu 、 Raoul Oyang
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	-	-
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	Maxon Huang 、 Hank Hsieh 、 Deaxy Wang 、 Stanley Wang	Maxon Huang 、 Hank Hsieh 、 Deaxy Wang 、 Stanley Wang
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	Gwong-Yih Lee	Gwong-Yih Lee
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-
Over NTD 100,000,000	-	-
Total	8 persons	8 persons

(III) Names of the managers receiving employee remuneration and the distribution thereof

December 31, 2022 Unit: NTD thousand

	Title	Name	Amount paid in shares	Amount paid in cash (Note 2)	Total	Ratio of total amount to profit after tax (%)
Manager	Chairman & President	Gwong-Yih Lee	0	0	0	0
	CEO(Note 1)	Stanley Wang				
	President(Note 2)	Roger Wu				
	Vice President	Deaxy Wang				
	Vice President	Maxon Huang				
	Vice President	Hank Hsieh				
	Vice President	Irving Liu				
	Vice President	Raoul Oyang				
	Finance & Accounting Officer	Sammie Huang				
	Finance & Accounting Officer	Even Lee				

Note1: Chief Executive Officer: Stanley Wang was dismissed on October 3, 2022; therefore, information after his dismissal will not be disclosed.

Note2: President Roger Wu resigned as Director and President on May 7, 2022; therefore, information after resignation will not be disclosed.

(IV) Comparison and analysis of the total remuneration to directors, supervisors, the President and Vice President of the Company in proportion to the profit after tax from the Company and companies included in the consolidated statements in the most recent two years shown in the separate or individual financial statements, and the policies, standards, and packages based on which they were paid, procedures of determining remunerations, and their correlation with operating performance and future risks.

1. Analysis of ratio of total remuneration to profit after tax

Unit: NTD thousand

Title \ Year	Total remuneration		Ratio of total remuneration to profit after tax	
	2022	2021	2022	2021
Director	13,148	4,812	(3.59)%	19.73%
President and Vice President	26,439	6,625	(7.21)%	27.16%

Note: The Company and all the companies included in the financial statement paid the same amount for the remunerations.

2. Policies, standards, and packages based on which remunerations are paid, procedures of determining remunerations, and their correlation with operating performance and future risks

(1) Directors: The Company's independent directors receive fixed compensation. In addition to the attendance fee for each board meeting, directors do not receive other compensation. None of the directors receive remuneration.

(2) President and vice president: The ratio of the distribution of remuneration to the Company's managers is determined based on the profitability and revenue growth rate for the year, subject to Article 20 of the Company's

Articles of Incorporation. The remuneration of the Company's managers is determined based on their degree of participation in the Company's operations and the evaluation of their performance. The aspects evaluated include: practices of the Company's core values and operational management skills, financial and operational performance indicators and comprehensive management indicators, and their participation in continuous education and sustainable management. Their other special contributions or significant negative events are also considered in the performance of evaluation and remuneration distribution.

IV. Corporate Governance Implementation

(I) Operation of the Board of Directors

The Board of Directors convened six meetings in the most recent year (2022).

The attendance record of the directors is listed as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Chairman	Foxconn Technology Co., Ltd. Representative: Gwong-Yih Lee	8	0	100	
Chairman	Foxconn Technology Co., Ltd. (Note1) Representative: Teddy Chen	1	0	100	
Director	Roger Wu(Note2)	2	0	100	
Director	Foxconn Technology Co., Ltd. Representative: Hank Hsieh	8	0	100	
Director	Foxconn Technology Co., Ltd. Representative:Kuo-Liang Ho	1	0	100	
Independent Director	Hung-Hsun Ting	9	0	100	
Independent Director	Judy Y.C. Chang	9	0	100	
Independent Director	Shih-Mei Lin(Note3)	8	1	88.89	
Independent Director	Ying-Shan Lin	8	1	88.89	

Note 1: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Tse-Tsan Chen , and the current is Gwong-Yih Lee , who was elected chairman by the Board of Directors), should attend 1 times.

Note 2: Director Roger Wu resigned as Director and President on May 7, ,should attend 2 times.

Note 3: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Kuo-Liang Ho , and the current is Hank Hsieh) should attend 1 times.

Other particulars:

- Where the operations of the Board of Directors meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals, opinions of all independent directors, and the Company's resolution of said opinions:
 - Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable, The Company has established the Audit Committee.
 - Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing other than those described above: None.

2. Directors' avoidance of the proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated:

(1) Board meeting on 2022/05/09

◎ Proposal: Proposal for subsidiary HR planning.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
- Reason for recusal: Positions in subsidiaries.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

◎ Proposal: To remove the non-competition restrictions against directors and their representatives.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Independent Director Hung-Hsun Ting.
- Reason for recusal: Involved in the proposal to remove the non-competition restrictions against directors and their representatives.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

◎ Proposal : Proposal of the appointment of the Company's managers and remuneration of Chairman and new managers.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
- Reason for recusal: Remuneration to the aforementioned personnel.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(2) Board meeting on 2022/08/11

◎ Proposal: Proposal of the appointment of the Company's managers.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee .
- Reason for recusal: As a manager.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(3) Board meeting on 2022/08/22

◎ Proposal: Proposal of allocation list for restricted stock awards issued in 2022 by the Company for employees regarding managers and employees as directors.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
- Reason for recusal: Allocation of issuance of restricted stock awards for the aforementioned employees who hold the position of director.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(4) Board meeting on 2022/09/13

◎ Proposal: Change in proposal of allocation list for employee's restricted stock awards issued in 2022 by the Company for managers and employees as directors.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
- Reason for recusal: Allocation of issuance of restricted stock awards for the aforementioned employees who hold the position of director.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(5) Board meeting on 2022/10/03

◎ Proposal: Proposal of the appointment of the Company's managers.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee.
- Reason for recusal: As a manager.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(6) Board meeting on 2022/11/08

◎ Proposal: Proposal for subsidiary HR planning.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee.
- Reason for recusal: Positions in subsidiaries.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

3. Information including the cycle, period, scope, method, and contents of the self-evaluation for the Board of Directors:

Cycle	Once a year
Period	January 1, 2022 – December 31, 2022
Scope	Evaluation of the performances of the Board of Directors, individual director and functional committees
Method	Self-evaluation for the Board of Directors and the members thereof
Item	Items of the internal self-evaluation of the Board of Directors' overall performance include the following five major targets: 1. Participation in the Company's operation; 2. Improvement of the Board's decision quality; 3. The Board's composition and structure; 4. Election and continuous training of the directors; 5. Internal control; Items of the performance evaluation for the directors include the following six major targets: 1. Understanding of the Company's goals and tasks; 2. Knowledge of directors' duties; 3. Participation in the Company's operation; 4. Internal relation maintenance and communication; 5. Directors' professional qualification and continuous training; 6. Internal control; Items of the performance evaluation for the functional committees include the following five major targets: 1. Participation in the Company's operation; 2. Knowledge of the functional committees' duties; 3. Improvement of the functional committees' decision quality; 4. Composition and member election of the functional committees; 5. Internal control.

4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an audit committee, improvement of information transparency), and the progress of such enhancements:

- ◎ Establishment of the Remuneration Committee and Audit Committee: The Company established the Remuneration Committee on June 18, 2012 and the Audit Committee on June 22, 2015 to strengthen the Board's performance of its responsibilities.
- ◎ Enhancement of corporate governance: The Company established the "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best-Practice Principles," "Sustainable Development Best-Practice Principles," "Regulations on the Performance Evaluation of the Board of Directors," "Rules of Procedure for Board of Directors Meetings" and "Standard Operation Procedures for Management of the Request from the Board of Directors," which were approved by the Board of Directors; these are assessed and reported the Board of Directors every year in accordance with the "Regulations on the Performance Evaluation of the Board of Directors".

- ⊙ Enhancement of information transparency: The Company established the "Operation Procedures for Handling Internal Material Information" and it has been approved by the Board of Directors.
- ⊙ The Company's directors consist of professional and diversified members who are attorneys, CPAs, lecturers in colleges or universities and professional managers. In addition, independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members and the female directors currently account for about 33.33%.

(II) Operation of the Audit Committee

The Company's Audit Committee consists of four independent directors and shall convene at least one meeting per quarter. The independent directors are responsible for the adequate expression of the Company's financial statements, election (dismissal), independence and performance of CPAs, effective implementation of internal control, compliance with laws and rules and control over existing or potential risks. Their main responsibilities are described as follows:

- ⊙ Establishment or amendment of the Company's internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- ⊙ Assessment of the validity of the internal control system.
- ⊙ Establishment or amendment of the handling procedures regarding significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds to others, and endorsement/guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- ⊙ Matters involving any directors' personal interests.
- ⊙ Significant transactions of assets or financial derivatives.
- ⊙ Significant loans of funds, and endorsement/guarantees.
- ⊙ The offering, issuance, or private placement of equity-type securities.
- ⊙ The hiring or dismissal of CPAs, or the compensation given thereto.
- ⊙ The appointment or discharge of a financial, accounting, or internal audit officer.
- ⊙ Annual financial statements
- ⊙ Any other material matter required by the Company or the competent authority.

The Audit Committee held four meetings in the most recent year (2022). The attendance record of the independent directors is listed below:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Independent Director	Hung-Hsun Ting	6	0	100	
Independent Director	Judy Y.C. Chang	6	0	100	
Independent Director	Shih-Mei Lin	5	1	83.33	
Independent Director	Ying-Shan Lin	5	1	83.33	

Other particulars:

1. Where the operations of the Audit Committee meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals, resolutions made by the Audit Committee and the Company's resolution of the Audit Committee's opinions.

(1) Matters specified in Article 14-5 of the Securities and Exchange Act.

Meeting date (session)	Proposal
March 21, 2022 (The 3 th session of the 3 rd Audit Committee)	Proposal of the Company's "Declaration of Internal Control System"
	Proposal of the 2021 financial statements
	Proposal for amendment of the Company's "Procedures for Acquisition or Disposal of Assets" .
May 9, 2022 (The 4 th session of the 3 rd Audit Committee)	Proposal of the 2021 business report
	Proposal for 2021 earnings distribution
	Issuance of new restricted stock awards.
	Proposal for removal of the non-competition restrictions against directors and their representatives
November 8, 2022 (The 8 th session of the 3 rd Audit Committee)	Proposal of the 2023 audit plan
	Proposal for assessment of the independence of the Company's CPAs

If none of the independent directors objects or expresses qualified opinions to the proposals mentioned above, such proposals shall be approved unanimously by all attending members.

(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of all the directors: None.

2. Independent directors' avoidance of proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: None.

(1) Audit Committee on 2022/05/09

◎ Proposal: To remove the non-competition restrictions against directors and their representatives.

- Directors who recuse themselves due to a conflict of interest: Independent Director Hung-Hsun Ting.
- Reason for recusal: Involved in the proposal to remove the non-competition restrictions against directors and their representatives.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

3. Communication of the independent directors with the internal audit officer and CPAs (e.g. the major matters, methods, and results of communication with regard to the financial and business affairs of the Company):

◎ Policies of the communication between the independent directors and the internal audit officer: The internal audit officer shall submit audit reports to the independent directors on a regular basis and report the progress of the audit work thereto at least once per quarter. When any material irregularities occur, a report must be immediately prepared for review, and the independent directors shall be notified.

◎ Policies of the communication between the independent directors and CPAs: CPAs shall meet with the independent directors at least once a year (at an Audit Committee meeting or a communication meeting) to report the Company's financial position and internal control implementation to the independent directors and explain accounting practice principles and matters causing major impacts on profits or losses and any recent amendments to relevant laws and regulations. In case of any material circumstances, such meeting may be convened at any time.

(III) Corporate governance implementation, any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles based on Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Corporate Governance Best-Practice Principles” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on the Company’s website and MOPS after the approval of the Board of Directors.	No major difference.
II. Company’s equity structure and shareholders’ equity				
(I) Does the Company have any internal operating procedures regulated to deal with suggestions, questions, disputes, and legal actions from shareholders and implement the procedures?	✓		The Company has established the “Regulations on Shareholder Services Management” and the spokesperson, deputy spokesperson and designated personnel to handle the suggestions, questions, disputes and legal actions of shareholders.	(I) No major difference.
(II) Does the Company have a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers?	✓		Part of the Company’s directors are the major shareholders of the Company and the changes in shareholding of the Company’s major shareholders, directors and managers are reported and disclosed on the MOPS according to laws. The Company also has a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers.	(II) No major difference.
(III) Does the Company establish or implement any risk control measures and firewall mechanisms between the Company and the affiliates?	✓		As a listed company, the Company has established a comprehensive internal control system. The Company and its affiliates are individual legal entities with independent finance and business.	(III) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Does the Company establish internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		The Company has established promotion information to prevent insider trading and the “Code of Ethical Conduct for Directors and Managers” to prevent the Company insiders from using information not available to the market to trade securities.	(IV) No major difference.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		Article 20 of the Company’s “Corporate Governance Best-Practice Principles” has specified the diversity policy for the composition of the Board of Directors. Currently, there are six directors consisting of professional and diversified members of attorneys, CPAs, lecturers in colleges or universities and professional managers. Directors who are also employees of the Company represent 33.33% of the Board and the independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members. The targeted ratio of female directors is above 25% and the female directors currently account for about 33.33%. The independent directors have about eight years of directorship experience up to the publication date of the annual report and the independent directors under 60 account for 50%. Please refer to Page 13 of the related implementation is shown.	(I) No major difference.
(II) Is the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, willing to voluntarily establish any other	✓		The Company has established the Remuneration Committee and Audit Committee pursuant to laws and will establish other functional committees depending on the operation status.	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
functional committees? (III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?	✓		The Company adopted the resolution by the Board of Directors to establish the “Regulations on the Performance Evaluation of the Board of Directors” on November 12, 2019. Please refer to Page 26 of the annual report for the evaluation method and contents. The evaluation results of 2022 have been reported to the Board of Directors in Q1, 2023. The performance of the Board of Directors (Functional Committee) was evaluated as excellent while the self-evaluations regarding the performance of Board members were also excellent. The overall Board of Directors (Functional Committee) functions effectively. For detailed information, please refer to the corporate governance section of the Company’s website.	(III) No major difference.
(IV) Does the Company assess the CPAs for their independence on a regular basis?	✓		The Audit Committee of the Company regularly assess the independence of the CPAs and reports the assessment result to the Board of Directors every year. After confirmation, besides charges for audit and public finance taxation cases the CPAs have no other financial interests or business relationships with the Company. After confirming the family members of the CPAs did not violate the independent requirement, the result regarding the independent assessment of the CPA in the most recent year discussed and approved by the Audit Committee on November 8, 2022 was reported and resolved by the Board of Directors on November 8, 2022.	(IV) No major difference.
IV. If the Company is a TWSE/TPEX listed company, does the Company have qualified governance personnel in an	✓		As the corporate governance unit of the Company, the management division is responsible for matters related to corporate governance to set up Corporate Governance	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
appropriate number and designate one chief corporate governance officer to oversee corporate governance affairs (including but not limited to providing the directors and supervisors with information needed to perform their duties, assisting the legal compliance of the directors and supervisors, handling matters related to board meetings and shareholders' meetings according to laws and preparing minutes of board and shareholders' meetings)?			<p>Officer based on the resolution of Board of Directors on May 8, 2019. The major duties include handling matters related to board meetings and shareholders' meetings according to laws, preparing minutes of board and shareholders' meetings, assisting assumption of office and continuing education of directors, providing the directors with information needed to perform their duties, assisting the legal compliance of the directors, and other matters regulated in the Articles of Incorporation or contracts.</p> <p>The business implementation of the Company's corporate governance unit in 2022 is as follows:</p> <p>(I) Dealing with change in registration of the Company.</p> <p>(II) Arranging matters regarding the continuing education for directors regularly, provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management to assist the directors in legal compliance.</p> <p>(III) Implementing meeting procedures of the Board of Directors and the shareholders' meeting and resolution regarding legal compliance matters.</p> <p>(IV) Responsible for announcing material information of important resolutions after the Board meeting to ensure the legitimacy and accuracy of material information and secure the information equivalence in investor trading.</p> <p>Further education of the Corporate Governance Supervisor for 2022: Industry Theme Promotion of Sustainable Development Roadmap held on July 27, 2022 for 2 hours, Strategy and Management of Corporate Upgrade and</p>	

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			Transformation held on August 24, 2022 for 3 hours, Importance of Intellectual Property Rights Management to Corporate Governance held on August 31, 2022 for 3 hours, Insider Trading Regulatory Compliance Seminar held on October 19, 2022 for 3 hours and Impacts of Global Net Zero Emissions and ESG Action held on December 15, 2022 for 3 hours.	
V. Does the Company build communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), establish a stakeholder section on the Company's website, and duly respond to the stakeholders' concerns on issues related to corporate social responsibilities?	✓		The Company has established a stakeholder section on the Company's website to build the communication channels with stakeholders and duly respond to the stakeholders' concerns on important issues.	No major difference.
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders' meetings?	✓		The Company has appointed the Share Administration Department of Grand Fortune Securities as the registrar to deal with the affairs of shareholders' meetings of the Company.	No major difference.
VII. Information disclosure (I) Does the Company establish a corporate website to disclose information concerning financial affairs and corporate governance? (II) Does the Company use other information disclosure methods (e.g. establishment of an English website, assignment of specific	✓ ✓		 The Company has established Chinese and English websites of the Company and disclosed information concerning financial affairs and corporate governance. The Company has assigned specific personnel responsible for the collection and disclosure of corporate information and implemented a spokesperson system. We also have established an English website and held the investor	(I) No major difference. (II) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
<p>personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)?</p> <p>(III) Does the Company publicly announce and file the annual financial report within two months after the close of fiscal year and announce and file the financial reports of the first, second and third quarters and the monthly operation status prior to the regulated deadline?</p>	✓		<p>conference to disclose information concerning financial affairs and business on December 23, 2022.</p> <p>The Company publicly announces the annual financial report, quarterly financial reports and monthly operation status within the deadline according to the regulations without any announcement in advance.</p>	(III) No major difference.
<p>VIII. Does the Company have additional important information that is helpful to understand the implementation of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, continuing training of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for directors and supervisors)?</p>	✓		<p>1.The Company pays attention to the interests of employees and relations between the employer and employee by irregularly holding labor-management communication meetings.</p> <p>2.Focusing on the investor relationships, supplier relationships and the rights of stakeholders, the Company has established the spokesperson and designated personnel to handle the inquiry of the shareholders, suppliers and all stakeholders.</p> <p>3.The directors of the Company participate in the continuing education courses to strengthen their professional capabilities. Please refer to Attachment 1 and 2 for the continuing education status of directors and managers in 2022.</p>	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>4.The directors of the Company pay attention to proposals involving personal interests and avoid participation due to conflict of interests in accordance with the laws. The Board of Directors' meetings of the Company are convened at least once every quarter with good participation of the directors. The internal control policies, risk management systems and necessary regulations of the Company are implemented faithfully after reported and approved by the Board of Directors.</p> <p>5.The Company has purchased liability insurance for all directors and relevant information is disclosed on MOPS.</p>	

IX. Please explain the improvements made based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:

- 1.The Company participates in the corporate governance evaluation every year nine consecutive times.
- 2.The Company has enhanced the following corporate governance matters in 2022:
Reporting the Interim Financial Report financial report in English in 2022.
- 3.The Company takes priority corrective actions for the following matters based on the result of corporate governance evaluation:
 - (1) Formulate an intellectual property management plan that is linked to business goals.
 - (2) Establishment of a unit dedicated to (concurrently engaged in) promotion of sustainable development, implementation of risk assessment of environmental, social, and corporate governance issues related to corporate operation, establishment of relevant risk management policies or strategies based on the principle of materiality, and the promotion of sustainable development are all supervised by the Board of Directors.
 - (3) Based on the proposed framework for task force on climate-related financial disclosures (TCFD), the Company discloses 4 categories of information including corporate governance, strategies, risk management, indicators, and goals regarding climate-related risks and opportunities of the corporation.

Attachment 1: In-service training of the Company's Directors in 2022

Name	Course	Organizer	Date of Course	Hours
Director : Gwong-Yih Lee	How the Board of Directors Strengthens the Competitiveness of an Enterprise	TWIoD	2022/04/26	3
	Strategy and Management of Corporate Upgrade and Transformation	Corporate Sustainable Association Operating and Development	2022/08/24	3
Director : Hank Hsieh	Strategy and Management of Corporate Upgrade and Transformation	Corporate Sustainable Association Operating and Development	2022/08/24	3
	Importance of Intellectual Property Rights Management to Corporate Governance	Corporate Sustainable Association Operating and Development	2022/08/31	3
Independent Director : Hung-Hsun Ting	Corporate Governance Series - Practical Analysis on Equity Reporting of Insider Trading	Taiwan Investor Relations Institute	2022/04/15	3
	Corporate Governance and Securities Regulations	Taiwan Investor Relations Institute	2022/06/17	3
Independent Director : Judy Y.C. Chang	2022 Insider Trading Regulatory Compliance Seminar	Securities and Futures Institute	2022/10/12	3
	Impacts of Global Net Zero Emissions and ESG Action	Accounting Research and Development Foundation	2022/12/15	3
Independent Director : Shih-Mei Lin	Taishin 30 Net Zero Sustainability Summit - Transform to Net Zero 2030	TAISE	2022/04/22	3
	2022 Prevention of Insider Trading Promotion	Securities and Futures Institute	2022/06/10	3
Independent Director : Ying-Shan Lin	Intellectual Property Rights Management - Intellectual Property Litigation Practices	Taiwan Investor Relations Institute	2022/07/06	3
	Corporate Management and Crisis Management	Taiwan Corporate Governance Association	2022/11/03	3

Attachment 2: In-service training of the Company’s managers and their proxies in 2022:

Name	Course	Organizer	Date of Course	Hours
Accounting Officer: Sammie Huang	Continuing Education Program for the Accounting Managers of Issuers, Securities Firms and Exchanges	Accounting Research and Development Foundation	2022/11/24 to 2022/11/25	12
Deputy Accounting Officer: Sam Huang	Continuing Education Program for the Accounting Managers of Issuers, Securities Firms and Exchanges	Accounting Research and Development Foundation	2022/11/24 to 2022/11/25	12
Audit Office: Rita Shang	Regulations and Practice Analysis of the Loaning of Funds, Endorsements and Guarantees, and Acquisition and Disposal of Assets	The Institute of Taiwan Auditors-Chinese Taiwan	2022/03/28	6
	Production Cycle Practices and Audit Focus	The Institute of Taiwan Auditors-Chinese Taiwan	2022/04/19	6
Deputy Auditor: Kio Chiang	Personal Data Law for Internal Audits and Internal Control	The Institute of Taiwan Auditors-Chinese Taiwan	2022/10/19	6
	Regulatory Analysis and Audit Focus of the Board of Directors and Functional Committees (Audit, Remuneration)	The Institute of Taiwan Auditors-Chinese Taiwan	2022/11/24	6

(IV) Disclosure of the composition, responsibility, operation of the Remuneration Committee (if any)

1. Information about Remuneration Committee members

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Convenor and Independent Director Ying-Shan Lin	CyberTan's Compensation Committee is comprised of all four independent directors. For members professional qualification and experience, please refer to page 8-12 of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1.Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau 2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CyberTan shares 3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2
Independent Director Hung-Hsun Ting			2
Independent Director Judy Y.C. Chang			0
Independent Director Shih-Mei Lin			2

Note : During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000".

2. Operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three independent directors (Ying-Shan Lin, Hung-Hsun Ting, Judy Y.C. Chang and Shih-Mei Lin).

(2) Term of office: 2021/07/30–2024/07/29. The Remuneration Committee convened four meetings (A) in 2022, and the attendance of the Committee members are listed as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A)	Remarks
Convener and independent director	Ying-Shan Lin	6	1	85.71	
Independent Director	Hung-Hsun Ting	7	0	100	
Independent Director	Judy Y.C. Chang	7	0	100	
Independent Director	Shih-Mei Lin	7	0	100	

Meeting date (session)	Proposal
March 21, 2022 (1st meeting in 2022)	Proposal for distribution of the remuneration to employees in 2021
May 9, 2022 (2th meeting in 2022)	Proposal of the appointment of the Company's managers and remuneration of chairman and new managers
Aug 11, 2022 (3rd meeting in 2022)	Proposal of the remuneration of the Company's new employed managers
Aug 22, 2022 (4th meeting in 2022)	Proposal of allocation list for restricted stock awards issued in 2022 by the Company for employees regarding managers and employees as directors
Sep 13, 2022 (5th meeting in 2022)	Change in proposal of allocation list for employee's restricted stock awards issued in 2022 by the Company for managers and employees as directors
Oct 3, 2022 (6th meeting in 2022)	Discussion of managers' severance pay
November 8, 2022 (7th meeting in 2022)	Proposal of the remuneration of the Company's new employed managers
	Proposal of 2022 salary adjustment and bonus for the Company's managers
	The second issuance of restricted stock awards in 2022 by the Company for employees serving as managers

Other particulars:

1. Scope of Duties of the Remuneration Committee:

(1) Establish and periodically review the policies, standards and structure of the performance evaluation and remuneration for the directors and managers of the Company.

(2) Regularly review and adjust the remunerations to the directors and managers.

2. If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the Board meeting, contents of the proposals, meeting resolutions, and the Company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board of Directors is higher than that suggested by the Remuneration Committee, the deviation and causes thereof shall be specified): None.

3. If any member objects or expresses qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, the date and session of the meeting, contents of the proposal, the entire members' opinions, and how their opinions are addressed shall be specified: None.

(V) Fulfillment of corporate social responsibilities

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		To achieve corporate sustainable development, the Company has established a part-time Sustainability Committee with the Chairman, who is also the President, serving as the Chairman. The Sustainability Promotion Office was set in the President Office, consisting of 5 separate teams to formulate work plans, report progress to the Board of Directors at least every six months, and complete the annual sustainability development report every year, and upload it to the MOPS before June 30.	No major difference.
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		<p>The Company follows the principle of materiality and uses Risk Priority Number (RPN) to assess risk regarding environmental, social, and corporate governance issues:</p> <p>Environmental Aspect: Climate change risk In response to water and electricity shortages, we have implemented regular energy saving and carbon reduction and investment improvement plans for renewable energy equipment based on energy use inventory and source management.</p> <p>Environmental protection compliance Greenhouse gas inventories were conducted under the guidance of the Hsinchu Science Park Bureau, and improvements were made regarding the environmental safety and sanitation of waste disposal.</p> <p>Social Aspect: Talent recruitment, remuneration and welfare Regular manpower assessments and inventory, emphasis on personnel development and cultivation, education and training</p>	No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>as well as assessment of personnel capacity based on their specialties, and provision of a competitive compensation system and a variety of welfare measures.</p> <p>Occupational safety and health An Occupational Safety Committee is established to adhere to the goal of zero injuries, zero occupational diseases, and zero accidents while making continuous improvements to create the best workplace for all employees.</p> <p>Corporate governance: Continual operation and innovation Balance between supply and demand in the supply chain, the synchronization of sustainability policy with the supply chain, continuing to develop competitive products internally while taking into account quality control, and effective communication with customers to effectively improve financial performance.</p> <p>Information security Maintain the normal operation of the Company's information system, and regularly hire a third party to conduct information security protection scans to target information security incidents.</p>	
<p>III. Environmental issue</p> <p>(I) Has the Company established environmental policies suitable for the Company's industrial characteristics?</p> <p>(II) Does the company endeavor to utilize all resources more</p>	<p>✓</p> <p>✓</p>		<p>We have established the safety and health management system in accordance with the labor safety and health regulations.</p> <p>We have always complied with environmental protection laws and regulations. The Company contracts with a legal cleaning</p>	<p>(I) No major difference.</p> <p>(II) No major difference.</p>

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
efficiently and use renewable materials which have low impact on the environment?			company for legal and regular waste treatment and recycling to protect the environment and the planet as well as recycle resources. Target: 80% waste recycling rate or above.	
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	✓		To reduce the impact of our business activities on the environment, we promote and implement resource and energy reduction in our daily operation, conduct a greenhouse gas inventory regularly, review the data of water consumption and the total amount of waste, so as to mitigate the risk of climate change.	(III) No major difference.
(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste of the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?	✓		<ol style="list-style-type: none"> 1. For our greenhouse gas emission, water consumption, and total weight of waste in 2021 and 2022, please refer to Attachment 1. 2. We conduct air quality improvement measures even though we are not in the first batch of announced premises conforming to the Indoor Air Quality Act. Considering our employees stay in indoor environments (including homes, offices or other buildings) at least for eight hours every day and the indoor air quality directly affects the working quality and efficiency, we should pay attention to the impact of indoor air pollutants on human health. <ol style="list-style-type: none"> A. Therefore, in addition to granting subsidies for employees to earn certifications, we have set the maintenance frequency and measures for our air conditioning system, for example, cleaning the filter of the indoor blower, planting indoor/outdoor plants (around 200 trees and hedgerows are planted outdoors to form a greenbelt), 	(IV) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>increasing/decreasing outdoor air circulation based on the air quality provided by the Central Weather Bureau, and moving printers to non-office areas or installing air extractors. For indoor decoration, we have asked contractors to use materials and paint that are the “Green Building Material” in the hope to improve the quality of indoor/outdoor air.</p> <p>B. Our labor safety unit purchases portable CO₂ detectors and monitors the indoor air quality at any time to provide employees with the good air quality.</p> <p>3. Water improvement measures: Our water consumption is generated mainly from domestic water for employees (water for drinking and bathrooms) and air conditioner water. The water used is running water originating from the Baoshan Second Reservoir in Hsinchu. There is no wastewater generated from production. Clean rainwater in plants is drained to rainwater ditches on the ground to ensure the separation of rainwater and wastewater.</p> <p>Water saving measures:</p> <p>A. Suspend the cleaning of walls</p> <p>B. Reduce the frequency of cleaning cooling towers (from twice a year to a frequency as appropriate)</p> <p>C. Plant drought-enduring plants</p> <p>D. Install water economizers for taps in bathrooms and reduce the amount of water used for a flush</p> <p>E. Assign security to record water meter readings and keep an eye on any leaks in water facilities to avoid waste of</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>water resources</p> <p>F. Further maintain water facilities with leaks</p> <p>G. Reduce the operational time of the water chiller and bring in outdoor fresh air in all the seasons other than summer to reduce the operational time of the water chiller or avoid the use of the water chiller (the operational time is reduced from 24 hours to 0–12 hours).</p> <p>The measures mentioned above have been implemented successively since 2013 to actively reduce the consumption of tap water.</p> <p>4. For the waste management policy, the Company has actively reduced wastes by improving the design and manufacturing, use of materials, and packaging materials, effectively performed internal waste sorting, and formulated waste disposal plans.</p> <p>Target: 80% waste recycling rate or above. Measures for reduction:</p> <p>A. Control the printing paper consumption and encourage employees to reuse paper printed on one side.</p> <p>B. Implement waste and sorting and recycling</p> <p>C. Recycle or return cartons, styrofoam and pallets to suppliers.</p> <p>D. Reuse coffee grounds as a fertilizer for trees.</p> <p>E. Provide wastepaper to the Yuen Foong Yu Paper Factory for recycling.</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
IV. Social issue				
(I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	✓		The Company observes related labor laws and respects the basic and internationally recognized basic labor rights. Our employees are covered by labor and health insurance, and their pension is contributed in accordance with law, in order to guarantee their legitimate rights. All of our management systems comply with the local labor laws and regulations, and the relevant systems are announced on our internal website for employees' reference.	(I) No major difference.
(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	✓		We establish salary and benefit measures for employees in accordance with the Labor Standards Act and relevant laws and regulations.	(II) No major difference.
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>1. Our two plants are engaged in R&D, and thus, there is no use of toxic chemicals in production or manufacturing. The measures for personnel safety and environmental control are as follows:</p> <p>(1) Personnel safety measures:</p> <p>A. Our security guards work 24-hour shifts and inspect the plant after hours on a regular basis (every 2 hours from 22:00) to ensure the safety of employees working overtime and check if the electronic equipment in unused areas is turned off.</p>	(III) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>B. Eight emergency push-buttons are installed in the motorcycle parking shed and car parking lot. Once a button is pressed, a call for assistance is sent to the security station.</p> <p>C. The entrances and exits of offices in each floor are equipped with an access control system. Surveillance equipment is also installed at entrances and exits. We provide an extension phone for employees to contact security or other employees in case they forget to bring their access card or are locked out.</p> <p>D. Our occupational safety personnel inspect the plant once or twice every day and sign in at each area that needs to be inspected.</p> <p>E. We conduct new personnel training (3 hours) and on-job employee training (3 hours for 3 years) according to the Occupational Safety and Health Act. We teach new employees the environmental safety/ traffic safety/ emergency evacuation location (in case of fire). In the on-job employee training, employees are taught electronic device/fire safety.</p> <p>F. We perform fire safety training twice a year. The training includes the firefighting team training and the evacuation drill for all employees.</p> <p>G. Stairs are equipped with anti-slip strips, and safety nets and anti-collision cushions are placed in the stairwells.</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>(2) Workplace protection measures:</p> <p>A. We conduct the operational environment inspection (CO2 and illumination) twice every year pursuant to the Occupational Safety and Health Act. The inspection report is regularly announced/reviewed, and all the inspection results are better than the requirement of the law.</p> <p>B. CO2 detectors are installed on each floor. We monitor the indoor air quality at any time, and employees may observe the air quality on their own, in order to provide the employees with the good air quality.</p> <p>C. Induction lamps are installed in the basement for energy saving/safety purpose.</p> <p>D. We encourage employees to exercise by setting up a gym. The usage survey shows that around 20 to 40 people go to the gym for exercise every day.</p> <p>2. Occupational Health and Safety Management Systems (OHSAS): We establish our own occupational safety management system. Even though the system has not passed the OHSAS 18001 or TOSHMS certification, we formulate regulations and systems consistent with the occupational safety system in accordance with the said certification systems, draw up the annual occupational safety work plan, and conduct regular inspection according to the plan every month.</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		Our HR unit have an effective career capacity development training program established for the employees based on their specialties.	(IV) No major difference.
(V) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented	✓		To protect consumers' rights, complaint channels are provided on the Company's website for the consumers to contact our R&D, procurement, production, operational and service personnel. The Company complies with relevant laws and international standards with regard to marketing and labeling in relation to our products and services.	(V) No major difference.
(VI) Does the Company establish supplier management policies and require them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		Before executing a contract with a supplier, the Company evaluates the supplier in accordance with the internal control system and internal management regulations. As long as the supplier passes the evaluation, it may be one of our qualified suppliers. When any supplier is involved with any violation of the corporate social responsibility and the violation has a significant impact on the environment and society, we exclude the unqualified supplier in the regular supplier evaluation. The procurement unit takes necessary actions against the said suppliers when selecting suppliers, for example, selecting other excellent suppliers, and terminating or dissolving the procurement contract with such suppliers.	(VI) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit??	✓		We voluntarily prepare the CSR report based on the GRI Standards and disclose the report on the Company's website and MOPS. We have not acquired any third-party assurance or verification opinion for the report.	No major difference.
<p>VI. Whether the Company has instituted the sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for the TWSE Listed and TPEX Listed Companies," specify the implementation of these principles and the variation with the Sustainable Development Best Practice Principles for the TWSE/TPEX-listed Companies: The Company established the "Corporate Social Responsibility Best Practice Principles" to fulfill corporate social responsibilities. The actual operation has been consistent with such Principles.</p>				
<p>VII. Is there any other essential information that helps to understand the performance of sustainable development: The Company has been devoted to implementation of waste management policies, such as actively reducing wastes from design and manufacturing and the use of materials, improving packaging materials, effectively performing internal waste sorting, and establishing waste disposal programs. The Company produces an average of 1.5 metric tons of business waste monthly. We provide recyclable bottles, cartons and batteries to charities for recycling without compensation in the hope to realize the reuse of resources and engage in public welfare.</p>				

Attachment 1: CyberTAN Plant Greenhouse Gas Emission, Water Consumption and Total Weight of Waste in 2022 and 2021

©Whole year electricity expense and consumption

Year	2022	2021
Whole year electricity expense (NTD)	3,363,647	3,199,455
Whole year electricity consumption (NTD)	924,500	955,800
Whole year KGCO _{2e} emission	466,537	485,356

©Whole year water expense and consumption

Year	2022	2021
CO ₂ emission (equivalent/kg) from water consumption in the period (whole year)	768	782
Water consumption in the period (whole year)	5,052	5,170

©Whole year waste tonnage

Year	2022	2021
Whole year waste tonnage	13.7	13.16

(VI) Fulfillment of integrity management and measures taken

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commitment to implementing the operating policies?	✓		The Company is committed to ethical corporate management and complies with relevant laws and regulations. We adopted the “Ethical Corporate Management Best-Practice Principles” approved by the Board of Directors as the corporate management policies of the Company and disclosed the same on the Company’s website and MOPS to actively fulfill and supervise the execution of ethical corporate management policies committed.	(I) No major difference.
(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed	✓		The Company adopts proper preventive measures such as the establishment of “Code of Ethical Conduct for Directors and Managers” and “Employee Work Rules.”	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
<p>Companies”?</p> <p>(III) Whether the Company explicitly defines procedures, guides of conduct, and disciplinary and reporting systems in case of a violation in the preventive solutions of unethical conduct, implements them accordingly, and carries out reviews and modifications of these solutions?</p>	✓		<p>The Company has established the “Employee Work Rules” to specify that employees shall be ethical and fulfill their duties without accepting bribes and keeping a disorderly house to enhance the prevention of unethical conduct. We also conduct irregular promotions and have established the “Code of Ethical Conduct for Directors and Managers.” The Board of Directors and management also commits to actively fulfill and supervise the execution of ethical corporate management policies.</p>	(III) No major difference.
<p>II. Implementation of ethical business practices</p> <p>(I) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed between them?</p> <p>(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors and whether such unit reports the ethical corporate management policies and the preventive solutions of unethical conduct, as well as the supervision of the implementation effectiveness to the Board of Directors</p>	✓		<p>The business unit and procurement unit of the Company has respectively conducted the credit and loan investigations of the customers based on the internal control system of the Company and conducted the service quality control of the suppliers.</p> <p>To implement the supervision responsibility of ethical corporate management, the HR unit of the Company is dedicated to managing operations related to the amendments, explanations and consultation services of relevant operating procedures and guides of conduct. The unit also conducts audit and follow-up based on the “Ethical Corporate Management Best-Practice Principles” and regularly reports the implementation status to the Board of Directors once every year. In addition, the Audit Committee of the Company has established regulations regarding the</p>	<p>(I) No major difference.</p> <p>(II) No major difference.</p>

Evaluation item (at least once a year)?	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company define any policy against conflict of interest, provide adequate channels thereof, and fulfill the same precisely?	✓		<p>supervision and implementation of accounting, audit, financial report procedures to ensure the internal control procedure and integrity.</p> <p>2. The Company has implemented an ethical management policy. The relevant status is as follows:</p> <p>(1) Education and training: Upon the training of newcomers, the Company promotes employee management principles. By doing this, the employees are aware of relevant laws, regulations and policies, of which the employees are reminded for strict compliance.</p> <p>(2) Compliance: The Company promotes ethical management and prevention of employee insider trading from time to time via intranet website. This way, our employees are able to pay attention to relevant matters when carrying out their duties.</p> <p>The “Rules of Procedure for Board of Directors Meetings” of the Company has specified the policy against conflict of interests and the Company’s website also provides adequate channels thereof to prevent conflict of interest and implement accordingly. Also, the Company has established the “Code of Ethical Conduct” specifying that employees shall not exploit their authorities for improper gains.</p>	(III) No major difference.
(IV) Has the Company fulfilled ethical management by establishing an effective accounting system and internal control system, and had an internal audit unit develop relevant audit plans according to the risk	✓		<p>To fulfill the ethical corporate management, the Company has established effective accounting system and internal control system, and had an internal audit unit to conduct the audit. In the future, we may appoint the CPA to perform the audit depending on the situation.</p>	(IV) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
<p>assessment results of unethical conduct and audited the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?</p> <p>(V) Has the Company organized internal/external educational training for ethical management periodically?</p>	✓		<p>The Company has conducted the promotion and education of the employee management rules during the new employee training; the Company promotes the prevention of insider trading for the employees on the internal website of the Company on an irregular basis; we also promote the notices of “Personal Data Protection Act” for the employees on a irregular basis.</p>	(V) No major difference.
<p>III. Implementation of the Company’s whistleblowing system</p> <p>(I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?</p> <p>(II) Has the Company defined the standard operating procedure for investigation after acceptance of a reported misconduct, the follow-up actions to be taken after the investigation, and relevant confidentiality mechanism?</p>	✓		<p>The HR unit of the Company has established a specific whistleblowing mechanism and channel to handle various whistleblowing matters and assigned dedicated personnel to deal with the situation.</p> <p>The HR unit of the Company has established a specific whistleblowing mechanism and channel with confidentiality measures throughout the process.</p>	<p>(I) No major difference.</p> <p>(II) No major difference.</p>

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Has the Company adopted any measures to prevent the whistleblowers from being abused after reporting misconduct?	✓		The Company has adopted measures to prevent the whistleblowers from being abused after reporting misconduct.	(III) No major difference.
(IV) Enhancing information disclosure Has the Company disclosed the Ethical Management Best Practice Principles and the effect of implementation thereof on its website and Market Observation Post System?	✓		The Company has established the Ethical Corporate Management Best-Practice Principles and disclosed thereof on the Company's website and MOPS.	No major difference.
<p>If the Company has established ethical management best practice principles based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation: The Company formulated the “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct for Directors and Managers.” The actual operation has been consistent with such Principles and Code.</p>				
<p>VI. Other important information useful to the understanding of the corporate ethical management implementation: (e.g. the Company's review and amendment of the Ethical Corporate Management Best Practice Principles established thereby) Please refer to the Company's website and Market Observation Post System (MOPS).</p>				

(VII) If the Company has corporate governance principles and related regulations in place, the access to such principles and regulations shall be disclosed: Please refer to the Company's website and MOPS.

(VIII) Other important information enabling better understanding of the Company's corporate governance implementation may also be disclosed: Please refer to the Company's website and MOPS.

(IX) Implementation of the internal control system:

1. Declaration of an Internal Control System: please refer to page 116 of this annual report.
2. If a CPA is appointed to review the Company's internal control system, the CPA's review report shall be disclosed: None.

(X) Any legal penalty against the Company or its internal personnel, any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, or any main deficiencies and improvements therein, in the most recent year up to the publication date of this annual report: None.

(XI) Major resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:

1. Important resolutions made by the shareholders' meeting in 2020

Important resolution:	Implementation
Proposal for ratification of the 2021 business report and financial statements	Ratified by the shareholders' meeting
Proposal for ratification of earnings distribution in 2021	August 8, 2022 was set as the ex-dividend date and August 26, 2022 was set as the distribution date (at NTD 0.05 cash dividend per share)
Proposal for amendment of the Company's "Articles of Corporation".	Amended in accordance with the amended Articles of Incorporation and announced on the Company's website
Proposal for amendment of the Company's "Procedures for Acquisition or Disposal of Assets".	Amended in accordance with the amended Articles of Incorporation and announced on the Company's website
Issuance of new restricted stock awards.	The resolution was adopted, 1,610,000 shares have been issued as of the publication date of this annual report
Proposal for removal of the non-competition restrictions against directors and their representatives	The proposed is passed as originally proposed

2. Important resolutions made by the Board of Directors

Date	Important resolution:	Implementation
March 21, 2022	<ul style="list-style-type: none"> ● Proposal of the Company's "Declaration of Internal Control System" ● Proposal of the Company's 2022 budget ● Proposal for distribution of the remuneration to employees in 2021 ● Proposal of the 2021 financial statements ● Proposal for amendment of the Company's "Procedures for Acquisition or Disposal of Assets". ● Proposal for amendment of the Company's "Corporate Governance Best-Practice Principles". ● Proposal for amendment of the Company's "Corporate Social Responsibility Best-Practice Principles". ● Proposal for holding the annual meeting of shareholders in 2022. ● Proposal for acceptance of shareholders' proposals to the annual meeting of shareholders. ● Proposal of contracts with financial institutions 	Completed in accordance with the resolution
April 6, 2022	<ul style="list-style-type: none"> ● Proposal of the election of the Company's new chairman 	Completed in accordance with the resolution
May 9, 2022	<ul style="list-style-type: none"> ● Proposal of the 2021 business report ● Proposal for 2021 earnings distribution ● Proposal of the 2022 Q1 financial statements. ● Proposal for amendment of the Company's "Articles of Corporation". ● Issuance of new restricted stock awards. ● Proposal for subsidiary HR planning 	Completed in accordance with the resolution

	<ul style="list-style-type: none"> ● Approve the suspension of non-competition restrictions on the Directors and their representatives. ● Proposal of addition to the agenda of the Company's 2022 annual general meeting of shareholders ● Proposal of the appointment of the Company's managers and remuneration of chairman and new managers 	
August 11, 2022	<ul style="list-style-type: none"> ● Proposal of the 2022 Q2 financial statements. ● Proposal of contracts with financial institutions ● Proposal for amendment to the "2022 Regulations for Issue of Restricted Stock Awards for Employees" of the Company. ● Proposal of the appointment of the Company's managers. ● Proposal of the remuneration of the Company's new employed managers. 	Completed in accordance with the resolution
August 22, 2022	<ul style="list-style-type: none"> ● Proposal for establishment of the 2022 Related Matters regarding Issue of Restricted Stock Awards for Employees of the Company ● Proposal of allocation list for restricted stock awards issued in 2022 by the Company for employees regarding managers and employees as directors ● Proposal of allocation list for restricted stock awards issued in 2022 by the Company for employees, excluding managers and employees serving as directors 	Completed in accordance with the resolution
September 13, 2022	<ul style="list-style-type: none"> ● Change in proposal for establishment of the 2022 Related Matters regarding Issue of Restricted Stock Awards for Employees of the Company ● Change in proposal of allocation list for employee's restricted stock awards issued in 2022 by the Company for managers and employees as directors ● Reconsideration for the proposal of allocation list for restricted stock awards issued in 2022 by the Company for employees, excluding managers and employees serving as directors 	Completed in accordance with the resolution
October 3, 2022	<ul style="list-style-type: none"> ● Discussion of managers' severance pay. 	Completed in accordance with the resolution
November 8, 2022	<ul style="list-style-type: none"> ● Proposal of the 2022 audit plan. ● Proposal of the 2022 Q3 financial statements. ● Proposal for assessment of the independence of the Company's CPAs ● Proposal for subsidiary HR planning. ● Proposal for amendment to the "Operation Procedures for Handling Internal Material Information and Managing Prevention of Insider Trading" of the Company. ● Proposal of the appointment of the Company's 	Completed in accordance with the resolution

	<ul style="list-style-type: none"> managers. ● Proposal of 2022 salary adjustment and bonus for the Company’s managers. ● Proposal for establishment of the 2022 Related Matters regarding second Issue of Restricted Stock Awards for Employees of the Company ● The second issuance of restricted stock awards in 2022 by the Company for employees serving as managers ● The second issuance of restricted stock awards in 2022 by the Company for employees, excluding those serving as managers 	
March 15, 2023	<ul style="list-style-type: none"> ● Appointment and remuneration for the finance and accounting officers and the corporate governance supervisor of the Company ● Proposal for promotion of the Company’s managers ● Discussion of the proposal of the managers’ reward ● Proposal of the Company’s “Assessment for the Effectiveness of Internal Control Policies” and “Declaration of Internal Control System” ● Proposal of the Company’s 2023 budget ● Proposal for assessment of the independence and competence of CPAs and relevant remuneration ● Proposal to establish the pre-licensed policy of the Company's non-assurance service ● Proposal of the 2022 financial statements ● Proposal for amendment to the “Level Of Authority Table” of the Company ● Proposal for amendment to the “2022 Annual Restriction of Employee Rights New Share Issuance Measures” of the Company. ● Proposal for amendment to the “Regulations Governing Procedure for Board of Directors Meetings” of the Company. ● Proposal for amendment to the “Rules of Procedure for Shareholder Meetings” of the Company. ● Proposal for holding the annual meeting of shareholders in 2023. ● Proposal for acceptance of shareholders’ proposals and the list of nominated candidates for directors by the annual meeting of shareholders ● Proposal for reelection of the Company’s director ● Proposal for nominated candidates for directors ● Approve the suspension of non-competition restrictions on the Directors and their representatives. ● Proposal of contracts with financial institutions ● Proposal for the approval of capital increase and investment in Vietnam for CyberTAN (BVI) Investment Corp. 	Completed in accordance with the resolution

March 24, 2023	<ul style="list-style-type: none"> ● Proposal for reelection revocation of the Company's director ● Proposal for revocation of the nominated candidates for directors ● Proposal of change in the agenda of the Company's 2023 annual general meeting of shareholders ● Proposal of change in the acceptance of shareholders' proposals and the list of nominated candidates for directors by the annual meeting of shareholders 	Completed in accordance with the resolution
May 5, 2023	<ul style="list-style-type: none"> ● Proposal of the 2022 business report ● Proposal for 2022 Deficit Compensation. ● Report 2022 no appropriations of earnings in cash dividends. ● Proposal of the 2023 Q1 financial statements. ● Proposal for the implementation of repurchasing Company shares to assign to employees for the fifth time to motivate and enhance employee loyalty ● Proposal of addition to the agenda of the Company's 2023 annual general meeting of shareholders ● Discussion of the proposal of the managers' bonus 	Completed in accordance with the resolution

(XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent year up to the publication date of this annual report: None.

(XIII) Resignation and dismissal of the Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer and Chief R&D Officer in the most recent year up to the publication date of this annual report:

Title	Name	On-board date	Resignation date	Reason
president	Roger Wu	July 19, 2013	May 7, 2022	career planning

V. Information of CPA Fees

Unit: NTD thousand

Name of CPA office	Name of CPA	Examination Period	Audit fees	Non-audit fees	Total	Remark
PwC Taiwan	Min-Chuan Feng	2022/1/1~2022/12/31	3,855	1,230	5,085	non-audit fees mainly for the transfer pricing report and Master File.
	Yung-Chien Hsu					

(I) If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

(II) If an audit fee is reduced by more than 15% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

VI. Information on Replacement of CPA

(I) Former CPA: None.

(II) Succeeding CPA: None.

(III) The former CPA's written response to the items referred to in Items 1 and 2-3, Subparagraphs 6, Article 10 of the Guidelines: None.

VII. The Company's Chairman, President, or any financial or accounting managers who have been employed by a CPA firm or any of its affiliated companies in the most recent year: None.

VIII. Any transfer of equities and/or pledge of or change in equities by a director, supervisor, manager, or shareholder with a stake of more than 10% in the most recent year up to the publication date of this annual report

(I) Any change in equities of directors, managers, and major shareholders:

Unit: Shares

Title	Name	2022		Up to April 29, 2023	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Director	Foxconn Technology Co., Ltd.	—	—	—	—
	Representative: Gwong-Yih Lee(Note 1)	—	—	50,000	—
	Representative: Teddy Chen(Note 1)	—	—	—	—
	Roger Wu(Note2)	—	—	—	—
	Foxconn Technology Co., Ltd.	—	—	—	—
	Representative: Hank Hsieh(Note3)	—	—	50,000	—
	Representative:	—	—	—	—

Title	Name	2022		Up to April 29, 2023	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
	Kuo-Liang Ho(Note3)				
	Hung-Hsun Ting	—	—	—	—
	Judy Y.C. Chang	—	—	—	—
	Shih-Mei Lin	—	—	—	—
	Ying-Shan Lin	—	—	—	—
CEO	Stanley Wang(Note4)	—	—	Not applicable	
President	Roger Wu(Note2)	—	—	Not applicable	
Vice President	Deaxy Wang	(12,000)	—	—	—
Vice President	Maxon Huang	—	—	—	—
Vice President	Irving Liu	—	—	—	—
Vice President	Raoul Oyang	—	—	—	—
Associate	Jeffrey Liu	Not applicable		—	—
Associate	Jacob Chen	Not applicable			
Finance & Accounting Officer	Sammie Huang	—	—	—	—
Finance & Accounting Officer	Even Lee	—	—	—	—

Note 1: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Teddy Chen, and the current is Gwong-Yih Lee, who was elected chairman by the Board of Directors)

Note 2: President Roger Wu resigned as Director and President on May 7, 2022; therefore, information after resignation will not be disclosed.

Note 3: On April 6, 2022, Foxconn Technology Co., Ltd. reassigned its representative (the former was Kuo-Liang Ho, and the current is Hank Hsieh)

Note 4: Chief Executive Officer: Stanley Wang was dismissed on October 3, 2022; therefore, information after his dismissal will not be disclosed.

(II) Counterparts of the shares transferred or pledged are related parties: None.

IX. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship

Name	Shares held by the shareholder		Shares held by spouse and minor children		Total shares held in the names of others		The title or name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
LGT Bank AG	14,169,000	4.29%	0	0	0	0	None	None	
Hon Yuan International Investment Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Hon Yuan is a 100% invested company of Foxconn	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
Foxconn Technology Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hyield Venture Capital Co., Ltd.	Major Shareholder of Foxconn Technology	
Representative: Chun-Fu Lu	0	0	0	0	0	0	None	None	
Hyield Venture Capital Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Major Shareholder of Hyield Venture Capital	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,608,006	1.40%	0	0	0	0	None	None	
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	4,414,000	1.34%	0	0	0	0	None	None	
Lin Yih International Investment Co., Ltd.	3,451,000	1.05%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Lin Yih is a 100% invested company of Foxconn	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
Shi Teng Investment Co., Ltd.	2,405,000	0.73%	0	0	0	0	None	None	
Representative: Li-Chu Hsu	0	0	0	0	0	0	None	None	
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	2,210,000	0.67%	0	0	0	0	None	None	
Dedicated account under the custody of taishinbank	1,560,000	0.47%	0	0	0	0	None	None	

X. For the total number of shares held in any single enterprise invested in by the Company, its directors and supervisors, managers, and any enterprises controlled directly or indirectly by the Company, the general shareholding ratio is calculated in a consolidated manner

December 31, 2022

Invested enterprise	The Company's investment		Investment by directors, supervisors and managers, or by directly or indirectly controlled enterprises		Combined investment	
	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio
CyberTAN(B.V.I) Investment Corp.	USD22,044,000	100%	—	—	USD22,044,000	100%
CyberTAN Corp.(USA)	USD600,000	100%	—	—	USD600,000	100%
Cyber Touch Investment Inc.	NTD100,000,000	100%	—	—	NTD100,000,000	100%
CyberTAN Technology (Hong Kong)Limited	—	—	USD6,344,000	100%	USD6,344,000	100%
Fu Hong Kang Technology Precision Industry(Shenzhen) Co., Ltd.	—	—	USD6,344,000	100%	USD6,344,000	100%
Chongqing Hongdaofu Technology Co.,Ltd.	—	—	CNY53,500,000	100%	CNY53,500,000	100%
HON YAO FU TECHNOLOGY COMPANY LIMITED	—	—	USD9,000,000	100%	USD9,000,000	100%

Four. Financing Status

I. Capital and shares

(I) Source of capital

1. Formation of capital

Date	Issue price (dollars)	Authorized capital		Paid-in capital		Remarks	
		Number of shares (thousand shares)	Amount (thousand dollars)	Number of shares (thousand shares)	Amount (thousand dollars)	Source of capital	Offset against payments of shares by any property other than cash
October 2022	10	500,000	5,000,000	329,715	3,297,154	Issuance of new restricted stock awards to capital increase. (Note 1)	
November 2022	10	500,000	5,000,000	330,215	3,302,154	Issuance of new restricted stock awards to capital increase. (Note 2)	

Note 1: The capital increase was approved by the Zhu-Shang-Zi Letter No.1110031321 issued by the Hsinchu Science Park Bureau, National Science and Technology Council, MOST on October 4, 2022.

Note 2: The capital increase was approved by the Zhu-Shang-Zi Letter No.1110037956 issued by the Hsinchu Science Park Bureau, National Science and Technology Council, MOST on November 25, 2022.

2. Type of issued shares

Type	Shares	Authorized capital			Remarks
		Outstanding shares	Unissued shares	Total	
Common stock		330,215,418 shares	169,784,582 shares	500,000,000 shares	-

3. Information relevant to reporting: None.

(II) Composition of shareholders

Composition of shareholders	Government agency	Financial institution	Other corporates	Foreign institutions and foreigners	Individual	Total
Quantity						
Number of persons	0	2	165	93	60,779	61,039
Number of shares held	0	1,561,000	39,983,914	36,475,679	252,194,825	330,215,418
Shareholding ratio	0.00%	0.47%	12.11%	11.05%	76.37%	100.00%

(III) Distribution of equity

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	18,957	1,010,968	0.31%
1,000 to 5,000	32,778	69,653,879	21.09%
5,001 to 10,000	5,073	41,001,012	12.42%
10,001 to 15,000	1404	17,971,038	5.44%
15,001 to 20,000	1002	18,831,483	5.70%
20,001 to 30,000	736	19,067,090	5.77%
30,001 to 40,000	306	11,188,043	3.39%
40,001 to 50,000	214	10,142,247	3.07%
50,001 to 100,000	354	25,361,920	7.68%
100,001 to 200,000	124	17,333,583	5.25%
200,001 to 400,000	57	16,105,543	4.88%
400,001 to 600,000	9	4,713,505	1.43%
600,001 to 800,000	7	4,906,931	1.49%
800,001 to 1,000,000	3	2,820,555	0.85%
1,000,001 and above	15	70,107,621	21.23%
Total	61,039	330,215,418	100.00%

Note: The Company did not issue preferred stock.

(IV) List of major shareholders

Names of major shareholders	Shares	Number of shares held	Shareholding ratio
LGT Bank AG		14,169,000	4.29%
Hon Yuan International Investment Co., Ltd.		10,035,348	3.04%
Foxconn Technology Co., Ltd.		10,035,348	3.04%
Hyield Venture Capital Co., Ltd.		10,035,348	3.04%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		4,608,006	1.40%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS		4,414,000	1.34%
Lin Yih International Investment Co., Ltd.		3,451,000	1.05%
Shi Teng Investment Co., Ltd.		2,405,000	0.73%
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II		2,210,000	0.67%
Dedicated account under the custody of taishinbank		1,560,000	0.47%

(V) Market price, net value, earnings, and dividends per share in the most recent two years and information thereof

Unit: NTD

Item		Year	2022.03.31 (Note 1)	2021	2020
Market price per share	Highest		25.55	32.50	37.65
	Lowest		22.60	20.65	14.55
	Average		24.10	25.48	21.31
Net value per share	Before distribution		15.06	15.34	16.57
	After distribution		-	15.34 (Note 2)	16.52
Earnings per share	Weighted average number of shares		328,605 thousand shares	328,605 thousand shares	328,605 thousand shares
	EPS before retroactive adjustment		(0.37)	(1.12)	0.07
	EPS after retroactive adjustment		-	-	0.07
Dividends per share	Cash dividends		-	(Note 2)	0.05
	Stock dividends	Dividends from retained earnings	None	None	None
		Dividends from capital reserves	None	None	None
	Accumulated unpaid dividends		-	None	None
ROI analysis	P/E ratio		-	(22.75)	304.43
	P/D ratio		-	N/A (Note 2)	426.20
	Cash dividend yield %		-	N/A (Note 2)	0.23%

Note 1: The data of the market price per share are as of March 31, 2023. The EPS data in the first quarter of 2023 were reviewed by the CPA.

Note 2: The distribution in 2022 was to be submitted to the shareholders' meetings in 2023 after it was resolved at the board meeting held on May 5, 2023.

Note 3: P/E ratio = Average closing price per share in current year/earnings per share

Note 4: P/D ratio = Average closing price per share in current year/cash dividend per share

Note 5: Cash dividend yield = Cash dividend per share/average closing price per share in current year

Note 6: The Company's net value per share and EPS data in the most recent quarter or in the most recent year were audited (reviewed) by the CPA.

(VI) Dividend policy and implementation thereof

1. Dividend policy defined by the Articles of Incorporation

The dividend policy defined by Article 20-1 of the Company's Articles of Incorporation is specified as follows:

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 balance plus the undistributed earnings, and submit the same to the shareholders' meeting to resolve whether shareholder bonus shall be distributed.

CyberTAN authorizes the Board of Directors to make a resolution with respect to payment of all or part of the distributable dividends, bonuses, capital reserves or legal reserves in cash by a majority vote at a meeting attended by over two-thirds of the directors and report such payment to the shareholders' meeting without being subject to the resolution of the shareholders' meeting referred to in the preceding

paragraph.

CyberTAN is currently at the growth stage. Its policy for distribution of bonuses to shareholders must be based on the current and future investment environment, funding needs, domestic and international competition, capital budget and other factors, and must take into account shareholders' interests and CyberTAN's long-term financial plan. Bonuses to shareholders shall be allocated from the accumulated distributable earnings and shall be no less than 15% of the distributable earnings of the current year. No distribution is required if the distributable earnings of the current year are less than 3% of the paid-in capital. Cash dividends shall account for no less than 10% of the bonuses to shareholders.

2. Dividend distribution proposed at the shareholders' meeting

CyberTAN resolved at the board meeting held on May 5, 2022 no appropriations of earnings in cash dividends.

3. Explain the effect of expected significant changes in the dividend policy:

None.

(VII) Impacts of stock dividends proposed at the shareholders' meeting on the Company's business performance and EPS: N/A.

(VIII) Remuneration to employees and directors

1. Percentage and range of the remuneration to employees, directors, and supervisors stated in the Articles of Incorporation:

Article 20 of the Company's Articles of Incorporation is shown below:

7%–9% of the annual earnings of the Company, if any, shall be set aside as the remuneration to employees. The Board of Directors shall decide whether such remuneration to the employees is distributed in shares or in cash. The employees to whom remuneration may be distributed include those of the controlled or affiliate companies who meet specific conditions. The Board of Directors is authorized to define these conditions and the distribution methods. Distribution of remuneration to the employees shall be reported to the shareholders' meeting.

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 mentioned above.

2. The basis of estimating the amount of employee, director and supervisor remuneration, the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of any difference between the actual distributed amount and the estimated figure, in the current period: Such differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.

3. Distribution of the remuneration approved by the Board of Directors:

- (1) CyberTAN Board of Directors resolved to distribute NTD 0 as employee remuneration and NTD 0 as director remuneration in 2022.
- (2) The Company expected to allocate NTD 0 and NTD 0 to employee bonuses and director remuneration in 2022, respectively.
- (3) The accounting treatment of any difference between the actual distributed amount and the estimated figure: The differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.
- (4) The proposed amount of employee remuneration paid in shares and the ratio thereof to the total of profit after tax and employee bonuses in the current year: The Company did not distribute stock dividends to employees.
- (5) Estimated earnings per share after distribution of the proposed employee remuneration and director remuneration:

Since the employee remuneration was recognized as expenses and the Company was to distribute NTD 0 as director remuneration, the earnings per share were not

affected.

4. Actual distribution of remuneration to employees, directors, and supervisors in the previous year:

- (1) NTD 188,253 for employee bonuses; NTD 0 for director remuneration.
- (2) The Company's estimated amount of allocation for employee bonuses and director remuneration in 2021 was NTD 887,233 and NTD 0 respectively (Both amounts were estimated in consideration of legal reserves and calculated based on the profit after tax up to the current period and the percentage specified in the Articles of Incorporation).
- (3) The differences between the actual distribution amount and the estimated figure were recognized as the profit or loss in 2022.

(IX) Repurchase of the Company's shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of overseas depository receipts: None.

V. Issuance of employee stock option certificates: None.

VI. Issuance of restricted stock awards for employees:

1. For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the effect on shareholders' equity:

May 5, 2023

Category of new restricted employee shares	First issuance (2022) new restricted employee shares	Second issuance (2022) new restricted employee shares
Date of approval by competent authorities and total number of shares	July 22, 2022 2,000,000 common shares	July 22, 2022 2,000,000 common shares
Issue date	September 13, 2022	November 8, 2022
Number of outstanding new restricted employee shares	1,110,000 common shares	500,000 common shares
New restricted employee shares to be issued	890,000 common shares	390,000 common shares
Issue price	NT\$0 per shar	NT\$0 per shar
Outstanding new restricted employee shares to total outstanding shares (Note)	0.34%	0.15%
Vesting conditions for new restricted employee shares	Where an employee, after having been offered restricted stock awards (i.e. on the record date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows: 1. 1 year: 40% of the shares received may be vested. 2. 2 years: 30% of the shares received may be vested. 3. 3 years: 30% of the shares received may be vested.	Where an employee, after having been offered restricted stock awards (i.e. on the record date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows: 1. 1 year: 40% of the shares received may be vested. 2. 2 years: 30% of the shares received may be vested. 3. 3 years: 30% of the shares received may be vested.
Restricted rights for	1. Before employees meet the	1. Before employees meet the

<p>new restricted employee shares</p>	<p>vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2.The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p> <p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the vesting conditions during this period will be executed according to the trust agreement or related regulations</p>	<p>vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2.The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p> <p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the vesting conditions during this period will be executed according to the trust agreement or related regulations</p>
<p>Custody of new restricted employee shares</p>	<p>Restricting employees' rights After the new shares are issued, they must be directly handed over to the</p>	<p>Restricting employees' rights After the new shares are issued, they must be directly handed over to the</p>

	trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.	trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.
Handling of shares received or subscribed by employees who subsequently fail to meet the vesting conditions	The Company will revoke and cancel the unvested new restricted employee shares.	The Company will revoke and cancel the unvested new restricted employee shares.
Revoked or bought back Number of new restricted employee shares	0 shares	50,000 shares
Number of new restricted shares with restrictions removed	0 shares	0 股
Number of new restricted shares with restrictions not removed	1,110,000 shares	450,000 shares
New restricted shares with restrictions not removed to total outstanding shares (%) (Note)	0.34%	0.14%
Impact on shareholders' equity	They have no material effect on shareholders' equity	They have no material effect on shareholders' equity

Note: Based on 330,215,418 current outstanding shares (common shares) on May 5, 2023.

2.Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired:

Title	Name	Number of new restricted employee shares acquired	Units of new restricted employee shares exercised to total outstanding shares (Note)	Restrictions removed				Restrictions not removed				
				Number of shares with restrictions removed	Issue price	Issue amount	Units with restrictions removed to total outstanding shares (Note)	Number of shares with restrictions not removed	Issue price	Issue amount	Units with restrictions not removed to total outstanding shares (Note)	
Executive Officers	President	Gwong-Yih Lee	1,310,000	0.40%	0	0	0	0	1,260,000	0	0	0.38%
	Vice President	Deaxy Wang										
	Vice President	Maxon Huang										
	Vice President	Hank Hsieh										
	Vice President	Raoul Oyang										
	Vice President	Irving Liu										
	Project Director	Barry Liu										
	Deputy Director	City Kuo										
Employees	Deputy Director	Dean Wang	300,000	0.09%	0	0	0	0	300,000	0	0	0.09%
	Deputy Director	Wei-yu Tai										
	Senior Engineer	sam chen										
	Senior Engineer	Jack Tsai										
	manager	Jack Tsai										

VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company: None.

VIII. Implementation of Capital Utilization Plan: None.

Five. Business Operation

I. Capital and shares

(I) Scope of Business

1. Principal business activities
 - (1) Wired communication equipment and apparatus manufacturing
 - (2) Manufacturing of electronics components
 - (3) Restrained telecom radio frequency equipments and materials manufacturing (radio transceiver only)
 - (4) Restrained telecom radio frequency equipments and materials import (radio transceiver only)
 - (5) Computer and peripheral equipment manufacturing.
 - (6) Data storage media manufacturing and duplicating.
 - (7) Wireless communication equipment and apparatus manufacturing
 - (8) International trade
 - (9) Software design servicesResearch, development, production, manufacturing and sale of the following products:
 - (1) Broadband Internet router/gateway
 - (2) Virtual private network
 - (3) Firewall
 - (4) Layer 3/Layer 4 switch
 - (5) Wired high-end broadband network security router
 - (6) Wireless high-end broadband network security router
 - (7) LEO Satellite Broadband Network Service Gateway
 - (8) Network service matching platform
 - (9) Backbone network switch OEM
2. The Company's major products and their weights:

Unit: NTD thousand

Product type	2022 turnover	Weight of business
Communication product	5,510,971	95.79%
Others	242,371	4.21%
Net operating revenue	5,753,342	100.00%

3. Present products of the Company:
 - (1) DOCSIS 3.0/3.1 Cable Modem
 - (2) IoT Module/Gateway/Sensor
 - (3) Mesh Wi-Fi Router
 - (4) GPON HGU Gateway
 - (5) Outdoor WiFi AP
 - (6) Security Router
 - (7) Wireless xDSL Router
 - (8) Wireless AP/Bridge/Router
 - (9) Smart Router
 - (10) VPN Router
 - (11) VoIP Gateway/Router
 - (12) Satellite Gateway
 - (13) Satellite Router
 - (14) SMB Indoor/Outdoor AP
 - (15) Wi-Fi 6 Router/Gateway
 - (16) NB IOT Tracker
4. New products planned for development
 - (1) 5G FWA/CPE
 - (2) WiFi FWA Remote Wireless Communication Bridge
 - (3) Wi-Fi 7 Router/Gateway

- (4)SMB Network Controller
- (5)Cloud Version SMB Network Controller
- (6)Ceiling Mount EAP
- (7)Wall Mount EAP
- (8)SMB Smart/Management Switch
- (9)XGS-PON Gateway

(II) Industry Overview

1. Current status and development of the industry:

According to the report published by the market research institute Omdia in Taiwan, approximately 31% of telecom operators worldwide were offering 5G services in 2022, and it is expected to increase to 59% by the end of 2023. As relevant technology increasingly matures, cross-industry cooperation deepens, and emerging markets begin to introduce 5G, the impact of 5G will be more significant in 2023. Also, it is estimated that the number of 5G users will reach 5.9 billion globally, with a penetration rate of 70.9%, by 2027. Despite the fact Taiwan's smartphone market continues to decline, the penetration rate of 5G phones continues to go up. According to IDC's statistics, the market share of 5G phones grew from 78.9% in 2021 to 91.6% in 2022, which represents a growth rate of 9.3% YoY. Omdia further points out that 2023 will see the launch of more mature 5G services while 5G-only services, i.e., those limited to 5G network, devices and price plans, will become a great opportunity for telecom operators to convince consumers to switch over to 5G. Impacted by the ensuing factors of lower 5G price plans, higher coverage, and growing 5G-related applications, it is estimated that the 5G penetration rate in Taiwan will continue its steady growth in 2023 and reach 30% by the end of the year.

In 2023, the development of 5G will continue to be the focus of observations. According to MIC's report, the development of the 5G industry focuses on the three points of high-efficiency and energy-saving solutions, the continual expansion of the open network ecosystem, and the great outlook of the market growth of the 5G-only network. In response to the challenges brought by the global demand for net-zero emissions, skyrocketing utility bills due to the energy crisis, and the sharp increase of energy costs for telecom operators, new software and hardware product solutions and energy-saving base station designs with higher efficiency and energy-saving properties are born. Omdia also predicts that the three development trends of massive growth of 5G services, deepened cooperation between super large-scale cloud vendors and telecom operators, and introduction of 5G technology in emerging markets will be seen for the global 5G market.

MIC indicates that satellite communication capabilities will be increasingly standard for mobile phones since phone brands, chip makers, telecom equipment manufacturers and satellite service providers, one after another, have launched their 3GPP R17 standard-ready 5G NTN satellite networking terminal solutions. In addition, the 5G NTN Direct-To-Device (D2D) has officially commercialized for the emergency two-way messaging of HEO satellites with the A/V comms under active development for LEO satellites. Moreover, 6G has advanced from the abstract realm into the technical development and application inception stage, especially the highlighted importance of the key 6G technology of "Reconfigurable Intelligent Surface (RIS)". It can be observed that the two top telecom operators of KT and SK Telecom in South Korea, ZTE in China, NEC in

Japan, and the startup Greenerwave in France all have physically demonstrated their RIS prototype systems and test results.

Wi-Fi mainstream specification development enters the stage of Wi-Fi 7

The Wi-Fi mainstream standards defined and published by the IEEE will be completed and announced by 2023 Q3 with product certification by the FCC and Wi-Fi Alliance slated to be commenced by 2023 Q4.

For all types of mainstream wireless communication technology, that Wi-Fi technology is relatively simpler than the mobile communication technology; however, for the release of each new generation, in terms of the transmission speed performance, the Wi-Fi maximum transmission rate continues to increase through bandwidth expansion, adjustment of modulation technology and introduction of new MIMO technology according to the IEEE team's planning. It shall be noted that the current setting of Wi-Fi 7 theoretical transmission rate has reached the level of 46Gbps, indicating a significant improvement from the single-digit Gbps cumulative transmission rate of the past three generations, which also echoes the development blueprint of the last stage of the fixed optical fiber network.

As of now, the IEEE 11be task team has nearly completed the phase 4 review and carried out the plan in accordance with the initially planned schedule. Hence, the Wi-Fi 7 standard is going to be published in 2023 Q4. It shall be noted that among the team members, the chair was held by Qualcomm, and the important positions of the two vice chairs and secretary general, technical editors, etc., were held by personnel assigned by Intel, Broadcom, Ericsson and Huawei. All of the aforementioned business operators are benchmark companies in the communication field, and Qualcomm and Broadcom are two giants in the present Wi-Fi chip market.

Table 1 Wi-Fi Standard Evolution Table, Wi-Fi 4team, th

Item	Wi-Fi 4	Wi-Fi 5	Wi-Fi 6	Wi-Fi 6E	Wi-Fi 7(e)
IEEE Standard Name	802.11n	802.11ac	802.11ax		802.11be
Release Date	2007	2013	2019	2021	2024
Operating Band	2.4/5GHz	5GHz	2.4/5GHz	6GHz	1-7.25GHz*
Maximum Bandwidth	40MHz	80, 160MHz			Maximum 320MHz
Modulation Technology	64QAM OFDM	256QAM OFDM	1024QAM OFDMA		4096QAM OFDMA
MIMO Technology:	4x4	4x4, DL MU-MIMO	8x8, UL/DL MU-MIMO		16x16 MU-MIMO
Encryption Protocol	WPA2	WPA2	WPA3		WPA3
Maximum Transmission Rate	1.2Gbps	3.5Gbps	9.6Gbps		46Gbps

Wi-Fi still holds an irreplaceable position

First, in terms of the cost of use for users, a lot of the 5G online service charges of mobile telecommunication providers in most countries adopt the design of service packages according to different transmission volume limits, and unlimited transmission volume is the highest service package offered to users. For most of users, selection of a reasonable monthly charge along with the use of Wi-Fi has been the widely accepted use model. In addition, business operators, such as T-Mobile, are developing their 5G FWA service. Nevertheless, in terms of the fixed broadband service providers based on local Comcast with the average monthly consumption of several hundred GB bandwidth volume, mobile

telecommunication service providers must be able to provide sufficient Wi-Fi volume to reduce the burden of base stations, in order to cope with the increasing number of 5G FWA users.

The second factor is related to the product development cost. Since Wi-Fi uses unauthorized bands, for equipment developers, they are not required to invest a great amount in the chip market entrance fee and patent royalty fee, and the large industrial ecosystem has been established under such relatively low entrance barrier. However, 5G mobile communication development requires relatively higher entrance cost. Except for smartphones and PC devices of higher selling prices being widely developed by manufacturers, the diversity of the rest of the products is still limited. In the network-connected era, the connection of numerous devices through Wi-Fi and 5G is a more effective and beneficial method.

Lastly, according to the above, it can be understood that the Wi-Fi technology is improving continuously, and a new version is released approximately every 5 years. The transmission rate for the next generation of Wi-Fi 7 is expected to have a significant improvement in the wireless network technology group, and it will be closely tied to the evolution of fixed optical fiber specification. Accordingly, business operators will seize opportunities in the enormous broadband application market. In general, the situation where Wi-Fi being replaced by 5G may still occur in some markets (such as corporate exclusive network); however, as Wi-Fi still has its advantages in various aspects, both technologies are more likely to develop in the co-existence state in the future.

2. Correlation among upstream, midstream and downstream in the industry:

We are a supplier specialized in the product development, design, and manufacturing of wired and wireless broadband network equipment as well as the development, design and after-sale service of relevant software and firmware. The upstream of all product lines includes materials such as processors, network interface controller chips, broadband exchange/router chipsets, data encryption chips, power supplies and printed circuit boards and the downstream includes network equipment distributors and regional carriers.

3. Development trends of products:

LEO satellite communication

Due to the gradual development of the LEO satellite market, MIC estimated that market scale will reach USD 24.78 billion in 2027. Analysis of Euroconsult: The demand for broadband communications satellite will increase 5 times in the future 10 years and 1,250 satellites will be launched per year. Compared to the 260 satellites launched in the previous 10 years, the rapid increase of number clearly proved the prospering development of the satellite broadband market and industry. This change not only reflected on the demand for satellites but also reflected on the main usage of satellite and the current status of satellite broadband operators regarding the government and purpose.

The 5G mobile communication era begins and how to meet the demand for 5G communication in various terrains and regions around the world while maintaining good 5G communication quality becomes the new issue for vendors in various industrial supply chains strive to conquer. The development of LEO satellite attracts much attention because the satellite signal can travel over mountains and oceans to make up for the deficiency of 5G wave. However, due to the restriction of geographical space, there are about 70% of regions without network coverage in the world. In most of these places, this is due to factors

such as precipitous geographic environment, remote location or being located at sea or in the mountains; these areas increase the difficulty and cost for network infrastructure establishment and maintenance. Also, most internet service providers are unwilling to invest in these areas due to the low population, meaning poor potential user number and network traffic.

The satellite communication can be classified from high to low as GEO, MEO and LEO according to the orbit distance. Featured with low latency and increasingly low cost due to the investment of multiple vendors, LEO can assist in strengthening the disadvantage of difficult establishment of 5G AP in harsh environments since its transmission rate is better than 4G communication after testing.

The orbit distance of GEO satellite is about 36,000km from earth. Therefore, GEO satellite provides wider signal coverage on earth due to the long distance between the orbit and the earth. Thus, only three broadband satellites are required for orbiting to cover the world with broadband signal. The establishment and maintenance cost of the satellite is greatly reduced because its lifetime can reach 15 years. However, the long delay time of data communication is the disadvantage of the satellite.

The orbit distance of MEO satellite is about 8,000km from earth. The required satellite numbers in the system are slightly higher than the GEO system due to its closer orbit distance from earth. Every satellite has shorter service time than the GEO satellite in the covering region. Thus, the control and switching of system is simpler, the satellite and earth station cost is lower and the satellite lifetime is slightly shorter than GEO.

The orbit distance of LEO satellite is about 1,000km from earth. The low orbit distance of the satellite provides shorter transmission delay time and less path loss. However, this requires thousands of satellites to form the network structure to realize true global coverage. Therefore, due to the feature of shortest transmission delay time, LEO satellite broadband technology is considered as the satellite broadband technology with most development potentiality.

However, the LEO system requires more satellites, has higher launching cost with relatively short satellite lifetime and complicated system technology. This is also the problem that present LEO satellite operators striving to conquer.

The market scale of global broadband satellite service was settled to be USD 226.5 million in 2019. According to NSR's analysis of satellite broadband market, it is estimated that the industrial scale will be promoted with a compound annual growth rate of 27.0% from 2021 to 2026 and expected to reach USD 79.07 billion by the end of 2026. Therefore, many emerging broadband satellite service providers are established one after another and the entire industrial chain of broadband satellite service begins to enter the ascending stage.

Latest development of main low-earth-orbit (LEO) satellite business operators

The main International low-earth-orbit satellite (LEO) satellite service operators nowadays include SpaceX's Starlink, Amazon's Kuiper in the U.S., and OneWeb jointly invested by the British government and Bharti Airtel, the largest telecommunication service operator in India, satellite broadband service provider Telesat, and the U.S. satellite business operators of Indium and Globalstar providing the mobile satellite communication service. In addition to the aforementioned main LEO satellite business operators, GSO satellite business operators, such as Viasat, are also optimistic about the LEO satellite market business opportunities. It is expected to develop the LEO satellite for the next

generation of satellite, and relevant network deployment will be started in 2026.

Starlink LEO satellite star-system planning progress

SpaceX is a space technology company established by the founder of Tesla, Elon Musk, the wealthiest man in the world according to the ranking of the 2022 Forbes World's Billionaires. The goal of the company is to reduce space transportation cost and to achieve the vision of manned spacecrafts for mars immigration. The company is committed to the development of space technologies, including the manufacturing of satellites and rocket recovery technology, etc.

According to the SpaceX's LEO satellite star-system planning, it is divided into four stages, including the stage of massive applications for launch permits before 2020, intensive launch stage for 2020–2024, global network trial operation stage for 2024–2027, and the final goal of full commercial service operation stage expected to be commenced in 2027. Starlink plans to complete the deployment of 2,825 units of LEO satellites by 2024 to achieve the initial global coverage, and starts to provide trial operation to global users. For 2027, it expects to complete the remaining deployment of 7,518 units of satellites, in order to achieve the deployment for a total of 12,000 units of LEO satellites, and to officially commence the business operation of global LEO satellite communication network.

Up to March of 2020, SpaceX has launched a total of 2,232 units of satellites into orbit. Although such statistical number includes prototype and failed satellites, it has basically achieved the satellite launch goal for the first stage of Starlink and is ready to achieve global coverage.

Oneweb LEO satellite star-system deployment progress

Oneweb was established in 2012 and its headquarters are located in London, U.K. and Virginia, U.S.A. Under the impact of the withdrawal of the original investor Softbank at the end of March 2020, Oneweb announced the application for its bankruptcy protection. Subsequently, in July 2020, the British government and the Indian telecommunication group Bharti Global respectively acquired 45% of the shares of Oneweb with GBP 800 million (approximately USD 1 billion) (GBP 400 million of investment from each, approximately USD 500 million), and the remaining 10% of shares were held by the existing creditors, including SoftBank.

In general, Oneweb is one of the main competitors of SpaceX, and its star-system communication performance and deployment speed at the initial stage are next to SpaceX. Oneweb plans to launch 716 units of LEO satellites during the first stage. It originally planned to send 32–36 satellites into orbits in one launch per month in 2020; however, Oneweb announced bankruptcy after the satellite launch in March 2020, such that its satellite launch was suspended. It wasn't until December 2020 that Oneweb resumed its operation deployment. In May 2021, 36 units of Oneweb satellites were launched with Arianespace, and as of March 2022, a total of 428 satellites had been launched completely. In the latest planning, Oneweb has reduced the number of satellite launches for the first stage, and it is expected to deploy all 649 units of satellites to achieve the global coverage in 2022. For the second stage, presently, it plans to divided it into three sessions of launches in order to deploy a total of 6,372 units of satellites.

Oneweb commercial service development

Oneweb's LEO satellite service is mainly targeted at the niche market of corporate and government applications. It expects to provide network coverage for regions above the north latitude of 50 degrees. Presently, it has completed the

coverage for the regions of the U.K., northern Europe, Greenland, Iceland and Canada, and it plans to provide commercial service at the end of 2021. After the acquisition of Oneweb by the largest telecommunication group in India, Bharti Global, Oneweb also includes India in its latest global communication service plan, and it expects to provide its service in India in 2022.

The application scenarios provided by Oneweb cover the feedback network, aerospace, marine applications and government use. Among such applications, the field of marine use is the key planning focus for Oneweb, and it includes marine applications aimed to satisfy different demands of commercial vessels, cruises, recreation boats and fishery. It expects to provide marine satellite communication service of large volume and low latency.

Amazon Kuiper LEO satellite star-system deployment progress

In April 2020, Amazon announced to reach the largest rocket transaction in the commercial aerospace industry, and it had signed with agreements with three companies for a maximum of 83 launches of its Kuiper project IoT satellites.

This technology giant signed agreements with United Launch Alliance (ULA), a joint venture of Boeing and Lockheed Martin for 38 launches. It also cooperated with the European company Arianespace 18 times, and cooperated with Blue Origin invested by the founder of Amazon, Jeff Bezos, 12 times, with an additional option of 15 times of cooperation.

Kuiper's plan is to establish a network formed by 3,236 satellites at the low-earth orbit for Amazon in order to provide high-speed internet network for all areas around the globe. FCC granted its permission in 2020, and Amazon indicated that "the investment will exceed USD 10 billion" to construct the system.

By 2026, it plans to deploy 1,600 satellites.

At the beginning, Amazon will start its test of two units of Kuiper prototype satellites, and it is planned to launch by the RS1 rocket of ABL Space at the end of this year, following which it will deploy satellites in space orbit. Although Amazon has not explained when the Kuiper launch activity will start, according to the FCC rules, the company is required to deploy half of the satellites of its project in 6 years. In other words, by July 2026, it will have approximately 1,600 satellites entering orbit.

Amazon's equipment and service senior vice president, Dave Limp, stated that "We still have a lot of works to be done. Nevertheless, we have achieved milestones one after another in all aspects of our satellite system. All of the cooperation agreements have reflected our unbelievable commitment and faith in the Kuiper project."

4. Competition

The Company has a complete product line, including wired/wireless broadband, wireless client, telecommunication client, digital home, IoT and SMB products. The Company has routing and wireless RF technology, broadband router, xDSL, PON and Cable routers, integrated access device (IAD) and VoIP router. The main competitors are Sercomm Corp., Arcadyan and Wistron NeWebl the main competitors of wireless network card/module are AZUREWAVE and Gemtek; the main competitors of digital home products are Alpha Networks, Arcadyan and Pegatron. Looking to the future, the Company will continue to research and develop new products meeting the fashion and trend of the market in the hope of pulling the distance from the competitors to create better performance.

(III) Overview of Technology and R&D

1. R&D expenses during the most recent year and up to the publication date of this annual report:

Unit: NTD thousand

Item/Year	Up to March 31, 2023	2022
R&D expenses	74,374	275,649

2. Technology and products developed successfully in the most recent year and up to the publication date of this annual report:

January 2015	DTA HD Gen2 Set-top Box was shipped
February 2015	1750Mbps 3x3 802.11ac Dual-mode Indoor Base Station for Small Businesses was firstly shipped
April 2015	Wi-Fi 802.11ac MU-MIMO 4x4/4x4 Wireless Router was shipped
April 2015	First batch of 2600Mbps 4x4 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	DOSIS 3.0 Cable Modem was shipped
October 2016	IoT Wireless Smart Home Sensor Kits was shipped
November 2016	4K Set-top Box was shipped
December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
February 2017	High-end Cable Set-top Box was shipped
April 2017	IoT Enterprise WSN Gateway was shipped
July 2017	Home Antivirus Firewall Dual-band Wireless Router was shipped
September 2017	Second version of High-speed Satellite Broadband Wireless Router was shipped
February 2019	High-speed Satellite Broadband Wireless Extender
March 2019	Mesh Wi-Fi Router for Chinese customers was shipped
April 2019	NB-IoT Tracker for North American customers was shipped
May 2019	DOCSIS 3.1 Wi-Fi 6 Cable Gateway was shipped
December 2019	First testing machine of new generation High-end Smart Set-top Box was shipped
May 2020	Wi-Fi 6 Router for North American customers was shipped
June 2020	Mass production model of new generation High-end Smart Set-top Box was shipped
September 2020	5G Wi-Fi 6 Gateway was shipped
October 2020	Shipment test of 5G FWA testing machine for North American customers
April 2021	Wi-Fi 6 Dual-band Mesh Full Coverage Router was shipped
June 2021	Sample of LEO Satellite Broadband Trial Operation was delivered
October 2021	Sample of 5G FWA SD-WAN WIFI 6 Router was delivered to European customers for testing
January 2022	WiFi 6 Mesh packages of brand customers were shipped
February 2022	Indoor mass production began for North American customers
February 2022	LEO Satellite Broadband Bridge was shipped
July 2022	Sample of Wi-Fi 7 4x4 Tri-band High Performance Router was delivered

August 2022	Outdoor AP was shipped for North American customers
November 2022	Sample of LEO Satellite Broadband Maritime Broadband Gateway was delivered

(IV) Long-term and short-term business development plans:

1. Long-term business development plan
 - (1) Product development:
 - a. Accelerating the development of new generation wireless broadband products based on strong technology capability. For example, 5G mobile broadband “8K+5G” smart home audiovisual equipment, satellite communications, SDWAN and Wi-Fi 6/6E; integrating various product technologies and combining the deployment of new markets to further create new growth dynamism.
 - b. Continuing to enhance the collaboration with leading international chip companies to maintain the leading position of new product launching and exploring new business opportunities based on the relationship.
 - c. Continuing to strengthen the seamless connection between the market and the customer and grasping the development direction of first-hand product application to plan the product and technology blueprint meeting the entering time of the market at the beginning of new technology development.
 - d. High-end core network switch, backbone network router, and switch OEM.
 - (2) Marketing strategy:
 - a. Expanding the market deployment in America, Europe and Asia to acquire the best strategic position in emerging technologies and markets.
 - b. Providing customers forward-looking and comprehensive product planning project to maintain present customer source and actively expand the weight of operating revenue.
 - c. Expanding the new sales model to approach end customers and establish niche.
 - d. Integrating technology and intelligentization for export strategy and paying attention to consumer experience, understanding local demands and preferences to design and manufacture customized services or products.
 - e. Expand the proportion of the no-brand and OBL business scope of WIFI6/6e/7 base stations for small- and medium-sized enterprises.
 - (3) Production strategy:
 - a. By the manufacturing and supply chain systems of the groups, we reduce the production cost of the Company and increase the essential competitiveness and actual yield rate.
 - b. Enhancement of inventory management to achieve inventory optimization.
 - c. Understanding the changes in the demand of end customers to create maximum flexibility for the supply chain and provide best strategic efficacy for the customer.
 - d. Accelerating the introduction of IIoT solutions and continuing the expansion of production automation.
 - e. Aiming at the trade war to deploy plants outside China to reduce the impact of external environment on the customer.
 - (4) Operation and financial planning strategy:
 - a. Promoting internationalized ideas and strengthening the business management capability of the enterprise to actively cultivate internationalized talents and march toward the goal of an

- internationalized enterprise.
 - b. Continuing the reduction of expense ratio to increase the profitability.
 - c. Properly utilizing the hedging instruments to reduce the exchange rate risk and avoid exchange losses.
2. Short-term business development plan:
- (1) Product development:
 - a. Following the market trend, the short-term product development plan of the Company will continue to strengthen the technology of fixed-line broadband, Wi-Fi module and router. We also focus on the deployment in new product fields such as 5G mobile and satellite broadband, WIFI6/6e/7 base stations for small- and medium-sized enterprises, low-power IoT, network function virtualization, intelligent video and networks to become an innovative integrated design service provider that provides the customer with overall solutions including the development, design and production services of software and hardware.
 - a. Improving the collaboration with the customer by providing resources complement for each other to introduce the product in the market as soon as possible.
 - (2) Marketing strategy:
 - a. Understanding the supply and demand information of the supplier and customer markets and shortening the marketing decision process to achieve the best decision-making benefit.
 - b. Providing multiple products for existing customers to assist them in expanding new markets and accelerating the expansion of operating scale for each other.
 - c. Assisting the customer in the problems regarding the optimization of product cost structure and technology to increase market competitiveness and establish stable partnership.
 - d. Expanding the sales channels of existing products.
 - (3) Production strategy:
 - a. Implementing the carbon reduction plant in response to the global environmental protection.
 - b. Full improvement of product yield rate and enhancement of personnel education and training.
 - c. Strengthening the plant automation to improve production efficiency and intelligentization.
 - (4) Operation and financial planning strategy:
 - a. Continuing the promotion of six sigma, KPI and TQM systems to improve individual and department management performance and quality system to achieve the objectives of the enterprise.
 - b. To respond to the policy of the FSC and be in line with the international trend, we introduced the IFRS system to prepare the financial report and provide more transparent and reliable financial information for the capital markets at home and abroad.
 - c. Assessing suitable item for merger or acquisition to expand the market and customer shares.

II. Market and sales overview

(I) Market analysis

1. Regions where our main products (services) are sold (provided)

The Company mainly focuses on the foreign OEM/ODM customers and most products are for sale abroad. The distribution of sales region is as follows:

Sales region \ Year	2022		2021	
	Amount	Ratio (%)	Amount	Ratio (%)
America	3,872,880	67.32%	2,935,922	74.39%
Asia	302,780	5.26%	404,095	10.24%
Europe	1,377,322	23.94%	555,452	14.07%
Others	200,360	3.48%	51,327	1.30%
Total	5,753,342	100.00%	3,946,796	100.00%

2. Market share

According to the data of IEK, the output value of the communication equipment industry in Taiwan was NTD 863.4 billion in 2021, a growth of 2.1% in comparison with 2020. In general, the output value of network communication equipment reached NTD 485.3 billion, a growth of 1.8%. The overall shipment of Wi-Fi equipment in Taiwan is expected to reach NTD 136.9 billion with an annual growth of 3%. It is estimated that the Wi-Fi equipment shipment of the Company will account for 3% of the shipment of plants in Taiwan.

Regarding the network communication equipment, for WLAN, with the increasing application opportunities in indoor network, home office, remote teaching, zero-contact service and digital transformation under the positive impact of pandemic, they have become long-term market demands. In addition, due to the shortage of materials and unstable supply, users' demand for upgrading to Wi-Fi 6/6E products is also enhanced. With regard to the switch industry, in 2021, due to the continuous increase and expansion of network infrastructure by global network service providers and telecommunication business operators, along with the increasing market demand for 5G network and data center, the demand for switch is driven to increase, and the use for high-end switches will also be increased significantly. In general, for the year of 2021, the domestic network communication equipment output value has indicated an annual growth rate of 1.8%, reaching NTD 485.3 billion.

Shipment volume analysis

Looking back on the Wi-Fi main application device shipment status in 2021, smartphones indicated the largest shipment volume, and its market scale was far larger than the other products. However, during the first half of 2020, due to the impact of the COVID-19 pandemic and the factor that 5G network was still under the initial construction stage without driving large quantity of users to upgrade mobile phones, the total output volumes for the two years of 2020 and 2021 were less than the volume and performance in 2019, and particularly for the year of 2020, the market total volume failed to reach the level of 1.3 billion units, resulting in that the overall Wi-Fi application device annual shipment volume failing to demonstrate obvious growth.

Under the positive impacts of the consecutive introduction of the two high-speed standards of Wi-Fi 5 and Wi-Fi 6 in the market and the promotion of Mesh products, the market shows stable growth. However, due to the pandemic in the last two years, to support simultaneous online use of greater number of internet connection devices at home, home users tend to purchase the new generation of Wi-Fi 6 routers for the upgrade and replacement of machines. In addition, smart speakers also adopt the non-contact use model and can be further used to control

home appliances, such as lamps and air conditioners, such that they were widely accepted by a great number of families during the pandemic period.

In general, for Wi-Fi application devices in 2020, mainly due to the impact of smartphone market decline, despite that a lot of PC, CE and communication types of products benefited from the pandemic, the calculation indicated that the annual shipment volume and for the year of 2019 maintained at the level of 2.9–3 billion units. Although the pandemic condition continued in 2021, market demand end performance from the government tender projects, retail channel and telecommunication services increased along with the recovery of mobile phone shipment volume, the Wi-Fi application device shipment volume indicated significant growth. However, the pandemic also affected the manufacturing activities, and particularly, for Southeast Asian countries where main factories were located, temporary suspension of work, shortage of components and delay of transportation and delivery occurred consecutively, resulting in limitation of the actual demand performance in the market.

With regard to the shipment ratio of application terminal products equipped with Wi-Fi network connection in 2021, the top five products included Smartphone (42.8%), Notebook (7.7%), Broadband CPE (6.1%), Smart TV (6.1%), Smart Speaker (5.3%), the total ratio of these top five products accounted for 67.9%.

As the shipments of Smartphones in 2020 and 2021 declined and under the expansion of overall Wi-Fi application device market, its market share decreased from approximately 50% to the level of nearly 40%. As Notebooks benefits from the pandemic development, its market share increased from the previous low ratio of 5%–6% in the past years to 7.7% again in 2021. For the two items of Broadband CPE and Smart TV, in addition to the stable growth in shipment demand, under the positive impact of pandemic development and the general public's online and entertainment demands, their market share performance remained among the top five Wi-Fi application product shipment ratios.

3. Future supply & demand and growth in the market

The Market Intelligence & Consulting Institute (MIC) of Institute for Information Industry has indicated that for 2021, the global telecommunication industry reached USD 675.6 billion (approximately NTD 19 trillion) with a growth rate of 19.5%, and as for 2022, the mobile/fixed network upgrade demand is expected to continue to create market growth opportunity; however, due to the factors of upstream price increase and impact of transportation on the supply chain, the global growth rate is estimated to be 1.5%. In 2021, the overall telecommunication industry in Taiwan reached the scale of NTD 4.38 trillion with a growth rate of 26.7%. Looking into the year of 2022, the overall telecommunication industry in Taiwan is expected to reach NTD 4.55 trillion with an annual growth of 3.8%. Senior industry consultant, Chi Chang, has indicated that the telecommunication industry in Taiwan focuses on the hardware OEM business, and the overall global market share has demonstrated stable growth from 18.6% in 2018 to 24.2% in 2022. As the telecommunication equipment manufacturers actively engage in the development and planning of 5G, the 5G industry output value in Taiwan will have a growth rate of 20.9% in 2022, reaching NTD 2.1 trillion, accounted for approximately 45% of the overall telecommunication industry output value in Taiwan.

Global Wi-Fi network connection device shipment forecast

Before the year of 2021, for the Wi-Fi network connection device market, the main products referred to personal portable information and communication products of notebook computers and smartphones as well as broadband network connection and set-top box terminals; in addition, under the diverse development of IoT related application for smart home, relevant devices were driven to grow.

The 2021 global shipment of Wi-Fi network connection equipment was expected to reach 3.2 billion units with an annual growth of 8.1%.

Starting in 2022, in terms of the Wi-Fi technology, Wi-Fi 6 will become the mainstream standard, and it will head toward the development of the higher speed of Wi-Fi 7, driving another wave of device upgrade and replacement trend. As for products, in addition to the aforementioned main products of smartphones, the annual shipment of smart TV and smart speakers are expected to reach one hundred million units per year. Furthermore, smart watches and AR/VR devices will also enter the high growth period. With the consecutive release of greater smart technologies and launch of IoT product devices, the overall market is expected to continue to expand.

By the year of 2026, the global Wi-Fi network connection terminal market is expected to reach the scale of more than 4.1 billion units, and the CAGR for 2021 of Wi-Fi 7, dr

4. Competitive niche

(1) Professional OEM

The Company is a professional OEM but also provides standard products to expand the customer base and reduce the risk of marketing. We are also devoted to providing solutions for customers via the resources of the Company by setting the final goal as to meet the demand of the customer. This also relatively increases the reliability, dependence and stickiness between the Company and the customer.

(2) Provision of complete product line

By the integration of wireless and router technology, the Company provides complete product line, including wired broadband (PON, Cable, xDSL, Gateway), wireless broadband products (5G, LTE, Satellite Gateway, Satellite Communication Switch Module), Wi-Fi AP, Small Cell, remote Wi-Fi bridge, WAN series products and basic to high-end routers, VoIP products, wireless modules, SiP and home digital audiovisual products; in addition, in aspect of digital home products, we provide set-top boxes and satellite routers and actively develop products related to IoT (M2M module, IoT module, sensor, gateway and tracker) to meet the needs of the customer via diversified and complete product lines.

(3) Advantage of manufacturing and supply chain

By the collaboration with groups and seeking the assistance of their manufacturing and supply chain systems, we effectively reduce the production cost of the Company and increase the competitiveness and actual yield rate of the Company.

(4) Outstanding R&D team

The R&D team of the Company not only specialized in their fields but also have years of experience in the industry. They are dedicated to the development of new communication technology and build strong integration and development capabilities of software, firmware and hardware to establish the core competitiveness of the Company and the new thinking of product by adopting software as the core. By the outstanding technical R&D capability, the Company integrates network communication technologies related to wired and wireless broadband (Fixed/Mobile Broadband), routing, RF, IoT and digital home. Therefore, we can quickly transform the understanding of the industry with appropriate product functions to the most advanced solutions in the market and provide the customer with products meeting the demand of the market.

(5) Strict quality control to provide the best quality product

The Company has received the certificates of ISO9001, ISO14001, TL9000 and OHSAS18001 and truly complies with the strict requirements in fields of design, manufacturing, knowledge and technical assurance to provide the advanced and superior products meeting the environmental laws and regulations. We were awarded the Green Partner certificate by Sony in Japan and our quality and R&D technology was recognized by international manufacturers. These may assist the Company in acquiring more cooperation opportunities with international manufacturers.

(6) Excellent after-sale service

The Company's return of products for repair is reduced to the PPM level to provide high quality after-sale service, including logistics department and engineering service department. In addition, we have other professional personnel to improve our product performance so that the customer can feel at ease without any worry.

5. Positive, negative factors for development outlook and responsive strategies:

Positive factors:

(1) Investment of Foxconn Technology Group

Since November, 2005, Foxconn Technology Group had invested in the Company and currently became the largest shareholder of the Company. Besides controlling the wired, wireless and core routers, software and hardware technology as well as the talents, the Company will continue to integrate the manufacturing and production, R&D and marketing resources of Foxconn Technology Group to expand the market share and customer base. Therefore, the Company is expected to develop increasingly in the future.

(2) Global economic recovery and industrial trend

In light of the impact of the Russo-Ukrainian War on the supply chain, it is expected that the global economy will continue to decline. Such a reality will likely cause countries with weak economies to fall into recession.

As stated by Kristalina Georgieva, Managing Director of the IMF, in the magazine "Foreign Policy" and according to the latest "World Economic Outlook" report announced by IMF in April, the IMF will downgrade its global economic growth outlook. According to the forecast in the January report of the IMF, the annual global growth rate for this year is 4.4%, a decrease of 0.5% from the estimation in last October, and the reason is mainly due to the unresolved chaos of the supply chain. The World Bank and International Monetary Fund (IMF) have scheduled to convene the spring annual meeting in Washington D.C. on April 11, and the IMF plans to announce its forecast update in the "Global Economy Watch" during such period.

Kristalina Georgieva indicates that the war between Ukraine and Russia and the punitive sanctions imposed on Russia have caused impacts on the energy and food price increase, and along with the increase of interest rate in developed economies, the financial environment becomes more tightened, such that numerous developing economies will be affected.

Looking into the future of global industrial development trend and forecast in 2023:

For the year of 2023, it is expected that the industrial output value will grow moderately by 4.5% to 5.3%. As for the 2023 industry trend, one must pay attention to the next generation broadband network business opportunities driven by the broadband subsidy policies implemented by the U.S. and British governments for rural areas. For example, 5 out of 8 major fixed-line business operators in the U.S. are now expanding their 10G PON network investments and commercial applications. Chi Chang indicates that if the

supply chain issue is mitigated or resolved, the year of 2022 will be a year of significant growth for the Fiber To The Home (FTTH) equipment in European and U.S. markets, and it is expected to drive the shipment demands for Wi-Fi 6 broadband and high-end products.

In terms of the 5G development, MIC of Institute for Information Industry states that although the pandemic continues to affect the 5G supply chain, the 5G industry in Taiwan will still show significant growth in view of the following reasons:

1. During 2021–2022, the capital expenses of global telecommunication operators reach new record high. 2. Under the simulation of the new network technology of Open RAN, the cooperation opportunities between international emerging equipment operators and Taiwanese companies will increase. 3. In addition to the major countries in the world entering the 5G network construction peak period, the number of countries with the issuance of license for the first time will continue to increase subsequently, such as: Vietnam, Brazil, and Colombia. Furthermore, Taiwanese companies will also find business opportunities in the equipment replacement plans in the U.S. As small business operators in the U.S. seek for supply of equipment without China manufactured components in the short term, Taiwanese companies are provided with great opportunities, and the improvement of plan readiness, fast shipment and price are key aspects for Taiwanese companies to seize business opportunities.

According to the global trend analysis of various research institutions, the trends is consistent with the development of the Company, such as the popularization of mobile broadband, emerging of the LEO satellite communication and the maximization of network resources by virtual network function. Thus, according to the strategic framework of establishing the core capability for software and hardware integration, we will continue to plan the strategy for the constant development of the Company.

Negative factors and responsive strategies:

(1) Extremely high uncertainty of the epidemic

In general, the global economic forecast is under the shadow of “extremely high uncertainty” due to the close connection between the economic activities and the epidemic. Many uncertainties depend on the development of the epidemic. The progress of vaccination which is lower than the appearance of new variant of coronavirus may influence the development of the epidemic and hinder the prospect of economic growth, especially in Europe and Latin America.

Responsive strategy:

In response to the prolonged epidemic, we normalized the epidemic control and reviewed the standard operating procedures and anti-epidemic habits in each plant. Secure the normal operation of the plant via internal audit and regular audit of the Group. For the interaction with customers, the plant audit is completed in a digitalized and visualized manner and new customers and orders of new products are gained thereof.

(2) Increase in production costs of manpower and oil price and decrease in gross profits of products

In the most recent year, the global material and labor costs continue to increase with the shortage of components such as main chips and semiconductors, greatly compressing the operating revenue and profitability of OEM/ODM. In addition, as the technology of broadband access equipment and products for the client becomes more mature, the technical barrier of competitors is also reduced and homogeneous products in the

market continue to increase, resulting in the impact on the growth of profitability due to the compression of product price and gross profit.

Responsive strategy:

By the collaboration with the supply chain and production platform via the Group, the shortage of components such as semiconductors is reduced and the manufacturing efficiency is also improved to reduce the production cost; the investment in the research and development of products with higher technical integration and complexity to get out of the market competition via high value added products.

(II) Important purpose and manufacturing processes of main products

1. Important purpose of main products:

Products category	Purpose
Broadband communication product	The wired and wireless network equipment with path selection function used as the intermediary to connect LAN and WAN.
WAN product	Products are classified as (1) M.2 PCIe network card and Wi-Fi module is the application of internet connection mainly used in smart mobile devices such as notebook. (2) Wi-Fi AP and router are applied to internet access of users and wireless coverage. Various connection terminal equipment in the subnet can exchange data conveniently via the wireless router. (3) Mesh AP is applied to internet access of users and wireless coverage that provides video experience without any disconnection.
Set-top box products	The main products include IP, Cable, OTT and Hybrid set-top boxes mainly used for the application of digital home audio multimedia.
IoT products	The main products include WSN IoT gateway, IoT/M2M/NB-IOT module, sensor and smart router to provide interoperability between various communication protocols and standards and realize the applications related to IoT.

2. Manufacturing process:

Step	Manufacturing process	Process description
1	R&D and design	<ol style="list-style-type: none"> 1. Determination of the plan based on the demands of the market and the customer 2. Production of PCBA based on the circuit diagram designed by the R&D personnel 3. Mold design based on the machinery diagram required by the customer 4. Introduction of mass production after completing the design verification
2	Kitting	Material preparation via All parts/SAP/SFC systems based on the material list of product order
3	SMT	<ol style="list-style-type: none"> 1. The electronic components which can be manufactured by SMD equipment are automatically mounted to the PCB surface via mounting equipment and technology. 2. The PCBA with completed mounting forms effective and reliable electrical connection by reflow process.
4	DIP	<ol style="list-style-type: none"> 1. The electronic components requiring artificial/automatic plug-in are inserted in PCBA. 2. The PCBA with completed plug-in forms effective and reliable electrical connection by wave process.
5	Preliminary testing	<ol style="list-style-type: none"> 1. Initially determining the yield rate in the front-end process to screen qualified products for the yield rate in the back end. 2. Basic function testing and guarantee to find out PCBA products with cold welding, empty solder or short circuit (e.g. whether it can start up normally and whether the version is correct).
6	RF commissioning	Conducting calibration and testing of frequency and output power for wireless RF products to ensure the RF signal, frequency and output power complying with the requirements of the regulations to meet the needs of the customer.
7	Assembly	Assembling the PCBA and the antenna and machinery based on the SOP of machinery design to complete the finished product.
8	Buru-in	Accelerating the aging test of the electronic product components within a certain duty cycle (usually 48–168 hours) with power on and in extreme environments (load and high temperature) to test potential failure of the product.
9	Final testing	After the PCBA undergone burn-in and integration with the case, conduct the final function and information testing and the customized overall testing of the product.
10	Packing	Adding required packing attachments based on the functions and characteristics of the product.
11	Shipment	Sale of finished products

(I) **Supply of main materials**

Name of main materials	Primary source	Status of supply	Price tend
Integrated circuit, memory	From import and the domestic	Ordered procurement	Determined by the market supply and demand
PCB	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Transistor, diode	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Various capacitors, resistances	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Transformer, inductance, connector	From import and the domestic	Ordered procurement	Determined by the market supply and demand

The Company directly negotiates with the agent or the original equipment manufacturer to purchase the critical components for the products of the Company. All materials have undergone the process of part approval and qualified supplier evaluation to ensure stable quality. Each material has more than two suppliers because the separated procurement from various suppliers can prevent the lack of materials and maintain the flexibility of bargain. To the present day, the Company continues to maintain long-term cooperation and excellent relationship with all suppliers for stable supply. The Company adequately manages resources and implements rigorous control on the quality and delivery date of suppliers, in order to ensure smooth and proper supply of key raw materials.

(III) Customers accounted for more than 10% of total purchase/sales amount in the most recent two years

1.Name of suppliers accounted for more than 10% of total purchase/sales amount in the most recent two years and the purchase/sales amount and ratio thereof:

Unit: NTD thousand

Item	2021				2022				As of Q1, 2023			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	B	303,574	9.06	None	A	799,524	14.72	None	B	102,786	13.79	None
2					B	607,127	11.18	None	A	61,876	8.30	None
3	Others	3,045,725	90.94		Others	4,025,775	74.10		Others	580,972	77.91	
Total	Net purchase amount	3,349,299	100.00		Net purchase amount	5,432,426	100.00		Net purchase amount	745,634	100.00	

Analysis of changes in major purchase counterparty: there was no significant changes in major purchase counterparty in 2022.

2.Name of customers accounted for more than 10% of total sales in the most recent two years and the sales and ratio thereof:

Unit: NTD thousand

Item	2021				2022				As of Q1, 2023			
	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item
1	A	1,469,772	37.24%	None	A	1,915,448	33.29	None	A	313,409	36.36	None
2	Belkin	985,344	24.97%	Note 1	Cloud	1,284,331	22.32	Note 2	Cloud	279,698	32.45	Note 2
3	Cloud	530,862	13.45%	Note 2	Belkin	856,694	14.89	Note 1				
4	B	355,581	9.01%	None	C	807,061	14.03	None				
5	Others	605,237	15.33%	None	Others	889,808	14.56	None	Others	268,957	31.19	None
Total	Net sales	3,946,796	100.00		Net sales	5,753,342	100.00		Net sales	862,064	100.00	

Note 1: The customer became the related party on September 2018.

Note 2: The customer is the affiliate of Foxconn.

Analysis of changes in major sales counterparty: In 2021, due to the increase in demand from C customers, the sales targets increased, resulting in an increase in the proportion of C customers' revenue.

(V) Production volume for the most recent two years

Unit: thousand pieces; NTD thousand

Key products \ Year	2022			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Communication product	3,802	3,802	4,646,510	4,562	4,562	3,282,109
Total	3,802	3,802	4,646,510	4,562	4,562	3,282,109

(VI) Sales volume for the most recent two years

Unit: thousand pieces; NTD thousand

Key products \ Year	2022				2021			
	Domestic Sales		Exportation		Domestic Sales		Exportation	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Communication product	-	-	3,802	5,510,971	-	-	4,562	3,586,411
Others	-	-	-	242,371	-	-	-	360,385
Total	-	-	3,802	5,753,342	-	-	4,562	3,946,796

III. The number of employees, their average service seniority, average age, and education level distribution ratio in the most recent two years up to the publication date of this annual report

Year		2023.05.05	2022	2021
Number of employees	Indirect personnel	200	210	164
	Direct personnel	0	0	0
	Total	200	210	164
Average age		43.1	42.0	41.9
Average years of service		6.9	7.2	8.7
Education level distribution	Doctorate	2 (1%)	None	None
	Master	73(36.5%)	78(37.14%)	63(38.41%)
	University/college	122(61%)	128(60.95%)	99(60.37%)
	High school	3(1.5%)	4(1.9%)	2(1.22%)
	Below high school	None	None	None

IV. Information on environmental expenditure

- (I) Losses incurred due to environmental pollution in the most recent two years: None.
- (II) Countermeasures: N/A.

V. Labor relation

(I) The Company's current important employee benefits and the agreement made between employers and employees

1. Implementation of employee insurance:

In addition to taking out labor insurance and health insurance for our employees, the Company has also formulated employee group insurance plans, including life insurance, accident insurance and hospitalization.

2. Improvement of employees' health and safety:

A. Employee medical check-ups: Our permanent employees can enjoy a free medical check-up every year. Since we focus on employee health management, for any employees who receive abnormal results from medical check-ups, we actively assist them to go through further inspection and treatment to ensure their physical and mental health. The Company also provides new information or reminders about health on our internal website on an irregular basis to encourage the employees to eat healthily, exercise regularly and maintain normal routine.

B. Massagists with visual impairment: We hire massagists with visual impairment to provide massage service for our employees for the purpose of not only providing work opportunities for visually impaired people but also reducing the employees' work pressure to improve their physical health.

C. Implementation of various health improvement programs: The Company irregularly organizes an employee weight loss competition to enable the employees to encourage each other to lose weight in a healthy competitive environment. In addition, we promote quitting smoking and passive smoking prevention activities on the Company website on an irregular basis to urge the employees to give up smoking as soon as possible. A gym equipped with new and practical workout facilities is also in place for the employees to work out and exercise easily in the Company in addition to working. Moreover, we also post various nutrition information on the Company website to help the employees use food as medicine and form a healthy diet.

D. Several "Automated External Defibrillators/AEDs" placed in the Company: According to medical research, it is proven that if electric shocks are delivered to a patient having sudden cardiac arrest due to irregular heartbeat within 1 minute, the success rate of resuscitation can reach more than 90%. Therefore, we have placed several "Automated External Defibrillators/AEDs" in the Company to create a safe and health working environment and prevent risks.

E. Promotion of traffic safety: The Company pays a lot of attention on employees' safety; therefore, we hold industrial safety, factory safety and traffic safety promotional activities on an irregular basis.

F. Promotion of fire control and disaster prevention: In order to raise employees' awareness of fire control and disaster prevention, we irregularly promote relevant information on the Company website and teach the employees proper means of escape in case of earthquakes or fires.

3. Incentive trip

The Company's employee welfare committee organizes a domestic and overseas incentive trip every year and provides travel subsidies for the employees to encourage them to go outdoors in their free time, which is beneficial to the body and mind!

4. Social activity

The Company's employee welfare committee offers subsidies for social activities to encourage the employees to participate in various club activities.

We have organized a yoga club, dancing club, bike club, gardening club, etc., to allow our employees to have fun in these courses in their free time.

5. Annual leave system

The Company grants annual leave in accordance with the Labor Standards Act, and the payment of untaken leave is also provided.

6. Retirement system

The Company was approved by (89) Yuan-Lao-Zi Letter No.027487 issued by the Science Park Bureau, MOST on December 1, 2000 to establish the Employee Pension Provision Supervisory Committee in order to contribute 2% of employees' monthly salaries as the labor pension fund to the special pension bank account for future payment of employee pensions; the pension contribution has been made in accordance with related laws and systems.

The implementation of the Labor Pension Act commenced on July 1, 2005 and the defined contribution system was adopted. After such implementation, employees may choose to be subject to pension-related regulations in the Labor Standards Act, or to be subject to the pension system of the Labor Pension Act and retain their service seniority before application of the Labor Pension Act. For employees subject to the Labor Pension Act, the Company may not contribute less than 6% of the employees' monthly salaries as their pension funds every month.

(II) Losses incurred due to labor disputes in the most recent three years: None.

VI.Cyber Security Management:

(I)State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

◎ Cyber Security Risk Management Structure

The Information Department is responsible for leading and planning the tackling of evolving external network and virus attacks. Each business-related unit shall cooperate in its implementation to ensure the effectiveness of information security management operations.

◎ Information security policy

We ensure the security of data, systems, equipment and network security in an effort to maintain the normal operations of the network information system, ensure the security of network information transmission transactions, and protect the confidentiality and integrity of computer processing data. We carry out the above operations in accordance with the "Information and Account Management Rules," "Information Equipment and Security Management Rules," and "Personal Data Protection Management Rules."

◎ Concrete management plan

1. Information and account management: To ensure the integrity, confidentiality and availability of information accounts.
2. Information service management: Information system, domain and email account application and management requirements.
3. Information equipment security control: Personnel of the Information Department conduct daily inspection of the server room and check system log records to ensure servers and network equipment are operating normally.
4. Security control of computer facilities: Access control system for computer facilities, registration for entry and exit and uninterruptible power supply systems.
5. Legal software copyright control: Installment and control of legal software authorization.
6. Computer virus prevention: Deploy anti-virus software to avoid computers from being attacked or infected by viruses.

7. Backup operations: Carry out daily and weekly backups and implement backup operations and records.
 8. Disaster recovery: Draw up disaster recovery and reconstruction plans, conduct exercises, and review the results of implementation.
- © Resources invested for cyber security management
1. The Company's information security team consists of 2 people.
 2. Regularly participate in the Group's information security meetings to share the latest information security risks and information security vulnerability correction methods.
 3. Anti-virus endpoint protection - to intercept endpoint threats.
 4. Comprehensive spam filtering - to block spam and threat emails.
 5. Implementation of information security education and training and social engineering email exercises - to enhance the awareness of employees regarding information security threats.

(II) Any loss incurred due to material cyber security events, possible impacts and countermeasures during the most recent year and as of the publication date of this annual report: None.

VII. Important Contract: None.

Six. Financial Overview

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Condensed balance sheet and the statement of comprehensive income

1. Condensed consolidated balance sheet – IFRSs

Unit: NTD thousand

Item	Year	January 1, 2023 – March 31, 2023 (Reviewed by the CPAs)	In the most recent five years				
			2022	2021	2020	2019	2018
Current assets		4,728,320	5,106,919	4,979,937	5,184,047	4,965,183	5,377,832
Property, plant and equipment (Note 1)		813,569	807,507	723,350	716,167	732,237	720,626
Intangible assets		17,019	18,068	14,715	15,363	17,310	17,653
Other assets		1,625,143	1,578,720	1,867,844	2,108,766	2,256,238	1,620,531
Total assets		7,184,051	7,511,214	7,585,846	8,024,343	7,970,968	7,736,642
Current liabilities	Before distribution	1,710,254	1,936,759	1,569,801	2,014,135	1,814,934	2,039,198
	After distribution	-	1,936,759 (Note 2)	1,586,231	2,063,426	1,864,225	2,170,640
Non-current liabilities		500,328	509,588	569,766	616,446	700,423	121,135
Total liabilities	Before distribution	2,210,582	2,446,347	2,139,567	2,630,581	2,515,357	2,160,333
	After distribution	-	2,446,347 (Note 2)	2,155,997	2,679,872	2,564,648	2,291,775
Equity attributable to the owner of the parent company		4,973,469	5,064,867	5,446,279	5,393,762	5,455,611	5,576,309
Share capital		3,302,154	3,302,154	3,286,054	3,286,054	3,286,054	3,286,054
Capital reserves		620,772	620,772	572,050	578,131	578,131	578,131
Retained earnings	Before distribution	1,218,519	1,341,374	1,710,329	1,717,468	1,717,928	1,780,131
	After distribution	-	1,341,374 (Note 2)	1,693,899	1,668,177	1,668,637	1,648,689
Other equity		(167,976)	(199,433)	(122,154)	(187,891)	(126,502)	(68,007)
Treasury stocks		-	-	-	-	-	-
Total equity	Before distribution	4,973,469	5,064,867	5,446,279	5,393,762	5,455,611	5,576,309
	After distribution	-	5,064,867 (Note 2)	5,429,849	5,344,471	5,406,320	5,444,867

Note 1: The Company did not conduct the revaluation of assets each year.

Note 2: The distribution in 2022 was to be submitted to the shareholders' meetings in 2023 after it was resolved at the board meeting held on May 5, 2023.

Note 3: The distributed earnings of 2021 was the earnings before distribution in the current year deducting the earning distribution in the 2022 proposal resolved at the annual meeting of shareholders. The cash dividends were NTD 16,430 thousand.

Note 4: The distributed earnings of 2022 was the earnings before distribution in the current year deducting the earning distribution in the 2023 proposal resolved by the Board of Directors. The cash dividends were NTD 0 thousand.

2. Condensed separate balance sheet – IFRSs

Unit: NTD thousand

Year		In the most recent five years				
		2022	2021	2020	2019	2018
Current assets		4,312,925	4,061,540	4,012,467	3,788,180	4,498,301
Property, plant and equipment (Note 1)		601,458	611,160	631,018	661,956	684,903
Intangible assets		1,739	-	126	1,352	1,406
Other assets		2,128,169	2,352,777	2,740,376	2,988,430	2,538,177
Total assets		7,044,291	7,025,477	7,383,987	7,439,918	7,722,787
Current liabilities	Before distribution	1,740,102	1,313,537	1,674,114	1,619,105	2,036,786
	After distribution (Note 2)	1,740,102	1,362,828	1,723,405	1,668,396	2,168,228
Non-current liabilities		239,322	265,661	316,111	365,202	109,692
Total liabilities	Before distribution	1,979,424	1,579,198	1,990,225	1,984,307	2,146,478
	After distribution (Note 2)	1,979,424	1,595,628	2,039,516	2,033,598	2,277,920
Equity attributable to the owner of the parent company		5,064,867	5,446,279	5,393,762	5,455,611	5,576,309
Share capital		3,302,154	3,286,054	3,286,054	3,286,054	3,286,054
Capital reserves		620,772	572,050	578,131	578,131	578,131
Retained earnings	Before distribution	1,341,374	1,710,329	1,717,468	1,717,928	1,780,131
	After distribution (Note 2)	1,341,374	1,693,899	1,668,177	1,668,637	1,648,689
Other equity		(199,433)	(122,154)	(187,891)	(126,502)	(68,007)
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	5,064,867	5,446,279	5,393,762	5,455,611	5,576,309
	After distribution (Note 2)	5,064,867	5,429,849	5,344,471	5,406,320	5,444,867

Note 1: There is no revaluation of assets in each year.

Note 2: The distribution in 2022 was to be submitted to the shareholders' meetings in 2023 after it was resolved at the board meeting held on May 5, 2023.

Note 3: The distributed earnings of 2021 was the earnings before distribution in the current year deducting the earning distribution in the 2022 proposal resolved at the annual meeting of shareholders. The cash dividends were NTD 16,430 thousand.

Note 4: The distributed earnings of 2022 was the earnings before distribution in the current year deducting the earning distribution in the 2023 proposal resolved by the Board of Directors. The cash dividends were NTD 0 thousand.

3. Condensed consolidated income statement – IFRSs

Unit: NTD thousand

Item	Year January 1, 2023 – March 31, 2023 (Reviewed by the CPAs)	In the most recent five years				
		2022	2021	2020	2019	2018
Operating revenue	862,064	5,753,342	3,946,796	4,834,151	5,707,963	8,598,958
Operating gross profit	5,019	286,859	109,261	371,735	465,203	550,070
Operating profit and loss	(109,890)	(212,921)	(280,451)	(25,482)	34,156	80,440
Non-operating revenue and expenses	(33,281)	(193,717)	288,062	44,306	31,163	140,905
Profit before tax	(143,171)	(406,638)	7,611	18,824	65,319	221,345
Net profit of continuing operations for the year	(122,855)	(366,674)	24,393	23,575	51,352	166,600
Loss of discontinued operations		-	-	-	-	-
Net profit (loss) for the year	(122,855)	(366,674)	24,393	23,575	51,352	166,600
Other comprehensive income for the year (after-tax income)	24,227	(26,089)	83,496	(36,133)	(40,608)	(60,672)
Total comprehensive income for the year	(98,628)	(392,763)	107,889	(12,558)	10,744	105,928
Net profit attributable to the owner of parent company	(122,855)	(366,674)	24,393	23,575	51,352	166,600
Net profit attributable to non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributable to the owner of the parent company	(98,628)	(392,763)	107,889	(12,558)	10,744	105,928
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-	-
Earnings per share	(0.37)	(1.12)	0.07	0.07	0.16	0.51

4. Condensed separate income statement – IFRSs

Unit: NTD thousand

Item \ Year	In the most recent five years				
	2022	2021	2020	2019	2018
Operating revenue	5,737,047	3,927,997	4,820,615	5,699,629	8,578,275
Operating gross profit	193,092	213,009	468,935	453,459	388,909
Operating profit and loss	(169,636)	(105,035)	138,839	97,323	23,570
Non-operating revenue and expenses	(258,763)	106,363	(124,471)	(30,822)	182,755
Profit before tax	(428,399)	1,328	14,368	66,501	206,325
Net profit of continuing operations for the year	(366,674)	24,393	23,575	51,352	166,600
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the year	(366,674)	24,393	23,575	51,352	166,600
Other comprehensive income for the year (after-tax income)	(26,089)	83,496	(36,133)	(40,608)	(60,672)
Total comprehensive income for the year	(392,763)	107,889	(12,558)	10,744	105,928
Earnings per share	(1.12)	0.07	0.07	0.16	0.51

(II) Names of the CPAs and their audit opinions in the most recent five years

Year	Name of CPA firm	Names of CPAs	Audit opinion
2018	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Han-Chi Wu	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Han-Chi Wu	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yung-Chien Hsu 、 Min-Chuan Feng	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Yung-Chien Hsu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Yung-Chien Hsu	Unqualified opinion

Reason for replacement of CPAs in the most recent 5 years:

Due to the auditor rotation of PricewaterhouseCoopers Taiwan, the CPAs were replaced.

II. Financial analysis in the most recent five years

(I) Financial analysis of consolidated statements – IFRSs were adopted

Analysis item		Year	Financial analysis in the most recent five years				
		January 1, 2023 – March 31, 2023 (Reviewed by the CPAs)	2022	2021	2020	2019	2018
Financial structure %	Ratio of liabilities to assets	30.77	32.57	28.20	32.78	31.56	27.92
	Ratio of long-term funds to property, plants, and equipment	672.81	690.33	831.69	839.22	840.72	790.62
Solvency %	Current ratio	276.47	263.68	317.23	257.38	273.57	263.72
	Quick ratio	192.93	204.39	282.50	231.60	238.16	214.21
	Times interest earned	-	(9.86)	1.35	1.76	5.28	463.10
Operating ability	Receivables turnover ratio (times)	2.31	3.81	3.31	3.43	2.81	3.18
	Average collection days	158	96	110	106	130	115
	Inventory turnover ratio (times)	2.66	6.46	7.21	7.68	6.35	7.99
	Payables turnover ratio (times)	3.18	6.36	4.34	4.91	4.72	5.42
	Average sales days	137	57	51	48	57	46
	PPE turnover ratio (times)	4.25	7.52	5.48	6.68	7.86	11.48
	Total asset turnover ratio (times)	0.47	0.76	0.51	0.60	0.73	1.09
Profitability	Return on assets (%)	(1.58)	(4.46)	0.54	0.54	0.81	2.12
	Return on equity (%)	(2.45)	(6.98)	0.45	0.43	0.93	2.99
	Ratio of profit before tax to paid-in capital (%)	(4.34)	(12.31)	0.23	0.57	1.99	6.74
	Net profit margin (%)	(14.25)	(6.37)	0.62	0.49	0.9	1.94
	Earnings per share (NTD)	(0.37)	(1.12)	0.07	0.07	0.16	0.51
Cash flow	Cash flow ratio (%)	36.44	-	-	17.43	63.99	-
	Cash flow adequacy ratio (%)	-	19.49	83.48	-	61.53	34.98
	Cash reinvestment ratio (%)	9.94	-	-	5.05	19.17	-
Leverage	Operating leverage	-	-	-	-	4.32	2.07
	Financial leverage	-	-	-	-	1.81	1.01

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. The decrease in Quick ratio: This was mainly due to the increase in Inventory for the period.
2. The decrease in times interest earned: This was mainly due to the negative in tax income and Net income before interest expense for the period.
3. The Increase in Payables turnover ratio (times): This was mainly due to the increase in cost of goods sold for the period.
4. Increase in PPE turnover ratio (times) and Total asset turnover ratio (times): This was mainly due to the increase in net sales for the period.
5. The decrease in Profitability: This was mainly due to Net profit after tax and net profit loss before tax.
6. The decrease in cash flow adequacy ratio: This was mainly Due to the decrease from the previous period cash flow from operating activities in the last five years.

(II) Financial analysis of separate statements – IFRSs were adopted

Analysis item		Year	Financial analysis in the most recent five years			
		2022	2021	2020	2019	2018
Financial structure %	Ratio of liabilities to assets	28.10	22.48	26.95	26.67	27.79
	Ratio of long-term funds to property, plants, and equipment	881.89	934.61	904.87	879.34	830.19
Solvency %	Current ratio	247.85	309.21	239.68	233.97	220.85
	Quick ratio	242.01	301.20	238.00	228.09	171.34
	Times interest earned	(16.93)	1.17	2.48	15.69	431.74
Operating ability	Receivables turnover ratio (times)	3.81	3.32	3.44	2.82	3.17
	Average collection days	96	110	106	129	115
	Inventory turnover ratio (times)	53.6	55.73	70.58	9.55	8.17
	Payables turnover ratio (times)	7.04	5.15	5.70	4.94	5.53
	Average sales days	7	7	5	38	45
	PPE turnover ratio (times)	9.46	6.32	7.46	8.46	12.28
	Total asset turnover ratio (times)	0.82	0.55	0.65	0.75	1.09
Profitability	Return on assets (%)	(4.94)	0.43	0.42	0.73	2.13
	Return on equity (%)	(6.98)	0.45	0.43	0.93	2.99
	Ratio of profit before tax to paid-in capital (%)	(12.97)	0.04	0.44	2.02	6.28
	Net profit margin (%)	(6.39)	0.62	0.49	0.90	1.94
	Earnings per share (NTD)	(1.12)	0.07	0.07	0.16	0.51
Cash flow	Cash flow ratio (%)	-	-	21.85	81.70	-
	Cash flow adequacy ratio (%)	59.97	94.12	-	62.13	13.00
	Cash reinvestment ratio (%)	-	-	3.99	21.80	-
Leverage	Operating leverage	-	-	3.47	2.15	2.92
	Financial leverage	-	-	1.08	1.05	1.02

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. Increase in Ratio of liabilities to assets: This was mainly due to the increase in accounts payable for the period .
2. The decrease in times interest earned: This was mainly due to the negative in tax income and Net income before interest expense for the period.
3. The Increase in Payables turnover ratio (times): This was mainly due to the increase in cost of goods sold for the period.
4. Increase in PPE turnover ratio (times) and Total asset turnover ratio (times): This was mainly due to the increase in net sales for the period.
5. The decrease in Profitability: This was mainly due to Net profit after tax and net profit loss before tax.
6. The decrease in cash flow adequacy ratio: This was mainly Due to the decrease from the previous period cash flow from operating activities in the last five years.

The calculation is listed as follows:

1. Financial structure
 - (1) Ratio of liabilities to assets = $\text{Total liabilities} / \text{total assets}$.
 - (2) Ratio of long-term funds to property, plants, and equipment = $(\text{Total equity} + \text{non-current liabilities}) / \text{net } \underline{\text{property, plants, and equipment}}$.
2. Solvency
 - (1) Current ratio = $\text{Current assets} / \text{current liabilities}$.
 - (2) Quick ratio = $(\text{Current assets} - \text{inventory} - \text{prepayment}) / \text{current liabilities}$.
 - (3) Times interest earned = $\text{Net profit before income tax and interest expenses} / \text{interest expenses for the year}$.
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable from operations) turnover ratio = $\text{Net sales} / \text{average of accounts receivable (including accounts receivable and notes receivable from operation) balance}$.
 - (2) Average collection days = $365 / \text{receivables turnover ratio}$.
 - (3) Inventory turnover ratio = $\text{Cost of sales} / \text{average inventory}$.
 - (4) Payables (including accounts payable and notes payable from operation) turnover ratio = $\text{Cost of sales} / \text{average of accounts payable (including accounts payable and notes payable from operation) balance}$.
 - (5) Average sales days = $365 / \text{inventory turnover ratio}$.
 - (6) Property, plant and equipment turnover ratio = $\text{Net sales} / \text{average net } \underline{\text{property, plant and equipment}}$.
 - (7) Total asset turnover ratio = $\text{Net sales} / \underline{\text{average total assets}}$.
4. Profitability
 - (1) Return on assets = $[\text{Profit and loss after tax} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$.
 - (2) Return on equity = $\text{Profit and loss after tax} / \text{average } \underline{\text{total equity}}$.
 - (3) Net profit margin = $\text{Profit and loss after tax} / \text{net sales}$.
 - (4) EPS = $(\underline{\text{Profit and loss attributable to the owner of parent company}} - \text{dividends from preferred shares}) / \text{weighted average number of outstanding shares}$. (Note 4)
5. Cash flow
 - (1) Cash flow rate = $\text{Net cash flow from operating activities} / \text{current liabilities}$.
 - (2) Net cash flow adequacy ratio = $\text{Net cash flow from operating activities in the most recent 5 years} / (\text{capital expenditure} + \text{increase in inventory} + \text{cash dividends}) \text{ in the most recent 5 years}$.
 - (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{cash dividends}) / (\text{gross of } \underline{\text{property, plant and equipment}} + \text{long-term investment} + \text{other } \underline{\text{non-current assets}} + \text{operating funds})$. (Note 5)
6. Leverage:
 - (1) Operating leverage = $(\text{Net operating revenue} - \text{variable costs and expenses of operations}) / \text{operating profit}$ (Note 6).
 - (2) Financial leverage = $\text{Operating profit} / (\text{operating profit} - \text{interest expenses})$.

- III. Audit Committee’s review report on the financial statements in the most recent year:**
Please refer to pages 117–118 of this annual report.
- IV. Financial statements in the most recent year:**Please refer to pages 119–187 of this annual report.
- V. Separate financial statements in the most recent year audited and certified by the CPAs:**Please refer to pages 188–264 of this annual report.
- VI. Any financial difficulties of the Company or any of its affiliates in the most recent year up to the publication date of this annual report:**None for the Company and the affiliates.

Seven. Review and Analysis of Financial Position and Financial Performance and Risk Matters

I. Financial position

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	5,106,919	4,979,937	126,982	2.55
Property, plant and equipment	807,507	723,350	84,157	11.63
Intangible assets	18,068	14,715	3,353	22.79
Other assets	1,578,720	1,867,844	(289,124)	(15.48)
Total assets	7,511,214	7,585,846	(74,632)	(0.98)
Current liabilities	1,936,759	1,569,801	366,958	23.38
Non-current liabilities	509,588	569,766	(60,178)	10.56
Total liabilities	2,446,347	2,139,567	306,780	14.34
Share capital	3,302,154	3,286,054	16,100	0.50
Capital reserves	620,772	572,050	48,722	8.52
Retained earnings	1,341,374	1,710,329	(368,955)	(21.57)
Other equity	(199,433)	(122,154)	(77,279)	(63.26)
Non-controlling equity	-	-	-	-
Total equity	5,064,867	5,446,279	(381,412)	(7.00)
Analysis of main reason, impact and future correlative plans regarding changes from one period to the next reaches above 20% and the amount of variance reaches NTD 10,000,000. The description is as follows:				
1. The Increase in current liabilities: This was mainly due to the Increase in inventory results in an increase in accounts payable.				
2. The decrease in Retained earnings: This was mainly due to the decrease in retained earnings due to net loss for the period.				
3. The decrease in Other equity : The was mainly due to the decrease in the valuation gain on financial assets at fair value through other comprehensive income and Issuance of new shares that restrict employee rights resulted in unearned remuneration for employees.				

II. Financial performance

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Operating revenue	5,753,342	3,946,796	1,806,546	45.77
Operating cost	5,466,483	3,837,535	1,628,948	42.45
Operating gross profit	286,859	109,261	177,598	162.54
Operating expense	499,780	389,712	110,068	28.24
Operating profit	(212,921)	(280,451)	67,530	24.08
Non-operating revenue and expenses	(193,717)	288,062	(481,779)	(167.25)
Profit before tax	(406,638)	7,611	(414,328)	(5443.81)
Income tax expense	(39,964)	(16,782)	(23,182)	(138.14)
Current net profit	(366,674)	24,393	(391,067)	(1603.19)
Other comprehensive income (after tax) for the year	(26,089)	83,496	(109,585)	(131.25)
Total comprehensive income for the year	(392,763)	107,889	(500,652)	(464.04)
Net profit attributable to the owner of the parent company	(366,674)	24,393	(391,067)	(1603.19)
Total comprehensive income attributable to the owner of the parent company	(392,763)	107,889	(500,652)	(464.04)

Analysis and description regarding changes in increase/decrease reaching 20% and the amount of variance reaching NTD 10,000,000:

1. Increase in operating income, costs, gross profit and operating profit: This was Mainly due to the improvement of the shortage of materials and the slowdown of the epidemic situation, smooth manufacturing and shipment have resulted in a relative increase in operating income, costs, gross profit and operating profit.
2. Increase in Operating expense: This was mainly due to the Increase in Employment costs and estimated bad debts.
3. Decrease in Non-operating revenue and expenses and Profit before tax and Current net profit and Total comprehensive income attributable to the owner of the parent company: This was mainly due to the provision for impairment of right-of-use assets in this period and the disposal of stock interests last year.
4. Decrease in income tax expenses: This was mainly due to the reversal of deferred income tax liabilities.
5. The increase in other comprehensive income (net after tax) for the period, total comprehensive income for the period and total comprehensive income attributable to owners of the parent company: This was mainly due to the increase in the share of unrealized valuation gains or losses measured at fair value through other comprehensive income and other comprehensive income or losses of affiliates recognized under the equity method.

III. Cash flow

(I) Cash flows for the year

Unit: NT\$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Foreign exchange rate effect	Cash surplus (deficit)	Corrective measures against cash deficit	
					Investment plan	Financing Plan
2,170,325	(1,068,032)	239,902	13,654	1,355,849	None	

(II) Analysis of changes in cash flow of the current year

Unit: NT\$ thousand

Item \ Year	2021	2020	Difference	
			Amount	Description
Operating activities	(1,068,032)	(99,430)	(907,784)	This was mainly due to the increase in Inventory and Accounts receivable for the period.
Investing activities	463,731	679,441	(215,710)	This was Mainly due to the disposal of stock prices in the previous period.
Financing activities	(223,829)	(295,967)	11,320	This was Mainly due to the decrease in cash dividends issued in the current period.
Foreign exchange rate effect	13,654	2,259	11,395	This was Mainly due to the impact of exchange rate changes.
Net cash flows	(814,476)	286,303	(1,100,779)	

(III) Analysis of the liquidity of cash for the coming year

Unit: NT\$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Cash surplus (deficit)	Corrective measures against cash deficit	
				Investment plan	Financing Plan
1,355,849	25,000	(417,000)	863,849	None	

IV. Impacts of material capital expenditure in the most recent year on the financial and business status: None.

V. The main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year

- (I) Investment policy: The Company adopted a strategic approach to invest in business entities related to the Company's business to enhance manufacturing and production efficiency.
- (II) Main reasons for the gains or losses and improvement plans: The loss of the subsidiary in the current period is mainly due to the depreciation of the right-of-use assets listed by Chongqing Hongdaofu Technology Co., Ltd.
- (III) Investment plans for the coming year: Expansion of the Vietnam production base .

VI. Analysis and assessment of risk matters

- (I) Impacts of interest rate and exchange rate changes and inflation in the most recent year on the income of the Company, and future countermeasures:
 - 1. Impacts of interest rate changes: Due to the low ratio (less than 1%) of interest income and expenses to the Company's turnover, even though our interest income has decreased as a result of decreasing interest rates in recent years, it barely affected the Company's income. In addition to investment of required funds into the expansion of our business and retaining sufficient working funds, the Company will invest residual NT Dollar funds mainly into conservative investments, such as fixed deposits and bond funds.
 - 2. Exchange rate changes: In response to the impacts from changes in exchange rates, the Company determined an optimal hedge ratio according to the current exchange rate trend and selected simple hedging instruments mainly for hedging purposes, such as forward foreign exchange contracts or option transactions to reduce losses incurred due to the exchange rates and minimize the impacts on the profit or loss.
 - 3. Inflation: Since the Company has made proper adjustments in customers' quoted price based on market conditions, allowing us to grasp the fluctuations of the market price, the inflation barely affected the Company.
- (II) Policies regarding high-risk, high-leverage investments, loaning of funds to others, endorsement/guarantees as well as derivatives trading, main reasons for gains or losses, and future countermeasures:
 - 1. High-risk investments: None.
 - 2. High-leverage investments: None.
 - 3. Loans to others: None.
 - 4. Endorsement/guarantees: Guarantees for customs duties only.
 - 5. Trading of financial derivatives: The Company and the affiliates engaged in trading of financial derivatives only for hedging exchange rate risks in foreign currency liabilities.

- (III) Future R&D plans and further expenditures expected for R&D:
1. The Company expects to research and develop the following plans in recent years:
 - (1) DOCSIS 3.1 Cable Modem
 - (2) 802.11/Ax Wireless Network Card Series
 - (3) Remote Wireless Communication Bridge
 - (4) Cloud Service
 - (5) APPs
 - (6) WIFI Mesh Router
 - (7) SDWAN vCPE
 - (8) IoT Module and IoT Applications
 - (9) 5G FWA Router
 - Smart AI STB
 2. Expected investment for R&D:
The Company expected to further invest an estimated 8% of the turnover in our R&D.
- (IV) Financial impacts and responsive measures in the event of changes in local and foreign important policies and regulations:
The domestic and overseas important policies and changes in laws in the most recent year did not cause any significant impact on the Company's finance and business. The Company has kept on tracking the government policies and laws of locations in which our business sites are located and paying attention to the direction of the government policies or legislation. Each division has dedicated personnel to perform such works and report to the officer any impact of new policies or new regulations on the Company's operation. In addition, the Company also aligned the operational orientation and goals with the public policies established by the government to ensure smooth operation for the Company.
- (V) Impacts of technology changes on the Company's finance and business, and countermeasures thereof: Please refer to the descriptions in I ~ II and VI of Five. Overview of Operation.
- (VI) Impacts from changes in corporate image on the Company's crisis management, and countermeasures thereof: The Company has appointed dedicated personnel to formulate relevant plans and countermeasures, and therefore, we could minimize uncertain business risks.
- (VII) Expected benefits and potential risks of any merger or acquisition: None.
- (VIII) Expected benefits and potential risks of any plant expansion: None.
- (IX) Risks of concentrated sales or purchases:
1. Purchase: More than 10% of the suppliers from which the Company purchased products were designated by our customers, and such suppliers are internationally known brands with stable supply. Therefore, there were no significant risks to the Company's purchases.
 2. Sale: CyberTAN will take consideration based on global customer development. Even though our shipment to North America has not been available so far, we have continually shipped our products to Europe, Asia and China. Therefore, our shipment is expected to grow increasingly in the future.
- (X) Impacts and risks to the Company with regard to any major transfer or change of equities by directors, supervisors, or major shareholders holding more than 10% of the Company's shares: None.
- (XI) Impacts and risks to the Company with regard to any change in management rights: None for the Company.
- (XII) In case of any litigious and non-litigious matters, material litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, the President, de facto responsible person, major shareholder holding a stake of more than 10% of the Company or subordinate company thereof, and that were

finalized or remained pending, shall be listed; if these disputes may eventually cause a substantial impact on shareholders' equity or the price of securities, the nature of the disputes, the amount involved, the date on which the litigation first started, the main parties involved and the progress as of the publication of this annual report shall be disclosed: None for the Company.

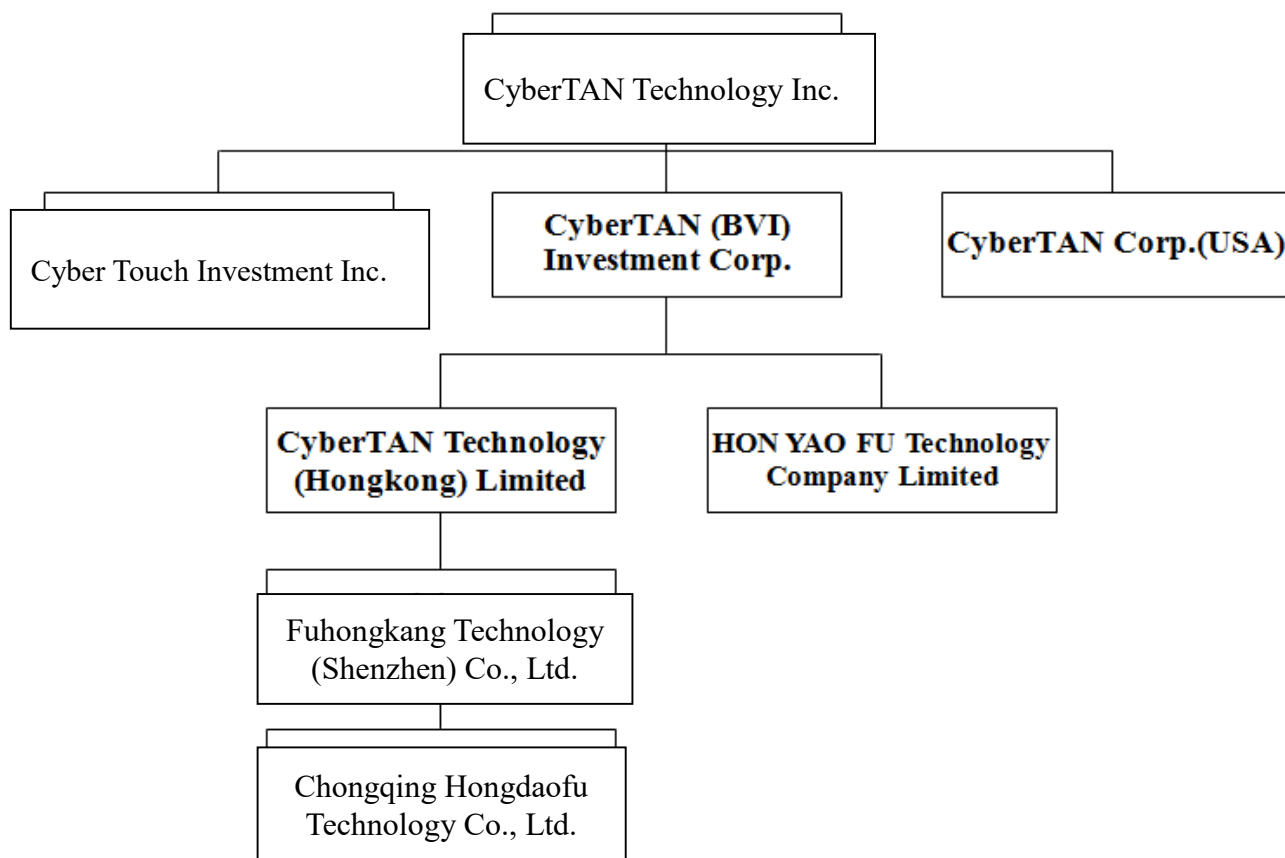
(XIII) Other important risks: None.

VII. Other important matters: None.

Eight. Special Items

I. Information on affiliates

(I) Organizational chart of affiliates (Such affiliates were the companies 100% owned by the Company.)



(II) Names, establishment dates, addresses, paid-in capital and main businesses of affiliates

March 31, 2023

Name of enterprise	Establishment date	Address	Paid-in capital Unit: NTD thousand	Main business or production line
CyberTAN Corp.(USA)	2000.06	20 Maxwell Irvine, California 92618	USD 600	Sales of wired and wireless communication equipment
Cyber Touch Investment Inc.	2004.03	7F., No. 101, Sec. 5, Roosevelt Rd., Taipei City	NTD 100,000	General investment business
CyberTAN (BVI) Investment Corp.	2009.01	P.O.Box850Offshore Incorporations Centre,The Valley,Anguilla,British West Indies,	USD 22,044	General investment business
CyberTAN Technology (Hongkong) Limited	2008.08	Suites 2205-6,Island Place Tower.510 King's Road,North Point,HK.	USD 6,344	General investment business
Fuhongkang Technology (Shenzhen) Co., Ltd.	2009.03 (acquired)	No. 2, Donghuan 2nd Road, No.10Yousong Industrial Zone, Longhua Road, Baoan District, Shenzhen City	CNY 34,971	Development, manufacturing and sale of high-end routers
Chongqing Hongdaofu Technology Co., Ltd.	2011.05	No 1., East District 1st Road, Shapingba District, Chongqing City	CNY 53,500	Development, manufacturing and sale of high-end

				routers
HON YAO FU TECHNOLOGY COMPANY LIMITED	2019.01	Dai Dong – Hoan Son Industrial Zone, Dai Dong Commune, Tien Du Town, Bac Ninh province, Vietnam	VND 207,000,000	Development, manufacturing and sale of high-end routers

Note: The company acquired the company at a premium in 1998

(III) Information on any controlling and subordinate relation whose existence is concluded: None.

(IV) Industries covered by overall businesses operated by the affiliates, and explanation of contacts and cooperative works among such affiliates if their businesses are mutually correlated: The main industry covered by the overall businesses of the Company and the affiliates is “manufacturing of network equipment.” Generally, the affiliates have provided technical, production capacity, marketing and service support to each other to maximize the synergy, which enables the Company to continuously provide the best service for customers around the world and reinforce our leading position in the market.

(V) Names of the directors, supervisors and presidents of affiliates and their shareholding and investment in the affiliates

Unit: NT\$ thousand; March 31, 2023

Name of enterprise	Title	Name or Representative(s)	Shareholding or investment amount	
			Investment amount	Shareholding ratio
CyberTAN Corp. (USA)	President Secretary CFO	President: CyberTAN Technology Inc. Representative: Gwong-Yih Lee Secretary: CyberTAN Technology Inc. Representative: Deaxy Wang CFO: CyberTAN Technology Inc. Representative: Cindy Wu	0	0%
Cyber Touch Investment Inc.	Chairman Director Supervisor	Chairman: CyberTAN Technology Inc. Representative: Gwong-Yih Lee Director: CyberTAN Technology Inc. Representative: Sam Huang, Hank Hsieh Supervisor: CyberTAN Technology Inc. Representative: Deaxy Wang	0	0%
CyberTAN (BVI) Investment Corp.	Chairman	CyberTAN Technology Inc. Representative: Gwong-Yih Lee	0	0%
CyberTAN Technology (Hongkong) Limited	Chairman	CyberTAN (BVI) Investment Corp. Representative: Gwong-Yih Lee	0	0%
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chairman Director Supervisor	Chairman: CyberTAN Technology (HK) Limited Representative: Hank Hsieh Director: CyberTAN Technology (HK) Limited Representative: Dean Wang, Ken Kan	0	0%

		Supervisor: CyberTAN Technology (HK) Limited Representative: Deaxy Wang		
Chongqing Hongdaofu Technology Co., Ltd.	Chairman Director Supervisor	Chairman: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Hank Hsieh Director: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Dean Wang, Ken Kan Supervisor: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Deaxy Wang	0	0%
HON YAO FU TECHNOLOGY COMPANY LIMITED	Chairman	CyberTAN (BVI) Investment Corp. Representative: Hank Hsieh	0	0%

(VI) Financial position and operating result of affiliates:

Unit: NTD thousand (except for EPS); December 31, 2022

Name of enterprise	Capital	Total value of assets	Total value of liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the year (after tax)	Earnings per share (NTD)
CyberTAN Corp.(USA)	18,165	52,271	-	52,271	31,276	3,083	2,610	-
Cyber Touch Investment Inc.	100,000	211,785	1,655	210,130	1,892	1,679	15,088	1.5
CyberTAN Technology (Hongkong) Limited	704,190	391,952	8,141	383,811	-	-506	-252,679	-
CyberTAN (BVI) Investment Corp.	211,072	141,878	-	141,878	-	-	-270,213	-
Fuhongkang Technology (Shenzhen) Co., Ltd.	168,188	127,866	2,316	125,550	-	-27	-270,213	-
Chongqing Hongdaofu Technology Co., Ltd.	257,298	47,896	266,796	-218,900	236,644	-68,868	-277,781	-
HON YAO FU TECHNOLOGY COMPANY LIMITED	277,119	2,843,422	2,627,302	216,120	5,038,288	11,889	7,952	-

(VII) Consolidated financial statements of affiliated companies: Please refer to pages 119–187 of this annual report.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year up to the publication date of this annual report: None.

IV. Other necessary supplementary information : None.

Nine. Events Materially Affecting Shareholders' Equity or the Price of Securities

Any events materially affecting shareholders' equity or the price of securities as defined in Sub-Paragraph 2, Paragraph 3, Article 36 of the Act in the most recent year up to the publication date of this annual report: None.

CyberTAN Technology Inc.’s Declaration of Internal Control System

Date: March 15, 2023

The following declaration are made based on the 2022 self-assessment of the Company’s internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of the Directors and managers. Such system has been established to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. The Company has assessed the effectiveness of its internal control policy design and implementation in accordance with the criteria determining the effectiveness of the internal control policies provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The determination criteria of the internal control policies adopted in “the Regulations” consist of five major elements depending on the management control process: 1. Environment control, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each element contains a number of items. Please refer to “the Regulations” for more details.
- IV. The Company has adopted the aforementioned criteria to assess the effectiveness of its internal control system design and execution.
- V. Based on the result of the preceding assessment, the Company finally determined the effectiveness of the design and implementation of our internal control policy as of December 31, 2022 (including the supervision and management of subsidiaries) regarding the awareness of business results and target accomplishments, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This policy provided reasonable assurance that the above objectives have been achieved.
- VI. This declaration constitutes the main part of the Company’s annual reports and prospectuses, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above is subject to the legal responsibilities specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company’s Board of Directors meeting held on March 15, 2023. The six attending directors unanimously agreed the contents of the declaration.

CyberTAN Technology Inc.

Chairman: Gwong-Yih Lee (Signature and Seals)

President: Gwong-Yih Lee (Signature and Seals)

Audit Committee's Review Report

The 2021 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors have been audited by the CPAs Min-Chuan Feng and Yung-Chien Hsu of PwC Taiwan, and an independent audit report has been issued. This report has been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

CyberTAN Technology Inc.
2023 Annual Meeting of Shareholders

Audit Committee Convener: Hung-Hsun Ting

March 15, 2023

Audit Committee's Review Report

The 2022 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors and the proposal for deficit compensation, have been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

CyberTAN Technology Inc.
2023 Annual Meeting of Shareholders

Audit Committee Convener: Hung-Hsun Ting

May 5, 2023

Independent Auditors' Report

(112)Cai-Shen-Bao-Zi No.22005158

To CyberTAN Technology Inc.:

Audit opinion

We have audited the consolidated balance sheet of CyberTAN Technology Inc. and the subsidiaries (hereinafter referred to as the “CyberTAN Group”) as of December 31, 2022 and 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements. (including the summary of the material accounting policies) for periods of January 1 to December 31, 2022 and 2021.

In our opinion, the major issues of said consolidated financial statements prove to have been duly worked out in accordance with and Regulations Governing the Preparation of Financial Report by Securities Issuers, International Financial Reporting Standards (IFRS), Regulations and IAS, Interpretations and Interpretation Gazettes recognized and effective upon promulgation by the Financial Supervisory Commission, presenting fairly the consolidated financial position of CyberTAN Group thereof as of December 31, 2022 and, 2021 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till 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 the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Group 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 consolidated financial statements of CyberTAN Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2022 consolidated financial statements of CyberTAN Group 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(13) to the consolidated financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the consolidated financial report; for description of inventory accounting titles, please refer to Note 6(5) to the consolidated financial report. The balances of the inventories and allowance for inventory valuation losses on December 31, 2022 were NTD 1,222,306 thousand and NTD 73,974 thousand, respectively.

CyberTAN Group involves in the manufacturing and sale of communication products. 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 Group on the basis of the lower of cost and net realisable. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the lower of cost or net realizable value, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN Group as well as the subjective 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 Group 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. Acquired allowance policy for inventory devaluation of CyberTAN Group, compare it with the policy consistently used during the financial statement period and evaluate the reasonableness of the provision 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 the inventory count 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 impairment of accounts receivable

Item Description

Regarding the accounting policies for the impairment assessment of accounts receivable, please refer to Note 4(10) to the consolidated financial report; for the accounting estimates and assumptions regarding the impairment assessment of accounts receivable, please refer to Note 5(2) to the consolidated financial report; for description of accounts receivable accounting titles, please refer to Note 6(4) to the consolidated financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2022 were NTD 1,997,085 thousand and NTD 19,642 thousand, respectively.

CyberTAN Group 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 subjective 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 Group'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

The financial statements of certain subsidiaries and certain equity-method investees included in the consolidated financial statements of CyberTAN Group, 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 financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor's report. The total assets (including investment under the equity method) of the companies was NTD 18,444 thousand and NTD 636,645 thousand on December 31, 2022 and 2021, accounting for 0% and 8% of the total consolidated assets, respectively. The operating revenue from January 1 to December 31, 2022 and 2021 was NTD 0 and NTD 0, accounting for 0% and 0% of the total net consolidated operating revenue.

Other matters – Parent company only financial statement

CyberTAN Group had duly prepared the 2022 and 2021 parent company only financial statement for which, we have issued standard type, Audit Report with unqualified (unreserved) opinion for reference.

Responsibilities of management and those charged with governance for the consolidated financial statements

The responsibility of the management is to prepare a fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC Interpretations, SIC Interpretations endorsed and published by the Financial Supervisory Commission. Also, to maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of CyberTAN Group 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 Group 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 Group is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report. 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 consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated 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 the CyberTAN Group.
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 Group 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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated 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 Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group, and also for forming an opinion on the audit of the Group.

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, (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 consolidated financial statements of CyberTAN Group. 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 Reference No.: (84)-Tai-Cai-Zheng-(Liu)
No. 13377

March 15, 2023

The accompanying consolidated 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 consolidated financial statements and report of independent accountants 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. and the subsidiaries
Consolidated 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)	\$ 1,355,849	18	\$ 2,170,325	29
1136	Financial assets measured at amortized cost – current	6(3)	550,441	7	1,190,634	16
1170	Accounts receivable, net	6(4)	1,324,474	18	723,967	10
1180	Accounts receivable – the related party, net	6(4) and 7	652,969	9	321,643	4
1200	Other accounts receivable	7	50,804	1	10,070	-
1220	Income tax assets in the current period		14,777	-	11,591	-
130X	Inventory	6(5)	1,148,332	15	545,221	7
1470	Other current assets		9,273	-	6,486	-
11XX	Total current assets		<u>5,106,919</u>	<u>68</u>	<u>4,979,937</u>	<u>66</u>
Non-current assets						
1517	Financial assets measured at fair value through profit or loss – non- current	6(2)	18,235	-	71,932	1
1535	Financial assets measured at amortized cost -non-current	6(3) and 8	22,504	-	21,070	-
1550	Investment at equity method	6(6)	965,229	13	964,044	13
1600	Property, plant and equipment	6(7)	807,507	11	723,350	10
1755	Right-of-use assets	6(8) and 7	296,273	4	562,772	7
1780	Intangible assets		18,068	-	14,715	-
1840	Deferred income tax assets	6(27)	64,320	1	35,407	-
1900	Other non-current assets	6(11)	212,159	3	212,619	3
15XX	Total non-current assets		<u>2,404,295</u>	<u>32</u>	<u>2,605,909</u>	<u>34</u>
1XXX	Total assets		<u>\$ 7,511,214</u>	<u>100</u>	<u>\$ 7,585,846</u>	<u>100</u>

(To be continued)

CyberTAN Technology Inc. and the subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6(12)	\$ 449,955	6	\$ 570,450	8
2130	Contract liabilities – current	6(20)	57,990	1	34,060	-
2170	Accounts payable		1,038,097	14	612,323	8
2180	Accounts payable – the related party	7	22,797	-	46,674	1
2200	Other payables		194,218	3	194,086	3
2220	Other payables – the related party	7	18,007	-	11,927	-
2230	Income tax liabilities in the current period		10,531	-	9,270	-
2250	Liability reserve – current	6(15)	9,367	-	5,101	-
2280	Lease liabilities – current	7	55,287	1	48,060	1
2365	Refund liabilities – current		4,645	-	2,151	-
2399	Other current liabilities -others		75,865	1	35,699	-
21XX	Total current liabilities		<u>1,936,759</u>	<u>26</u>	<u>1,569,801</u>	<u>21</u>
Non-current liabilities						
2550	Liability reserve – non-current	6(15)	9,144	-	9,367	-
2570	Deferred income tax liabilities	6(27)	5,573	-	16,205	-
2580	Lease liabilities – non-current	7	488,301	7	536,307	7
2600	Other non-current liabilities	7	6,570	-	7,887	-
25XX	Total non-current liabilities		<u>509,588</u>	<u>7</u>	<u>569,766</u>	<u>7</u>
2XXX	Total liabilities		<u>2,446,347</u>	<u>33</u>	<u>2,139,567</u>	<u>28</u>
Equity attributable to parent company shareholders						
	Capital stock	6(16)				
3110	Common stock		3,302,154	44	3,286,054	43
	Capital reserves	6(17)				
3200	Capital reserves		620,772	8	572,050	8
	Retained earnings	6(18)				
3310	Legal reserve		825,257	11	821,042	11
3320	Special reserve		122,154	2	187,892	3
3350	Undistributed earnings		393,963	5	701,395	9
	Other equity	6(19)				
3400	Other equity		(199,433)	(3)	(122,154)	(2)
31XX	Total equity attributable to parent company shareholders		<u>5,064,867</u>	<u>67</u>	<u>5,446,279</u>	<u>72</u>
3XXX	Total equity		<u>5,064,867</u>	<u>67</u>	<u>5,446,279</u>	<u>72</u>
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts Significant Subsequent Events	9				
3X2X	Total liabilities and equity		<u>\$ 7,511,214</u>	<u>100</u>	<u>\$ 7,585,846</u>	<u>100</u>

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

CyberTAN Technology Inc. and the subsidiaries
Consolidated 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		2021	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 5,753,342	100	\$ 3,946,796	100
5000 Operating cost	6(5)(25) (26) and 7	(5,466,483)	(95)	(3,837,535)	(97)
5950 Net operating gross profit		<u>286,859</u>	<u>5</u>	<u>109,261</u>	<u>3</u>
Operating expense	6(25) (26) and 7				
6100 Selling expenses		(50,599)	(1)	(49,618)	(1)
6200 Administrative expenses		(161,246)	(3)	(74,381)	(2)
6300 R&D expenses		(275,649)	(5)	(267,239)	(7)
6450 Expected credit impairment (losses) profits	12(2)	(12,286)	-	1,526	-
6000 Total operating expenses		<u>(499,780)</u>	<u>(9)</u>	<u>(389,712)</u>	<u>(10)</u>
6900 Operating losses		<u>(212,921)</u>	<u>(4)</u>	<u>(280,451)</u>	<u>(7)</u>
Non-operating revenue and expenses					
7100 Interest revenue	6(21)	21,761	1	19,635	1
7010 Other revenue	6(22) and 7	93,375	2	82,765	2
7020 Other gains and losses	6(23)	(162,238)	(3)	314,776	8
7050 Financial Costs	6(24) and 7	(37,453)	(1)	(21,987)	(1)
7060 The share of the profit or loss of affiliated companies, joint ventures recognized under the equity method	6(6)	(109,162)	(2)	(107,127)	(3)
7000 Total non-operating income and expense		<u>(193,717)</u>	<u>(3)</u>	<u>288,062</u>	<u>7</u>
7900 Net (loss) profit before tax		<u>(406,638)</u>	<u>(7)</u>	<u>7,611</u>	<u>-</u>
7950 Income tax benefits	6(27)	39,964	1	16,782	1
8200 Current net profit		<u><u>(\$ 366,674)</u></u>	<u><u>(6)</u></u>	<u><u>\$ 24,393</u></u>	<u><u>1</u></u>

(To be continued)

CyberTAN Technology Inc. and the subsidiaries
Consolidated 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		2021		
		Amount	%	Amount	%	
Other comprehensive income						
Items not reclassified to profit or loss						
8311	Remeasurement of defined benefit plan	6(13)	\$ 5,438	-	\$ 499	-
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(2)(19)	(56,046)	(1)	51,091	1
8320	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items not reclassified to profit or loss	6(6) (19)	(13,875)	-	23,316	1
8349	Income tax related to items not reclassified	6(19) (27)	(654)	-	2,279	-
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(19)	32,671	-	8,251	-
8370	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(6)(19)	12,912	-	(290)	-
8399	Income tax related to items may be reclassified	6(19) (27)	(6,535)	-	(1,650)	-
8360	Total of items may be reclassified to profit or loss subsequently		39,048	-	6,311	-
8300	Other comprehensive income (net amount)		<u>(\$ 26,089)</u>	<u>(1)</u>	<u>\$ 83,496</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>(\$ 392,763)</u>	<u>(7)</u>	<u>\$ 107,889</u>	<u>3</u>
Net profit attributable to:						
8610	Parent company shareholders		<u>(\$ 366,674)</u>	<u>(6)</u>	<u>\$ 24,393</u>	<u>1</u>
The total comprehensive income attributable to:						
8710	Parent company shareholders		<u>(\$ 392,763)</u>	<u>(7)</u>	<u>\$ 107,889</u>	<u>3</u>
Basic earnings (loss) per share						
9750	Total basic earnings (loss) per share	6(28)	<u>(\$ 1.12)</u>		<u>\$ 0.07</u>	
Diluted earnings (loss) per share						
9850	Total diluted earnings (loss) per share	6(28)	<u>(\$ 1.12)</u>		<u>\$ 0.07</u>	

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

CyberTAN Technology Inc. and the subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	Equity attributable to parent company shareholders							Unearned compensation	Total
		Retained earnings					Other equity			
		Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income		
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(19)	-	-	-	-	2,475	6,311	74,710	-	83,496
Total comprehensive income for the year		-	-	-	-	26,868	6,311	74,710	-	107,889
Appropriation and allocation of earnings in 2020	6(18)									
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(2)(19)	-	-	-	-	24,746	-	(24,746)	-	-
Disposal of Investment at equity method	6(16)(19)	-	(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)	(\$ 3,186)	\$ -	\$ 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 loss		-	-	-	-	(366,674)	-	-	-	(366,674)
Other comprehensive income for the year	6(19)	-	-	-	-	12,425	39,048	(77,562)	-	(26,089)
Total comprehensive income for the year		-	-	-	-	(354,249)	39,048	(77,562)	-	(392,763)
Appropriation and allocation of earnings in 2021	6(18)									
Legal reserve		-	-	4,215	-	(4,215)	-	-	-	-
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(2)(19)	-	-	-	-	1,856	-	(1,856)	-	-
Issuance of employee restricted shares	6(14)(17)	16,100	28,392	-	-	-	-	-	(44,492)	-
Compensation cost of share-based payments	6(14)(19)	-	-	-	-	-	-	-	7,451	7,451
Recognition of change in equity of associates in proportion to the Company's ownership	6(6)(17)	-	20,459	-	-	-	-	-	-	20,459
Disposal of Investment at equity method	6(17)(19)	-	(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 consolidated financial statements, which constitute a part of the consolidated financial report.

CyberTAN Technology Inc. and the subsidiaries
Consolidated 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
<u>Cash flow from operating activities</u>			
Net (loss)profit before tax in the current period		(\$ 406,638)	\$ 7,611
Adjustment items			
Income/expenses items			
Depreciation expenses	6(25)	97,710	97,646
Miscellaneous expenses – depreciation expenses	6(23)	20,533	21,075
Amortization expenses	6(25)	648	648
Expected credit impairment losses (gains)	12(2)	12,286	(1,526)
Interest revenue	6(21)	(21,761)	(19,635)
Interest expenses	6(24)	37,453	21,987
Miscellaneous expenses – interest expenses	6(23)	2,334	2,473
Dividend revenue	6(2)(22)	(10,095)	(408)
Share of profit or loss from affiliated companies under the equity method	6(6)	109,162	107,127
Gain on disposal of Investment at equity method	6(6)(23)	(4,039)	(330,596)
Gains on disposal of property, plant and equipment	6(23)	(5,748)	(332)
Share-based payment of remuneration costs	6(14)	7,451	-
Impairment loss on right-of-use assets	6(10)(23)	218,302	-
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Accounts receivable (including the related party)		(944,119)	293,818
Inventory		(603,111)	(25,839)
Other accounts receivable		(40,767)	22,556
Other current assets		(2,787)	237
Other non-current assets		(328)	(5,853)
Net changes of liabilities related to operating activities			
Contract liabilities – current		23,930	(19,423)
Accounts payable (including the related party)		401,897	(235,029)
Other payables (including the related party)		688	22,509
Refund liabilities – current		2,494	290
Liability reserve		4,043	(22,663)
Advance on rent		(1,087)	(439)
Other current liabilities		41,253	(60,818)
Cash outflow from operations		(1,061,994)	(124,584)
Paid income tax		(6,038)	(35,664)
Net cash outflow from operating activities		(1,068,032)	(160,248)
<u>Cash flow from investing activities</u>			
Disposal of financial assets proceeds measured at fair value through profit or loss	6(2)	\$ 1,892	\$ 15,090
Refunds from liquidation of financial assets measured at fair value through profit or loss	12(3)	-	1,260
Disposal of financial assets measured at amortized cost		638,332	212,488
Disposal of investment under equity method	6(6)	6,125	490,062
Acquisition of investments accounted for using the equity method	6(6)	(95,511)	-
Refunds from decapitalization of affiliated companies under the equity method	6(6)	-	5,000
Acquisition of property, plant, and equipment	6(7)	(132,869)	(64,477)
Disposal of property, plant, and equipment proceeds		8,890	365
Decrease (Increase) in refundable deposit		6,227	(994)
Acquisition of intangible assets		(3,689)	-
Interest received		21,794	19,805
Dividends received	6(2)(22)	10,095	408

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

CyberTAN Technology Inc. and the subsidiaries
Consolidated statement of cash flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	<u>Notes</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
Cash dividend distributed by affiliated companies recognized under the equity method	6(6)	2,445	434
Net cash inflow from investing activities		<u>463,731</u>	<u>679,441</u>
<u>Cash flow from financing activities</u>			
Decrease in short-term loans		(120,495)	(117,963)
(Decrease) increase in guarantee deposits		(1,317)	3,455
Repayment of lease principal	6(30)	(51,324)	(46,705)
Allocation of cash dividends	6(18)	(16,430)	(49,291)
Interest paid		(34,263)	(24,645)
Net cash outflow from financing activities		<u>(223,829)</u>	<u>(235,149)</u>
Foreign exchange rate effect		13,654	2,259
(Decrease) increase in cash and cash equivalents in the current period		<u>(814,476)</u>	<u>286,303</u>
Balance of cash and cash equivalents, beginning		2,170,325	1,884,022
Balance of cash and cash equivalents, ending		<u>\$ 1,355,849</u>	<u>\$ 2,170,325</u>

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

CyberTAN Technology Inc. and the subsidiaries
Notes to Consolidated 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. The Company and its subsidiaries (hereinafter referred to as “the Group”) have 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 consolidated 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 issued by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

The consolidated financial report was prepared in accordance with the “Regulations Governing the Preparation of Financial Report by Securities Issuers,” and the IFRS, IAS, IFRIC and SIC (hereinafter referred to as the “IFRSs”) endorsed and issued by FSC.

(II) Basis of preparation

1. Except the following important items, the consolidated financial report was prepared based on the historical cost:
 - (1) Financial instruments and liabilities (including derivatives) measured at fair value through profit or loss based on fair value.
 - (2) Financial assets measured 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 IFRSs 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 item 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) Basis of consolidation

1. Principle for the preparation of consolidated financial statements
 - (1) The Group included all of the subsidiaries into the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group 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 Group is held controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.
 - (2) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group's interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.
 - (4) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration was directly recognized as equity.
 - (5) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be remeasured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliated companies or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for the values related to the subsidiaries as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into profit or loss when the related assets or liabilities are disposed thereof, the profit or loss shall be reclassified into income from equity, when the Group forfeits control over the subsidiaries.

2. The subsidiaries covered within the consolidated financial report:

Investor	Subsidiaries	Nature of business	Equity percentage		Description
			December 31, 2022	December 31, 2021	
The Company	CyberTAN Corp(U.S.A)	Sales company	100%	100%	
"	Ta Tang Investment Co., Ltd.	General investment business	100%	100%	
"	CyberTAN (B.V.I) Investment Corp.	"	100%	100%	
CyberTAN (B.V.I)Investment Corp.	HON YAO FU Technology Company Limited	Manufacturing company	100%	100%	
"	CyberTAN Technology (HONG KONG) Limited	General investment business	100%	100%	
CyberTAN Technology (HONG KONG) Limited	Fuhongkang Technology (Shenzhen) Co., Ltd.	Manufacturing company	100%	100%	
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	"	100%	100%	

3. The subsidiaries that are not included in the consolidated financial statements: None.

4. Different adjustment and treatment by subsidiaries in the accounting period: None.

5. Significant restrictions: None.

6. Subsidiaries over which the Group holds important non-controlling equity: None.

(IV) Translation of foreign currency

Each item listed in the separate financial statements of the Group is measured by the currency of the primary economic environment in which the business department situated (i.e. functional currency). The consolidated 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 Group'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 Group maintains partial rights of the former subsidiary but loses 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.

(V) 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 Group 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 Group listed all assets that did not comply with the following conditions as non-current liabilities.

(VI) 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.

(VII) Financial assets measured at fair value through other comprehensive income

1. This refers to irrevocable choice at initial recognition to recognize the later fair value change of the equity instrument investment held not for transaction in other comprehensive profit or loss; or at the same time the debt instrument investment meets the following conditions:
 - (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or to sell.
 - (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 Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through other comprehensive income.
3. It is initially recognized at fair value plus the transaction cost by the Group and the subsequent valuation is measured at fair value:
 - (1) The changes in fair value belonging to equity instrument investment is recognized as other comprehensive income. During derecognition, accumulated profit or loss previously recognized in other comprehensive income shall not be subsequently reclassified as profit or loss but classified as retained earnings. When the Group is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably Therefore, the related dividend revenue shall be recognized as profit or loss.
 - (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. °

(VIII) 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 Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.
3. The Group measures interest income at its fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment losses over the liquidity period using the effective interest method in accordance with the amortization procedure, and recognizes the gain or loss in profit or loss when it is derecognized. °
4. The time deposit not complying with cash equivalents held by the Group is measured at investment amount since the impact of discounting was insignificant.

(IX) Accounts and notes 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 and notes receivable with unpaid interest. The invoice payable was measured at the initial per value by the Group since the impact of discounting was insignificant.

(X) Impairment of financial assets

For investments in debt instruments measured at fair value through other comprehensive income or loss and financial assets measured at amortized cost, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date, the Group 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.

(XI) Derecognition of the financial assets

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

(XII) Lease transactions of lessor – operating lease

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.

(XIII) 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 product and goods in process includes material, direct manpower, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without 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.

(XIV) Investment – affiliated companies under equity method

1. The affiliated companies refer to the entity in which the Group has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Group in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
2. The shares in profit or loss acquired from affiliated companies by the Group was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Group's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Group does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Group made payment on behalf of the affiliated companies.
3. 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 Group, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Group.

4. The unrealized profit or loss deriving from the transactions between the Group 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 Group.
5. When the Group 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 Group'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 Group 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.
6. When the Group disposes of an affiliate, the capital surplus of the affiliate is transferred to profit or loss if the Group loses significant influence on the affiliate. If there is still significant influence, profit or loss shall be transferred in proportion to the disposal.

(XV) 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 Group 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, except for land, which is not depreciated. The property, plant and equipment are depreciated and for each and every major part individually.
4. The Group 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 (The useful life of interior construction is 3–10 years)	3 years to 41 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

(XVI) 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 Group. 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 Group's incremental borrowing rate of interest on the start date of lease. The lease payment belongs to fixed payment deducting any received lease incentives.

Subsequently, it is measured at the amortized cost under the interest method, and the interest expense are recognized during the lease period. When changes in lease term or lease payment is 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; and
 - (3) Initial direct costs incurred.

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.

4. For lease modification regarding the decrease in scope of lease, the lessee will decrease the book amount of right-of-use assets to reflect partial or overall termination of lease and will recognize the difference between it and the remeasurement amount of lease liabilities as profit or loss.

(XVII) Intangible assets

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

(XVIII) Impairment of non-financial assets

The Group 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 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.

(XIX) Loans

This refers to the long-term and short-term amounts borrowed from the bank. Loans of the Group 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.

(XX) Accounts and notes payable

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

(XXI) Derecognition of the financial liabilities

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

(XXII) 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.

(XXIII) 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.

(XXIV) 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.

C. Past service costs are recognised immediately in profit or loss ◦

3. Termination benefits

The termination benefits are provided to employees upon termination of employment prior to their normal retirement date or when employees accept the company's offer of benefits in exchange for termination of employment. The Group recognizes an expense for such benefits at the earlier of when the offer of severance benefits is no longer revocable or when related restructuring costs are recognized. Benefits that are not expected to be settled in full within 12 months after the balance sheet date are discounted.

4. Remuneration to employees and directors/supervisors

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.

(XXV) 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.

(XXVI) 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 Group 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 consolidated balance sheet using the balance sheet method. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Group 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.

(XXVII) 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.

(XXVIII) 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 or resolved specially by the board of directors 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.

(XXIX) Recognition of revenue

1. Sale of goods

- (1) The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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.

(XXX) 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 Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(XXXI) Business segment

The Group's business segment information adopts the same reporting method as the internal management report provided for the main operating decision maker. The main operating decision maker is responsible to distribute resources to business segment and evaluate their performance. The main operating decision maker of the Group is identified to be the board of directors.

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

When preparing the consolidated financial report of the Group, 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 risk description of the assumptions and estimates which may cause major adjustments to the book amount of assets and liabilities in the following financial year. 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 Group 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 Group 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 Group's inventory was NTD 1,148,332.

2. Evaluation for the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Group uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Group 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 Group was NTD 1,977,443.

VI. Explanation of Important Accounting Titles

(I) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working fund	\$ 542	\$ 277
Checking deposit and current deposits	695,197	693,456
Time deposit	410,000	862,915
Cash equivalents – repurchase bonds	250,110	613,677
Total	<u>\$ 1,355,849</u>	<u>\$ 2,170,325</u>

1. The financial institutions trading with the Group are reputable banks and the Group trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The Group 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, (3).

(II) Financial assets measured at fair value through other comprehensive income

Item	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
TWSE/TPEX listed stocks	\$ -	\$ 36
TWSE/TPEX unlisted stocks	42,994	38,752
Subtotal	42,994	38,788
Valuation adjustment	(24,759)	33,144
Total	\$ 18,235	\$ 71,932

1. The Group classified the equity instrument investment belonged to strategic investment as financial assets measured at fair value through other comprehensive income.
2. Due to the need of capital expenses, the Group sold A10 Networks. Inc. with fair value of NTD 1,892 and NTD 15,090 in 2022 and 2021, respectively.
3. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2022	2021
<u>Equity instrument measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	(\$ 56,047)	\$ 51,091
Dividend income recognized in profit or loss		
held at the end of current period	\$ 10,088	\$ -
Derecognized during the period	7	408
	\$ 10,095	\$ 408
Accumulated gain recognized in retained earnings due to derecognition	\$ 1,856	\$ 24,746

4. For information related to financial assets measured at fair value through other comprehensive income, please refer to Note 12, (3).

(III) Financial assets measured at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposit expired over three months	\$ 550,000	\$ 1,190,634
Pledged time deposit	441	-
	\$ 550,441	\$ 1,190,634
Non-current items:		
Pledged time deposit	\$ 22,504	\$ 21,070

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

(IV) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 1,344,116	\$ 731,323
Accounts receivable – the related party	652,969	321,643
Less: Allowance loss	(19,642)	(7,356)
	<u>\$ 1,977,443</u>	<u>\$ 1,045,610</u>

1. For aging analysis of notes and accounts receivable (including the related party), please refer to Note 12, (2).
2. The balances of accounts receivable (including the related party) on 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 1,346,784 as of January 1, 2021.
3. The accounts receivable (including the related party) of the Group does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Group, for the accounts receivable that best represents the Group, the maximum credit risk exposure amount as of December 31, 2022 and 2021 was the book balance.
5. For the information related to credit risks, please refer to Note 12, (2).

(V) Inventory

	December 31, 2022		
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 951,994	(\$ 56,611)	\$ 895,383
Goods in process and semi-finished goods	94,423	(8,093)	86,330
Finished products	174,744	(9,270)	165,474
Inventory in transit	1,145	-	1,145
Total	<u>\$ 1,222,306</u>	<u>(\$ 73,974)</u>	<u>\$ 1,148,332</u>

	December 31, 2021		
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 464,047	(\$ 43,105)	\$ 420,942
Goods in process and semi-finished goods	45,616	(7,066)	38,550
Finished products	78,322	(6,256)	72,066
Inventory in transit	13,663	-	13,663
Total	<u>\$ 601,648</u>	<u>(\$ 56,427)</u>	<u>\$ 545,221</u>

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

	2022	2021
Cost of sold inventory	\$ 5,406,163	\$ 3,831,647
Idle capacity	42,773	-
Devaluation loss	17,547	5,888
	<u>\$ 5,466,483</u>	<u>\$ 3,837,535</u>

(VI) Investment at equity method

	2022	2021
January 1	\$ 964,044	\$ 1,219,126
Addition of investments accounted for using equity method	95,511	-
Disposal of investment under equity method	(2,215)	(165,547)
Net equity changes of affiliated companies under equity method	20,459	-
Cash dividend distributed by affiliated companies under the equity method	(2,445)	(434)
Refunds from decapitalization of affiliated companies under the equity method	-	(5,000)
Share of other comprehensive income from affiliated companies under the equity method	8,075	2,076
Share in profit or loss of affiliated companies under equity method	(109,162)	(107,127)
Exchange difference in the financial statement translation of the foreign operation	12,912	(290)
Other equity changes (Note 6(17))	(21,950)	21,240
December 31	<u>\$ 965,229</u>	<u>\$ 964,044</u>

	December 31, 2022	December 31, 2021
Affiliated companies		
Microelectronics Technology Inc. (Microelectronics Technology)	\$ 946,785	\$ 925,427
Mega Power Ventures Inc.	18,444	38,617
	<u>\$ 965,229</u>	<u>\$ 964,044</u>

1. The basic information about affiliated companies important to the Group is stated as follows:

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

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

<u>Balance sheet</u>	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	<u>\$ 2,077,605</u>	<u>\$ 1,962,366</u>
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	<u>\$ 946,785</u>	<u>\$ 925,427</u>

	2022	2021
Revenue	\$ 4,482,301	\$ 3,929,852
Net loss 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)

3. As the affiliated company important to the Group, Microelectronics Technology has open market quotation. Its fair value on December 31, 2022 and 2021 were NTD 2,122,267 and NTD 3,895,069, respectively.
4. The Group disposed of 8,571 thousand shares of Microelectronics Technology, Inc. in 2021, as a related company of the Group, 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% .
5. On March 2022, the Group investments accounted for using equity method, Microelectronics Technology issued new shares, recognition of change in equity of associates not in proportion to the Group's ownership decreased from 22.96% to 22.77%, and the capital reserves were recognized as \$20,459.
6. The Group 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%.
7. 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.

(VII) Property, plant and equipment

	House and buildings	Machinery and equipment	Others	Total
January 1, 2022				
Costs	\$ 872,743	\$ 275,127	\$ 288,614	\$ 1,436,484
Accumulated depreciation	(309,500)	(185,493)	(218,141)	(713,134)
	\$ 563,243	\$ 89,634	\$ 70,473	\$ 723,350
2022				
January 1	\$ 563,243	\$ 89,634	\$ 70,473	\$ 723,350
Increase	852	97,706	34,311	132,869
Disposal (cost)	-	(64,637)	(70,152)	(134,789)
Disposal (accumulated depreciation)	-	62,346	69,301	131,647
Depreciation expenses	(24,811)	(12,822)	(18,808)	(56,441)
Reclassification (cost)	-	4,890	(4,890)	-
Net exchange differences	-	7,010	3,861	10,871
December 31	\$ 539,284	\$ 184,127	\$ 84,096	\$ 807,507
December 31, 2022				
Costs	\$ 873,595	\$ 325,288	\$ 254,803	\$ 1,453,686
Accumulated depreciation	(334,311)	(141,161)	(170,707)	(646,179)
	\$ 539,284	\$ 184,127	\$ 84,096	\$ 807,507
	House and buildings	Machinery and equipment	Others	Total
January 1, 2021				
Costs	\$ 871,443	\$ 238,705	\$ 262,303	\$ 1,372,451
Accumulated depreciation	(283,133)	(167,567)	(205,584)	(656,284)
	\$ 588,310	\$ 71,138	\$ 56,719	\$ 716,167
2021				
January 1	\$ 588,310	\$ 71,138	\$ 56,719	\$ 716,167
Increase	1,300	35,958	27,219	64,477
Disposal (cost)	-	(6,215)	(1,993)	(8,208)
Disposal (accumulated depreciation)	-	6,182	1,993	8,175
Depreciation expenses	(26,367)	(23,432)	(15,031)	(64,830)
Reclassification (cost)	-	744	(744)	-
Net exchange differences	-	5,259	2,310	7,569
December 31	\$ 563,243	\$ 89,634	\$ 70,473	\$ 723,350
December 31, 2021				
Costs	\$ 872,743	\$ 275,127	\$ 288,614	\$ 1,436,484
Accumulated depreciation	(309,500)	(185,493)	(218,141)	(713,134)
	\$ 563,243	\$ 89,634	\$ 70,473	\$ 723,350

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

(VIII) Lease transactions – Lessee

1. The underlying assets rented by the Group include land, buildings and transport equipment . The term of lease contract is usually 3 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 Group 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	\$ 223,024	\$ 240,365
House	69,904	322,407
Transport equipment	3,345	-
	<u>\$ 296,273</u>	<u>\$ 562,772</u>

	2022	2021
	Depreciation expenses	Depreciation expenses
Land	\$ 17,340	\$ 17,340
House	40,794	36,551
Transport equipment	668	-
	<u>\$ 58,802</u>	<u>\$ 53,891</u>

4. The increase in right-of-use asset of the Group in 2022 and 2021 were NTD 7,092 and NTD 36,417, respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	2022	2021
<u>Item influencing current profit or loss</u>		
Interest expenses of lease liabilities	\$ 18,643	\$ 19,483
Expenses for short-term lease contracts	288	2,424
Expenses for lease of low-price assets	208	213
	<u>\$ 19,139</u>	<u>\$ 22,120</u>

6. The Group's total cash outflow of lease in 2022 and 2021 were NTD 70,463 and NTD 68,825, respectively.
7. For the description of impairment of right-of-use assets, please refer to Note 6(10).

(IX) Lease transactions – Lessor

1. The underlying assets leased by the Group is the building and the term of lease contract is usually 3 to 7 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 Group 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 Group is as follows:

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

(X) Impairment of non-financial assets

1. The Group recognized impairment losses of \$218,302 and \$0 for the years ended December 31, 2012 and 2011, respectively, as follows

	<u>2022</u>
	<u>Recognised in profit or loss for the period</u>
Impairment loss - right-of-use assets	<u>\$ 218,302</u>

2. Due to the impact of the trade war between the United States and China, the Group has ceased production activities in the Mainland China plant in 2022 and transferred all production lines to Vietnam. As the plant is currently idle and there is no possibility of cash inflow, resulting in an impairment loss, the Group has adjusted its carrying amount to the recoverable amount and recognized an impairment loss of NTD 218,302..

(XI) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tax Overpaid Retained for Offsetting the Future		
Tax Payable	\$ 163,386	\$ 163,690
Net defined benefit asset	45,227	39,461
Others	3,546	9,468
Total	<u>\$ 212,159</u>	<u>\$ 212,619</u>

(XII) Short-term loans

<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>Interest rate interval</u>	<u>Collateral</u>
Bank loans			
Credit loans	<u>\$ 449,955</u>	3.7% ~5.61%	None
<u>Nature of loan</u>	<u>December 31, 2021</u>	<u>Interest rate interval</u>	<u>Collateral</u>
Bank loans			
Credit loans	<u>\$ 570,450</u>	0.70% ~0.85%	None

(XIII) Pension

1. (1) The Company has established the regulations 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 deposit 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	<u>\$ 45,227</u>	<u>\$ 39,461</u>

(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
	<u>(23,419)</u>	<u>63,060</u>	<u>39,641</u>
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)
	<u>574</u>	<u>4,864</u>	<u>5,438</u>
Pension fund paid	-	148	148
Balance, December 31	<u>(\$ 22,845)</u>	<u>\$ 68,072</u>	<u>\$ 45,227</u>

	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
	<u>(22,777)</u>	<u>61,739</u>	<u>38,962</u>
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)
	<u>(385)</u>	<u>884</u>	<u>499</u>
Balance, December 31	<u>(\$ 23,162)</u>	<u>\$ 62,623</u>	<u>\$ 39,461</u>

(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	<u>1.35%</u>	<u>0.70%</u>
Future raise rate	<u>3.00%</u>	<u>3.00%</u>

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	<u>(\$ 493)</u>	<u>\$ 511</u>	<u>\$ 501</u>	<u>(\$ 487)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 609)</u>	<u>\$ 631</u>	<u>\$ 615</u>	<u>(\$ 597)</u>

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 Group 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
	<u>\$</u>	<u>25,820</u>

2. (1) As of July 1, 2005, the Company and its domestic subsidiaries instituted the defined contribution pension plan according to the Labor Pension Act applicable to the native employees. The Company and its domestic subsidiaries 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) Hongdaofu and Fuhongkang contributes specific ratio of the local employees' total salary as the fund of endowment insurance on a monthly basis according to the endowment insurance system regulated by the government of People's Republic of China. The contribution ratio was 14% in 2022 and 2021. The pension of each employee is arranged by the government. Except for the contribution of fund on a monthly basis, the Group shall bear no other obligations.
- (3) The principal of the pension cost recognized by the Group according to the said pension regulations were NTD 14,510 and NTD 36,926 in 2022 and 2021, respectively.

(XIV) 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(3)
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 Group 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	23.05	-	-	3 years	-	-	23.05

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

	2022	2021
equity settlement	\$ 7,451	\$ -

(XV) 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 Group'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 Group estimated to be used in 2023 and 2024 are NTD 9,367 and NTD 5,101 respectively.

(XVI) 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.

(XVII) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium exceeding 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	-	28,392
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
Changes in equity of associates and joint ventures recognized in proportion to its shareholding	-	(6,081)	-	-	(6,081)
December 31	\$ 484,632	\$ 37,140	\$ 41,310	\$ 8,968	\$ 572,050

(XVIII) 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 balance 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 2021 and 2020 earnings distribution proposals of the Company approved at the regular shareholders' meeting held separately on June 24, 2022 and July 30, 2021 are stated as follows:

	2021		2020	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Allocated legal reserve	\$ 4,215		\$ 4,883	
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	

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

(XIX) Other equity items

	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)
Valuation adjustment	(56,046)	-	-	(56,046)
Tax of valuation adjustment	434	-	-	434
Valuation adjustment transferred to retained earnings	(1,856)	-	-	(1,856)
Valuation adjustment – Affiliated companies	(21,950)	-	-	(21,950)
Valuation adjustment transferred to retained earnings – Affiliated companies	132	-	-	132

Currency translation differences:				
- Group	-	32,671	-	32,671
- Group's tax	-	(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	<u>(\$ 82,472)</u>	<u>(\$ 79,920)</u>	<u>(\$ 37,041)</u>	<u>(\$ 199,433)</u>
January 1, 2021	<u>(\$ 62,612)</u>	<u>(\$ 125,279)</u>		<u>(\$ 187,891)</u>
Valuation adjustment	51,091	-	-	51,091
Tax of valuation adjustment	2,379	-	-	2,379
Valuation adjustment transferred to retained earnings	(24,746)	-	-	(24,746)
Valuation adjustment – Affiliated companies	21,240	-	-	21,240
Valuation adjustment transferred to retained earnings – Affiliated companies	9,462	-	-	9,462
Currency translation differences:				
- Group	-	8,251	-	8,251
- Group's tax	-	(1,650)	-	(1,650)
- Affiliated companies	-	(290)	-	(290)
December 31, 2021	<u>(\$ 3,186)</u>	<u>(\$ 118,968)</u>		<u>(\$ 122,154)</u>

(XX) Operating revenue

	<u>2022</u>	<u>2021</u>
Revenue from customer contracts	<u>\$ 5,753,342</u>	<u>\$ 3,946,796</u>

1. Details of revenue from customer contracts

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

<u>2022</u>	<u>America</u>	<u>Europe</u>	<u>Asia</u>	<u>Australia</u>		
	<u>Communication product</u>	<u>Communication product</u>	<u>Communication product</u>	<u>Communication product</u>	<u>Other departments</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,643,359</u>	<u>\$ 1,377,322</u>	<u>\$ 289,930</u>	<u>\$ 200,360</u>	<u>\$ 242,371</u>	<u>\$ 5,753,342</u>

<u>2021</u>	<u>America</u>	<u>Europe</u>	<u>Asia</u>	<u>Australia</u>	<u>Other departments</u>	<u>Total</u>
Revenue from external customer contracts	<u>Communication product</u>	<u>Communication product</u>	<u>Communication product</u>	<u>Communication product</u>	<u>Other departments</u>	<u>Total</u>
	\$ 2,663,903	\$ 554,708	\$ 316,473	\$ 51,327	\$ 360,385	\$ 3,946,796

2. Contract liabilities

- (1) The Group'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 57,990, NTD 34,060 and NTD 53,483, respectively.
- (2) Contract liabilities at the beginning recognized in the revenue in current period

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

(XXI) Interest revenue

	<u>2022</u>	<u>2021</u>
Bank deposit interest	\$ 21,791	\$ 19,635

(XXII) Other revenue

	<u>2022</u>	<u>2021</u>
Rental revenue	\$ 73,660	\$ 72,112
Dividend revenue	10,095	408
Other income, others	9,620	10,245
Total	\$ 93,375	\$ 82,765

(XXIII) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 5,748	\$ 332
Gains on disposal of Investment	4,039	330,596
Net currency exchange gains	74,939	10,773
Miscellaneous expenses – interest expenses	(2,334)	(2,473)
Miscellaneous expenses – depreciation expenses	(20,533)	(21,075)
Miscellaneous expenses	(5,795)	(3,377)
Impairment loss on right-of-use assets	(218,302)	-
	(\$ 162,238)	\$ 314,776

(XXIV) Financial Costs

	<u>2022</u>	<u>2021</u>
Interest expenses:		
Bank loans	\$ 21,144	\$ 4,977
Lease liabilities	16,309	17,010
	\$ 37,453	\$ 21,987

(XXV) Additional Information on the Nature of Expense

	2022	2021
Employee benefit expenses	\$ 363,726	\$ 501,644
Property, plant and equipment		
Depreciation expenses	44,546	52,334
Depreciation expenses of right-of-use assets	50,164	45,312
Amortization expense of intangible assets	1,950	648
	<u>\$ 460,386</u>	<u>\$ 599,938</u>

(XXVI) Employee benefit expenses

	2022	2021
Salary expenses	\$ 311,056	\$ 425,684
Expenses for labor and health insurance	21,472	24,334
Pension expenses	14,330	36,890
Other employment expenses	16,868	14,736
	<u>\$ 363,726</u>	<u>\$ 501,644</u>

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 as their remuneration at the percentage.
2. The Company did not estimate compensation for employees and directors and supervisors for the year ended December 31, 2022 due to losses. The Company estimated the remuneration to employees was NTD 887 in 2021, respectively. Said values were stated into salary expenses.
3. Employees' compensation for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements
4. 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.

(XXVII) Income Tax

1. Income tax expenses (benefits)

(1) Income tax expense (benefits) consisting of:

	<u>2022</u>	<u>2021</u>
Income tax in the current period:		
Income tax generated from the current income	\$ 13,953	\$ 7,366
Additional tax levied on the undistributed earnings	371	835
Overestimated income tax in previous year	<u>(7,655)</u>	<u>(3,621)</u>
Total income tax in the current period	<u>6,669</u>	<u>4,580</u>
Deferred income tax:		
Initial occurrence and reversal of temporary difference	(46,633)	(21,362)
Total deferred income tax	<u>(46,633)</u>	<u>(21,362)</u>
Income tax expenses (benefits)	<u>(\$ 39,964)</u>	<u>(\$ 16,782)</u>

(2) Income tax related to other comprehensive income:

	<u>2022</u>	<u>2021</u>
	\$ 434	\$ 2,379
Changes in fair value of financial assets changed by fair value through other comprehensive income		
Remeasurement of defined benefit obligation	(1,088)	(100)
Exchange differences on the translation of the foreign operation	(6,535)	(1,650)
	<u>(\$ 7,189)</u>	<u>\$ 629</u>

2. Relation between income tax and accounting profit:

	<u>2022</u>	<u>2021</u>
Income tax calculated based on net profit before tax at the statutory tax rate	(\$ 111,247)	(\$ 11,282)
Excluded expenses by the tax laws	19,362	23,101
Exemption by the tax laws	(997)	(66,744)
Effects of income by alternative minimum tax	-	2,695
Realizable evaluation changes of deferred income tax assets	60,202	38,234
Overestimated income tax in previous year	(7,655)	(3,621)
Additional tax levied on the undistributed earnings	371	835
Income tax benefits	<u>(\$ 39,964)</u>	<u>(\$ 16,782)</u>

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	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	\$ 5,501	(\$ 5,021)	\$ -	\$ 95	\$ 575
Warranty reserve	2,893	809	-	-	3,702
Refund liabilities	430	499	-	-	929
Bonus payable for unused vacation	1,684	(255)	-	6	1,435
Losses on foreign investments at equity method	-	38,342	-	-	38,342
Exchange differences on the translation of the foreign operation	22,314	-	(6,535)	-	15,779
Unrealized exchange loss	2,585	973	-	-	3,558
Subtotal	<u>\$ 35,407</u>	<u>\$ 35,347</u>	<u>(\$ 6,535)</u>	<u>\$ 101</u>	<u>\$ 64,320</u>
- Deferred income tax liabilities:					
Gains on foreign investments at equity method	(\$ 10,312)	\$ 10,312	\$ -	\$ -	-
Remeasurement of defined benefit plan	(4,420)	(65)	(1,088)	-	(5,573)
Unrealized exchange gain	(1,039)	1,039	-	-	-
Gain from financial assets valuation at fair value through other comprehensive income	(434)	-	434	-	-
Subtotal	<u>(\$ 16,205)</u>	<u>\$ 11,286</u>	<u>(\$ 654)</u>	<u>\$ -</u>	<u>(\$ 5,573)</u>
Total	<u>\$ 19,202</u>	<u>\$ 46,633</u>	<u>(\$ 7,189)</u>	<u>\$ 101</u>	<u>\$ 58,747</u>

	2021				
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	\$ 7,296	(\$ 1,749)	\$ -	(\$ 46)	\$ 5,501
Warranty reserve	7,426	(4,533)	-	-	2,893
Refund liabilities	372	58	-	-	430
Bonus payable for unused vacation	1,531	156	-	(3)	1,684
Pension fund payable	634	(634)	-	-	-
Exchange differences on the translation of the foreign operation	23,964	-	(1,650)	-	22,314
Unrealized exchange loss	5,975	(3,390)	-	-	2,585
Subtotal	<u>\$ 47,198</u>	<u>(\$ 10,092)</u>	<u>(\$ 1,650)</u>	<u>(\$ 49)</u>	<u>\$ 35,407</u>
- Deferred income tax liabilities:					
Foreign investment at equity method	(\$ 42,178)	\$ 31,866	\$ -	\$ -	(\$10,312)
Remeasurement of defined benefit plan	(4,947)	627	(100)	-	(4,420)
Unrealized exchange gain	-	(1,039)	-	-	(1,039)
Gain from financial assets valuation at fair value through other comprehensive income	(2,813)	-	2,379	-	(434)
Subtotal	<u>(\$ 49,938)</u>	<u>\$ 31,454</u>	<u>\$ 2,279</u>	<u>\$ -</u>	<u>(\$ 16,205)</u>
Total	<u>(\$ 2,740)</u>	<u>\$ 21,362</u>	<u>\$ 629</u>	<u>(\$ 49)</u>	<u>\$ 19,202</u>

4. The validity period and unrecognized deferred income tax assets of Group's unused income tax losses are as follows:

December 31, 2022					
Region	Year of occurrence	Declared/ Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
Taiwan	110	\$ 105,025	\$ 105,025	\$ 105,025	120
Taiwan	111	68,176	68,176	68,176	121
China	107	99,169	99,169	99,169	112
China	108	109,737	109,737	109,737	113
China	109	158,663	158,663	158,663	114
China	110	114,426	114,426	114,426	115
China	111	272,017	272,017	272,017	116

December 31, 2021					
Region	Year of occurrence	Declared/ Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
Taiwan	111	\$ 105,350	\$ 105,350	\$ 105,350	120
China	107	99,169	99,169	99,169	112
China	108	109,737	109,737	109,737	113
China	109	158,663	158,663	158,663	114
China	110	114,426	114,426	114,426	115

5. The Company's income tax returns through 2020 have been assessed and approved by the Tax

(XXVIII) Earnings per share

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

	2021		Earnings per share (NTD)
	After-tax income	Weighted average outstanding shares (thousand shares)	
<u>Basic earnings per share:</u>			
Net profit attributable to the parent company's common stock shareholders	\$ 24,393	328,605	\$ 0.07
<u>Diluted earnings per share</u>			
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.

(XXIX) Supplementary information on cash flow

Investment activities and financing activities that do not affect cash flow:

	2022	2021
Exchange difference in the financial statement translation of the foreign operation	\$ 39,048	\$ 6,311
Unrealized (losses) gain of financial assets measured at fair value through other comprehensive income	(\$ 77,562)	\$ 74,710

(XXX) Changes in liabilities from financing activities

	Lease liabilities	
	2022	2021
January 1	\$ 584,367	\$ 592,076
Changes in cash flow from financing activities	(51,324)	(46,705)
Increase in current period	7,092	36,417
Impact of changes in exchange rate	3,453	2,579
December 31	\$ 543,588	\$ 584,367

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

Name of the related party	Relationship with the Group
GWONG-YIH LEE	Key management of the Group
TSE-TSAN CHEN	Key management of the Group
Microelectronics Technology Inc. and its subsidiaries	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Groups that have significant impact on the Group
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	"
Pan-International Industrial Corp.	"

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

(II) Significant transactions with the related party

1. Operating revenue

	2022	2021
Sale of goods:		
Groups that have significant impact on the Group		
-Cloud Network	\$ 1,284,331	\$ 530,862
-Belkin	856,573	985,344
- Others	20,357	62,733
Total	\$ 2,161,261	\$ 1,578,939

The Group'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 NET20 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:		
Groups that have significant impact on the Group	\$ 288,609	\$ 175,201
Affiliated companies	70,017	\$ 128,072
Other related parties	43,391	35,537
Total	\$ 402,017	\$ 338,810

The Group's unit purchase 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 payment adopts NET30 days and the payment term is O/A 120 days. The payment for general vendors is O/A 60 days.

3. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable – the related party		
Groups that have significant impact on the Group		
-Cloud Network	\$ 581,506	\$ 95,781
-Belkin	69,683	187,673
-Mega Well	-	37,231
-Others	1,780	958
Total	<u>\$ 652,969</u>	<u>\$ 321,643</u>

4. Other accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables – the related party		
Groups that have significant impact on the Group		
- Hon Hai and its subsidiaries	\$ 1,954	\$ 995
Affiliated companies		
- Microelectronics Technology and its subsidiaries	37,457	1,901
Total	<u>\$ 39,411</u>	<u>\$ 2,896</u>

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

5. Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable – the related party		
Groups that have significant impact on the Group		
- Foxconn Interconnect Technology Limited	\$ 3,338	\$ 6,298
- FUHONG PRECISION	1,996	7,047
- Others	777	2,296
Affiliated companies		
- Microelectronics Technology and its subsidiaries	8,949	24,018
Other related parties		
- Pan-International Industrial Corp.	5,048	943
- Garuda Technology Co., Ltd. and its subsidiaries	-	4,896
Other related parties	2,689	1,176
Total	<u>\$ 22,797</u>	<u>\$ 46,674</u>

6. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables – the related party		
Groups that have significant impact on the Group		
-JUSDA	\$ 13,707	\$ 1,848
-Hon Hai	2,543	2,504
-Shenzhen Fertile Plan	-	3,374
- Others	1,159	3,532
Affiliated companies	218	205
Other related parties	380	464
Total	<u>\$ 18,007</u>	<u>\$ 11,927</u>

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

7. Lease transactions – Lessee

(1) The Group rented buildings from FOXCONN Technology Co., Ltd. The term 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:

	2022	2021
Other related parties	\$ 21	\$ 42

8. Processing expenses

	2022	2021
Groups that have significant impact on the Group	\$ 5,501	\$ 11,719

9. Labor service fee

	2022	2021
Groups that have significant impact on the Group	\$ 1,323	\$ 1,430

10. Property transaction

(1) Acquisition of property, plant, and equipment

	December 31, 2022	December 31, 2021
Groups that have significant impact on the Group		
-Hon Hai and its subsidiaries	\$ 659	\$ -
Other related parties		
- FOXCONN Technology Co., Ltd.	-	389
Total	\$ 659	\$ 389

(2) Disposal of property, plant and equipment (FY110: Nil)

	December 31, 2022	
	Disposal Price	Gain (Loss) of Disposal
Groups that have significant impact on the Group		
- FOXCONN Technology Co., Ltd	\$ 1,492	\$ 954

(3) Acquisition of financial assets (FY110: Nil)

	accounting item	number of shares traded	subject of the transaction	2022 purchase price
Affiliated companies				
-Microelectronics Technology	investment accounted for using the equity method	1,837 thousand shares	Stocks	\$ 95,511

11. Freight costs

	2022	2021
Groups that have significant impact on the Group	\$ 39,733	\$ 17,584

12. Rental revenue

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

The Group 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 deposits

	2022	2021
Affiliated companies		
-Microelectronics Technology and its subsidiaries	\$ 5,765	\$ 5,765
Groups that have significant impact on the Group		
-Hon Hai and its subsidiaries	349	719
Total	\$ 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.

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

	2022	2021
Short-term employee benefits	\$ 18,753	\$ 12,361
Benefits after retirement	471	404
Total	\$ 19,224	\$ 12,765

VIII. Pledged Assets

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

Asset item	Book value		Purpose of collateral
	December 31, 2022	December 31, 2021	
Time deposit (listed financial assets measured at amortized cost)	\$ 22,945	\$ 21,070	Guarantee deposits of superficies, guarantees for customs duties

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 Group's capital management objective is intended to protect the Group'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 Group 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		
Equity instrument investment specified by financial assets measured at fair value through other comprehensive income	\$ 18,235	\$ 71,932
Financial assets measured at amortized cost	3,960,282	4,441,296
	<u>\$ 3,978,517</u>	<u>\$ 4,513,228</u>
Financial liabilities		
Financial liabilities measured at amortized cost	\$ 1,729,644	\$ 1,443,347
Lease liabilities	543,588	584,367
	<u>\$ 2,273,232</u>	<u>\$ 2,027,714</u>

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, accounts receivables (including the related party), other receivables 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 Group, 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 Group's financial performance, the Group used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Group is for hedging purpose instead of trading or speculation.
- (2) The risk management work is executed by the Group's financial department based on the policy approved by the board of directors. The Group's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Group. 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 Group is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company and its subsidiaries 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 Group has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the Companies in the Group. Each Company shall adopt hedging policy against the overall exchange rate risk via the Group'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 Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is RMB). 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: functional currency)	functional	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Impact on profit or loss	Impact on other comprehensive income
<u>Financial assets</u>							
<u>Monetary items</u>							
		\$ 71,481	30.710	\$ 2,195,182	2%	\$ 35,123	\$ -
		2,149	4.408	9,473	2%	152	-
		824	6.957	25,271	2%	404	-
		917	23,898.833	26,408	2%	423	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
		91,507	30.710	2,810,180	2%	44,963	-
		December 31, 2021					
		Sensitivity analysis					
(Foreign currency: functional currency)	functional	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Impact on profit or loss	Impact on other comprehensive income
<u>Financial assets</u>							
<u>Monetary items</u>							
		\$ 44,621	27.680	\$ 1,235,109	1%	\$ 9,863	\$ 36
		2,144	4.344	9,314	1%	75	-
		15,690	6.372	434,299	1%	3,474	-
		452	23,163.180	12,511	1%	100	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
		42,079	27.680	1,164,747	1%	9,318	-

- D. The Group's total amount of all exchange gain (loss) (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD 74,939 and NTD 10,773 in 2022 and 2021, respectively.

Price risk

- A. The Group'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 Group separated the investment portfolio and the separation method is based on the limited amount set by the Group.
- B. The Group mainly invested in the equity instruments issued at home and abroad and the price of such equity instrument is affected by the uncertainty of the investment's future value. If the price of the equity instrument increase or decrease by 1% and all other factors remain unchanged, the other comprehensive income in 2022 and 2021 will increase or decrease by NTD 182 and NTD 719 as a result of the profit or loss in equity instrument measured at fair value through other comprehensive income.
- (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 accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost.

- B. The Group established the credit risk management in the Group's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy expressly defined internally, each business department within the Group 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 Group adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Group takes it as a default of the contract.
- D. The following presumption provided by the Group 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 30 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 Group'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 Group 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 Group offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Group will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2022 and 2021, the Group does not have creditor's right which was written off with means of recourse.
- H. The Group 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
<u>December 31, 2022</u>						
Expected loss ratio	0.98%	2.88%	2.94%	3.06%	100.00%	
Total book value	\$1,994,497	\$ 331	\$ 2,257	\$ -	\$ -	\$1,997,085
Allowance loss	19,566	10	66	-	-	19,642
<u>December 31, 2021</u>						
Expected loss ratio	0.64%	3.10%	10.60%	24.05%	100.00%	
Total book value	\$1,043,022	\$ 7,842	\$ 2,102	\$ -	\$ -	\$1,052,966
Allowance loss	6,890	243	223	-	-	7,356

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

	December 31, 2022	December 31, 2021
	Accounts receivable	Accounts receivable
Undue	\$ 1,994,497	\$ 1,043,022
Within 90 days	331	7,842
91 – 180 days	2,257	2,102
181 – 365 days	-	-
365 days and above	-	-
	<u>\$ 1,997,085</u>	<u>\$ 1,052,966</u>

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

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

	2022
	Accounts receivable (including the related party)
January 1	\$ 7,356
Impairment loss recognized	12,286
December 31	<u>\$ 19,642</u>
	2021
	Accounts receivable (including the related party)
January 1	\$ 8,882
Reversal of impairment loss	(1,526)
December 31	<u>\$ 7,356</u>

(3) Liquidity risk

- A. The cash flow forecast is executed by each business department in the Group and summarized by the Group's finance department. The finance department of the Group supervises the forecast of the Group's current fund demand to ensure there are sufficient fund to support the operating needs.
- B. The following table refers to the 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	70,615	68,376	188,788	288,526
	<u>\$ 76,729</u>	<u>\$ 68,376</u>	<u>\$ 188,788</u>	<u>\$ 288,982</u>

Non-derivative financial liabilities

December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	\$ 7,381	\$ 50	\$ -	\$ 456
Lease liabilities	67,489	66,672	202,862	350,855
	<u>\$ 74,870</u>	<u>\$ 66,722</u>	<u>\$ 202,862</u>	<u>\$ 351,311</u>

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

(III) Fair value information

- 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 Group 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 Group belongs to this level.

Level 3: Unobservable inputs for the asset or liability.

- The following is the analysis regarding the Group's classification of the financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of fair value:

December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Equity security of financial assets measured at fair value through other comprehensive income	\$ -	\$ -	\$ 18,235	\$ 18,235
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,235</u>	<u>\$ 18,235</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Equity security of financial assets measured at fair value through other comprehensive income	\$ 2,211	\$ -	\$ 69,721	\$ 71,932
	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ 69,721</u>	<u>\$ 71,932</u>

3. The methods and assumptions used by the Group to measure fair value is as follows:
- (1) The Group'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:

Quoted market price	TWSE/TPEX listed stocks
	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 consolidated 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 Group 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 Group 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 Group, respectively.
4. There was no transfer between level 1 and level 2 in 2022 and 2021.
5. The following statement is the changes in level 3 in 2022 and 2021:

	Equity Instruments	
	2022	2021
January 1	\$ 69,721	\$ 23,863
Refunds from decapitalization of invested equity instrument at fair value through other comprehensive income	-	(1,260)
Profit or loss recognized under other comprehensive income	(55,728)	48,239
Foreign exchange rate effect	4,242	(1,121)
December 31	\$ 18,235	\$ 69,721

6. There was no transfer-in and transfer-out from level 3 in 2022 and 2021.
7. For the Group'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.
8. For the evaluation model used by the measurement item of level 3 fair value, the quantitative information of significant unobservable input and sensitivity analysis for the changes in significant unobservable input are as follows:

	Fair value on December 31, 2022	Valuation technique	Significant unobservable input	Relationship between inputs and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	\$ 18,235	Net asset value method	N/A	N/A
	Fair value on December 31, 2021	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	\$ 69,721	Net asset value method	N/A	N/A

(IV) Other matters

In light of the COVID-19 outbreak and numerous COVID-19 measures initiated by the government, coupled with the countermeasures the Group has adopted and its continuous efforts regarding the management of related matters, there was no significant impact on the Group's operations and business in 2022.

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. Engagement in derivatives trading: None.
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and the amounts involved: 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 Shareholder information

Major Shareholder information: None.

XIV. Business Segment Information

(I) General information

The Company only engages in one industry and the Group's operating decision maker, the board of directors, adopts the overall group financial statements to evaluate performance and distribute resources. Therefore, the Company is identified to be single reportable segment.

(II) Segment Information Measurement

The Group is a single reportable segment. The Group's operating decision maker, the board of directors, adopts profit after tax in the financial statements for measurement and as the basis of performance evaluation. Therefore, the business segment information is consistent with the information of main financial statements.

(III) Information by product type and labor service:

The Group manufactures and sells broadband network security router and wireless LAN products. The Group belongs to one industry since its product feature and manufacturing process are similar while the market and sales methods are the same. Therefore, the disclosure of industrial information is not applicable.

(IV) Information by regions

The Group's information by region in 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
America	\$ 3,872,880	\$ 1,327	\$ 3,024,288	\$ 592
Europe	1,377,322	-	554,709	-
Asia	302,780	1,332,680	316,472	1,512,864
Australia	200,360	-	51,327	-
Total	\$ 5,753,342	\$ 1,334,007	\$ 3,946,796	\$ 1,513,456

(V) Important customer information

The following are details regarding the customers of the Group whose revenue accounted for more than 10% of the revenue in statement of comprehensive income in 2022 and 2021:

2022		
Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
A	\$ 1,915,448	33.29%
B	1,284,331	22.32%
C	856,694	14.89%
D	807,061	14.03%

2021		
Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
A	\$ 1,469,772	37.24%
B	985,110	24.96%
C	530,862	13.45%
D	355,581	9.01%

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)

Holding company	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account title	Transaction			Fair value	Remarks (Note 4)
				Number of shares	Book amount (Note 3)	Shareholdin g ratio		
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)	Percentage in total purchases		Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	Remarks (Note 2)	
				Amount	(sales)							
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.

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	-
			(Other receivables listed in the table) (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: Refers to receivables from the purchase of raw materials.

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)	Title	Transaction		Percentage in total consolidated operating revenue or assets (Note 3)
					Amount	Trading conditions	
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 represented 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 criteria are for transaction amounts that reach NTD10 million or more.

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)											
Name of investor	Name of invested company	Territory	Main business operation	Original investment amount (Note)		Shareholding at the end of the period			Current profit (loss) of invested company (Note 2 (2))	Profit (loss) from investments recognized in the current period (Note 2 (3))	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book amount			
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 Technology Corp. (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 Technology Company 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: According to the letter Jing-Shen-Zi No. 09704604680 dated August 29, 2008 issued by the Ministry of Economic Affairs, the amendments to the “Investment or Technical Cooperation in the Mainland Area and the Examination Guidelines,” the cumulative ceiling amount of an investment in the Mainland area shall be subject to 60% of the net value or the consolidated net value, whichever is 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)

Name of Chinese invested company	Sale (purchase)		Property transaction		Accounts receivable (payable)		Endorsements/guarantees or pledges of collateral		Financing				
	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

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 an 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		<u>4,312,925</u>	<u>61</u>	<u>4,061,540</u>	<u>58</u>
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		<u>2,731,366</u>	<u>39</u>	<u>2,963,937</u>	<u>42</u>
1XXX	Total assets		<u>\$ 7,044,291</u>	<u>100</u>	<u>\$ 7,025,477</u>	<u>100</u>

(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		December 31, 2021		
		Amount	%	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		<u>1,740,102</u>	<u>25</u>	<u>1,313,537</u>	<u>18</u>
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		<u>239,322</u>	<u>3</u>	<u>265,661</u>	<u>4</u>
2XXX	Total liabilities		<u>1,979,424</u>	<u>28</u>	<u>1,579,198</u>	<u>22</u>
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		<u>5,064,867</u>	<u>72</u>	<u>5,446,279</u>	<u>78</u>
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts Significant Subsequent Events	9				
3X2X	Total liabilities and equity	11	<u>\$ 7,044,291</u>	<u>100</u>	<u>\$ 7,025,477</u>	<u>100</u>

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		2021	
		Amount	%	Amount	%
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		<u>193,092</u>	<u>3</u>	<u>213,009</u>	<u>5</u>
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		<u>(362,728)</u>	<u>(6)</u>	<u>(318,044)</u>	<u>(8)</u>
6900 Operating profits		<u>169,636</u>	<u>(3)</u>	<u>105,035</u>	<u>(3)</u>
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		<u>(258,763)</u>	<u>(4)</u>	<u>106,363</u>	<u>3</u>
7900 Net (Loss)profit before tax		<u>(428,399)</u>	<u>(7)</u>	<u>1,328</u>	<u>-</u>
7950 Income tax benefits	6(25)	61,725	1	23,065	1
8200 Current net (Loss)profit		<u>(\$ 366,674)</u>	<u>(6)</u>	<u>\$ 24,393</u>	<u>1</u>
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)	<u>(1,088)</u>	<u>-</u>	<u>(100)</u>	<u>-</u>
8310 Total of items not reclassified to profit or loss		<u>(65,137)</u>	<u>(1)</u>	<u>77,185</u>	<u>2</u>
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)	<u>(6,535)</u>	<u>-</u>	<u>(1,650)</u>	<u>-</u>
8360 Total of items may be reclassified to profit or loss subsequently		<u>39,048</u>	<u>-</u>	<u>6,311</u>	<u>-</u>
8300 After-tax income of other comprehensive loss for the year		<u>(\$ 26,089)</u>	<u>(1)</u>	<u>\$ 83,496</u>	<u>2</u>
8500 Total comprehensive income (loss) for the year		<u>(\$ 392,763)</u>	<u>(7)</u>	<u>\$ 107,889</u>	<u>3</u>
Basic earnings per share					
9750 Total basic earnings per share	6(26)	<u>(\$ 1.12)</u>	<u>\$ 0.07</u>		
Diluted earnings per share					
9850 Total diluted earnings per share	6(26)	<u>(\$ 1.12)</u>	<u>\$ 0.07</u>		

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	Retained earnings					Other equity			Total
		Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Unearned compensation	
<u>2021</u>										
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
<u>2022</u>										
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
<u>Cash flow from operating activities</u>			
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)
<u>Cash flow from investing activities</u>			
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
<u>Cash flow from financing activities</u>		
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	<u>\$ 712,594</u>	<u>\$ 1,500,773</u>

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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 (The useful life of interior construction is 3–10 years)	3 years to 41 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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 712,594</u>	<u>\$ 1,500,773</u>

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

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

Pledged time deposit	\$	22,504	\$	20,636
----------------------	----	--------	----	--------

- 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.
- The counterparty invested by the Company has good credit risk.
- 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

- For aging analysis of notes and accounts receivable (including the related party), please refer to Note 12, (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.
- The notes and accounts receivable (including the related party) of the Company does not include collaterals.
- 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.
- 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)
	<u>\$ 5,543,955</u>	<u>\$ 3,714,988</u>

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	<u>\$ 1,606,377</u>	<u>\$ 1,858,169</u>

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	<u>(\$ 339,198)</u>	<u>(\$ 272,956)</u>

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

Company name	Principal business place	Shareholding ratio	Shareholding ratio	Nature of relationship	Measurement method
		December 31, 2022	December 31, 2021		
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	<u>\$ 2,077,605</u>	<u>\$ 1,962,366</u>
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	<u>\$ 946,785</u>	<u>\$ 925,427</u>

	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	<u>(\$ 411,956)</u>	<u>(\$ 457,164)</u>

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

	<u>House and buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2022				
Costs	\$ 872,742	\$ 94,126	\$ 95,407	\$ 1,062,275
Accumulated depreciation	(309,499)	(62,700)	(78,916)	(451,115)
	<u>\$ 563,243</u>	<u>\$ 31,426</u>	<u>\$ 16,491</u>	<u>\$ 611,160</u>
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	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>
December 31, 2022				
Costs	\$ 873,594	\$ 104,254	\$ 107,390	\$ 1,085,238
Accumulated depreciation	(334,310)	(71,406)	(78,064)	(483,780)
	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>
	<u>House and buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2021				
Costs	\$ 871,442	\$ 78,163	\$ 91,907	\$ 1,041,512
Accumulated depreciation	(283,132)	(57,021)	(70,341)	(410,494)
	<u>\$ 588,310</u>	<u>\$ 21,142</u>	<u>\$ 21,566</u>	<u>\$ 631,018</u>
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

- 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.
- The lease terms of drinking fountain, copy machine and parking space rented by the Company are less than 12 months.
- 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	-
	<u>\$ 227,264</u>	<u>\$ 243,558</u>
	2022	2021
	Depreciation expenses	Depreciation expenses
Land	\$ 17,341	\$ 17,340
House	1,477	1,479
Transportation Equipment	669	-
	<u>\$ 19,487</u>	<u>\$ 18,819</u>

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

	2022	2021
<u>Item influencing current profit or loss</u>		
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
	<u>\$ 5,459</u>	<u>\$ 5,734</u>

- 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

- 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:

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

(IX) Others non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 209,021</u>	<u>\$ 203,255</u>

(X) Short-term loans

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

<u>Nature of loan</u>	<u>December 31, 2021</u>	<u>Interest rate interval</u>	<u>Collateral</u>
Bank loans – credit loans	<u>\$ 570,450</u>	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:

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

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
	\$	<u>25,820</u>

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 :

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contractual period</u>	<u>Vesting conditions</u>
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	<u>330,215</u>	<u>328,605</u>

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 exceeding 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	<u>\$ 484,632</u>	<u>\$ 57,470</u>	<u>\$ 69,702</u>	<u>\$ 8,968</u>	<u>\$ 620,772</u>

	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	<u>\$ 484,632</u>	<u>\$ 37,140</u>	<u>\$ 41,310</u>	<u>\$ 8,968</u>	<u>\$ 572,050</u>

(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	<u>(\$ 45,093)</u>		<u>\$ 115,564</u>	

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:

	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
2022 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

	Europe	America	Asia	Australia	Other departments	Total
	Communication product	Communication product	Communication product	Communication product		
2021 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
	<u>\$ 309,768</u>	<u>\$ 257,915</u>

(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
	<u>\$ 262,523</u>	<u>\$ 214,255</u>

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	<u>(8,061)</u>	<u>(926)</u>
Deferred income tax:		
Initial occurrence and reversal of temporary difference	(53,664)	(22,139)
Total deferred income tax	<u>(53,664)</u>	<u>(22,139)</u>
Income tax (benefits) expenses	<u>(\$ 61,725)</u>	<u>(\$ 23,065)</u>

- (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)
	<u>(\$ 7,623)</u>	<u>(\$ 1,750)</u>

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	<u>(\$ 61,725)</u>	<u>(\$ 23,065)</u>

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	<u>\$ 27,159</u>	<u>\$ 42,379</u>	<u>(\$ 6,535)</u>	<u>\$ 63,003</u>
- 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	<u>(\$ 15,770)</u>	<u>\$ 11,285</u>	<u>(\$ 1,088)</u>	<u>(\$ 5,573)</u>
Total	<u>\$ 11,389</u>	<u>\$ 53,664</u>	<u>(\$ 7,623)</u>	<u>\$ 57,430</u>
	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	<u>\$ 38,125</u>	<u>(\$ 9,316)</u>	<u>(\$ 1,650)</u>	<u>\$ 27,159</u>
- 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	<u>(\$ 47,125)</u>	<u>\$ 31,455</u>	<u>(\$ 100)</u>	<u>(\$ 15,770)</u>
Total	<u>(\$ 9,000)</u>	<u>\$ 22,139</u>	<u>(\$ 1,750)</u>	<u>\$ 11,389</u>

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	<u>(\$ 366,674)</u>	<u>328,605</u>	<u>(\$ 1.12)</u>

	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	<u>\$ 24,393</u>	<u>328,605</u>	<u>\$ 0.07</u>
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	<u>\$ 24,393</u>	<u>328,647</u>	<u>\$ 0.07</u>

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)

<u>Name of the related party</u>	<u>Relationship with the Company</u>
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	Affiliated companies
(Microelectronics Technology and its subsidiaries)	
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Groups with significant impact on the Company
(Hon Hai and its subsidiaries)	
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
	\$	<u>2,161,261</u>	\$	<u>1,566,312</u>

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

		<u>2022</u>		<u>2021</u>
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
	\$	<u>5,870,655</u>	\$	<u>3,752,065</u>

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

		<u>December 31, 2022</u>		<u>December 31, 2021</u>
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
	\$	<u>652,969</u>	\$	<u>318,085</u>

4. Other accounts receivable

		<u>December 31, 2022</u>		<u>December 31, 2021</u>
Other receivables – the related party				

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
	\$	<u>946,450</u>	\$ <u>204,955</u>

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

5. Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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
	\$ <u>19,541</u>	\$ <u>74,007</u>

6. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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
	\$ <u>3,356</u>	\$ <u>5,078</u>

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 term of lease contract is 10 years and the rent is paid at the end of each month.

(2) Lease liabilities

A. Ending balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ -	\$ 1,061

B. Interest expenses

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ 21	\$ 42

8. Processing expenses

	<u>2022</u>	<u>2021</u>
Groups with significant impact on the Company	\$ 5,501	\$ 11,719

9. Labor service fee

	<u>2022</u>	<u>2021</u>
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	
	Disposal proceeds	Disposal (loss)gain
Subsidiaries		
-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	<u>\$ 19,224</u>	<u>\$ 12,765</u>

VIII. Pledged Assets

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Financial assets measured at amortized cost	<u>\$ 4,206,860</u>	<u>\$ 3,955,964</u>
<u>Financial liabilities</u>		
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: functional currency)		Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD : NTD	\$ 68,193	30.710	\$ 2,094,207	2%	\$ 33,507	\$ -
	RMB : NTD	2,149	4.408	9,473	2%	152	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
	USD : NTD	\$ 91,507	30.710	\$ 2,810,180	2%	\$ 44,963	\$ -
		December 31, 2021					
				Sensitivity analysis			
(Foreign currency: functional currency)		Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD : NTD	\$ 39,371	27.680	\$ 1,089,789	1%	\$ 8,718	\$ -
	RMB : NTD	2,144	4.344	9,314	1%	75	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
	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

December 31, 2021	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 days	Overdue more than 365 days	Total
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
	<u>\$ -</u>	<u>\$ 1,994,852</u>
	December 31, 2021	
	Notes receivable	Accounts receivable
Undue	\$ -	\$ 1,041,487
Within 90 days	-	5,167
	<u>\$ -</u>	<u>\$ 1,046,654</u>

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	<u>\$ 19,642</u>	<u>\$ 7,356</u>

(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
	<u>\$ 28,613</u>	<u>\$ 21,946</u>	<u>\$ 62,598</u>	<u>\$ 163,386</u>

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
	<u>\$ 28,079</u>	<u>\$ 20,809</u>	<u>\$ 61,907</u>	<u>\$ 184,022</u>

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:

Quoted market price	TWSE(TPEX) listed stocks
	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	<u>\$ -</u>	<u>\$ 1,667</u>

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.

(Blank)

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)												
Purchaser/seller	Counterparty	Relationship	Transaction	Purchase (sale)	Amount	Percentage in total purchases (sales)	Trading conditions different from those of regular transactions and reasons thereof		Notes/accounts receivable (payable)		Remarks (Note 2)	
							Loan period	Unit price	Loan period	Balance		Percentage in total notes/accounts receivable (payable)
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.

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.

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			Percentage in total consolidated operating revenue or assets (Note 3)
				Title	Amount	Trading conditions	
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)

Name of investor	Name of invested company	Territory	Main business operation	Original investment amount (Note)		Shareholding at the end of the period			Current profit (loss) of invested company (Note 2 (2))	Profit (loss) from investments recognized in the current period (Note 2 (3))	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book amount			
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 Technology Corp. (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 Technology Company 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)

Name of Chinese invested company	Sale (purchase)		Property transaction		Accounts receivable (payable)		Endorsements/guarantee s or pledges of collateral		Financing				
	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	78,193
			Exchange rate 30.71
	Current deposit in RMB	2,149 thousand	9,474
	Current deposit in other foreign currency		1,115
Time deposit – NTD			301,000
Cash equivalents – repurchase bonds			250,110
Total			<u>\$ 712,594</u>

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

Statement 2

Unit: NTD thousand

Customer name	Amount	Remarks
<u>Accounts receivable</u>		
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	<u>1,341,884</u>	
Less: Allowance loss	<u>(19,643)</u>	
Total	<u>\$ 1,322,241</u>	
<u>Accounts receivable – the related party</u>		
Cloud Network	\$ 581,506	
Belkin	69,683	
Others	1,780	Balance of each customer not exceeding 5% of the account amount
Subtotal	<u>\$ 652,969</u>	

CyberTAN Technology Inc.
Inventories
December 31, 2022

Statement 3

Unit: NTD thousand

Item	Amount		Remarks
	Cost	Market price	
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	The net realizable value of finished goods and semi-finished goods is calculated based on the final selling price.
Total	104,528	103,008	
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. CyberTAN (B.V.I)	10,000,000	196,782	-	13,348	-	-	10,000,000	100.00	210,130	210,130	"
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	"
		<u>\$ 1,858,169</u>	-	<u>\$ 186,636</u>		<u>(\$ 438,428)</u>			<u>\$ 1,606,377</u>		"

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 period and share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method in current period.

Note 2: 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

<u>Type of loans</u>	<u>Balance, ending</u>	<u>Loan duration</u>	<u>Interest rate interval</u>	<u>Financing quota</u>	<u>Collateral and mortgage</u>	<u>Remarks</u>
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	"	-
	<u>\$ 449,955</u>			<u>\$ 950,000</u>		

CyberTAN Technology Inc.
Accounts payable
December 31, 2022

Statement 6

Unit: NTD thousand

Customer name	Amount	Remarks
<u>Accounts payable</u>		
Supplier A	\$ 57,409	
Supplier B	52,934	
Others	891,044	Balance of each supplier not exceeding 5% of the account amount
	<u>\$ 1,001,387</u>	
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
	<u>\$ 19,541</u>	

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	
		<u>\$ 5,737,047</u>	

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	
	<u>\$ 53,423</u>	Balance of each account not exceeding 5% of the account amount

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
	<u>\$ 14,364</u>	

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	
	<u>\$ 86,723</u>	

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	
	<u>\$ 249,355</u>	

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 nature \ By function	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

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

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.

CyberTAN Technology Inc.

Chairman: Gwong-Yih Lee