

**CyberTAN Technology Inc. and the subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Review Report**  
**March 31, 2023 and 2022**  
**(Stock Code: 3062)**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditor' Review Report Translated from Chinese  
Financial Review No.23000394(2023)

To the Board of Directors and Shareholders of CyberTAN Technology Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of CyberTAN Technology Inc. and the subsidiaries (hereinafter referred to as the “CyberTAN Group”) as at March 31, 2023 and 2022 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements.(including a summary of significant accounting policies) Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34,“Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of review**

Except as explained in the following paragraph, We conducted our reviews in accordance with the Standard on Review Engagement 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for qualified conclusion**

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Total assets of these subsidiaries (including investments accounted for using equity method) amounted to NT\$49,173 thousand and NT\$75,248 thousand, constituting 1%and 1% of the consolidated total assets as at March 31, 2022and 2021, respectively, total liabilities amounted to NT\$0 and NT\$0, constituting 0% and 0% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively and total comprehensive income (including share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method) amounted to NT(\$1,436) thousand and NT\$5,119 thousand, constituting 1% and (5%) of the consolidated total comprehensive (loss)

income for the three-month periods then ended, respectively.

### **Qualified conclusion**

Expect for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been review by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements to not present fairly, in all material respects, the consolidated financial position of CyberTAN Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

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

May 05, 2023

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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  
March 31, 2023, December 31, 2022 and March 31, 2022  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Unit: NTD thousand

Assets	Notes	March 31, 2023		December 31, 2022		March 31, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and Cash Equivalents	6(1)	\$ 1,730,115	24	\$ 1,355,849	18	\$ 1,891,093	25
1136	Financial assets measured at amortized cost – current	6(3)	500,000	7	550,441	7	1,410,000	18
1170	Accounts receivable, net	6(4)	706,302	10	1,324,474	18	546,723	7
1180	Accounts receivable – the related party, net	6(4) and 7	304,513	4	652,969	9	281,153	4
1200	Other accounts receivable	7	17,364	-	50,804	1	10,612	-
1220	Income tax assets in the current period		15,115	-	14,777	-	11,729	-
130X	Inventory	6(5)	1,428,714	20	1,148,332	15	892,960	12
1470	Other current assets		26,197	1	9,273	-	12,300	-
11XX	<b>Total current assets</b>		<u>4,728,320</u>	<u>66</u>	<u>5,106,919</u>	<u>68</u>	<u>5,056,570</u>	<u>66</u>
<b>Non-current assets</b>								
1517	Financial assets measured at fair value through profit or loss – non-current	6(2)	19,855	-	18,235	-	38,309	1
1535	Financial assets measured at amortized cost -non-current	6(3) and 8	22,504	-	22,504	-	21,086	-
1550	Investment at equity method	6(6)	853,406	13	965,229	13	1,059,176	14
1600	Property, plant and equipment	6(7)	813,569	12	807,507	11	723,884	9
1755	Right-of-use assets	6(8) and 7	297,564	4	296,273	4	553,985	7
1780	Intangible assets		17,019	-	18,068	-	15,159	-
1840	Deferred income tax assets		80,092	1	64,320	1	30,787	-
1900	Other non-current assets	6(10)	251,722	4	212,159	3	205,233	3
15XX	<b>Total non-current assets</b>		<u>2,455,731</u>	<u>34</u>	<u>2,404,295</u>	<u>32</u>	<u>2,647,619</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 7,184,051</u>	<u>100</u>	<u>\$ 7,511,214</u>	<u>100</u>	<u>\$ 7,704,189</u>	<u>100</u>

(To be continued)

CyberTAN Technology Inc. and the subsidiaries  
Consolidated Balance Sheet  
March 31, 2023, December 31, 2022 and March 31, 2022  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Unit: NTD thousand

	Notes	March 31, 2023		December 31, 2022		March 31, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(11)	\$ 211,012	3	\$ 449,955	6	\$ 572,812	7
2120	Current financial liabilities at fair value through profit or loss	6(12)	2,647	-	-	-	-	-
2130	Contract liabilities – current	6(20)	93,710	1	57,990	1	44,544	1
2170	Accounts payable		1,063,375	15	1,038,097	14	875,206	11
2180	Accounts payable – the related party	7	33,696	1	22,797	-	37,677	1
2200	Other payables		136,315	2	194,218	3	132,072	2
2220	Other payables – the related party	7	12,726	-	18,007	-	15,788	-
2230	Income tax liabilities in the current period		1,535	-	10,531	-	1,259	-
2250	Liability reserve – current	6(15)	8,930	-	9,367	-	5,217	-
2280	Lease liabilities – current	7	55,756	1	55,287	1	51,406	1
2365	Refund liabilities – current		6,323	-	4,645	-	1,366	-
2399	Other current liabilities -others		84,229	1	75,965	1	37,598	-
21XX	<b>Total current liabilities</b>		<u>1,710,254</u>	<u>24</u>	<u>1,936,759</u>	<u>26</u>	<u>1,774,945</u>	<u>23</u>
<b>Non-current liabilities</b>								
2550	Liability reserve – non-current	6(15)	7,484	-	9,144	-	8,931	-
2570	Deferred income tax liabilities		5,573	-	5,573	-	16,887	-
2580	Lease liabilities – non-current	7	480,788	7	488,301	7	526,491	7
2600	Other non-current liabilities		6,483	-	6,570	-	7,202	-
25XX	<b>Total non-current liabilities</b>		<u>500,328</u>	<u>7</u>	<u>509,588</u>	<u>7</u>	<u>559,511</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>2,210,582</u>	<u>31</u>	<u>2,446,347</u>	<u>33</u>	<u>2,334,456</u>	<u>30</u>
<b>Equity attributable to parent company shareholders</b>								
	Capital stock	6(16)						
3110	Common stock		3,302,154	46	3,302,154	44	3,286,054	43
	Capital reserves	6(17)						

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 Balance Sheet  
March 31, 2023, December 31, 2022 and March 31, 2022  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Unit: NTD thousand

3200	Capital reserves		620,772	9	620,772	8	592,509	8
	Retained earnings	6(18)						
3310	Legal reserve		825,257	11	825,257	11	821,042	11
3320	Special reserve		122,154	2	122,154	2	187,892	2
3350	Undistributed earnings		271,108	4	393,963	5	608,487	8
	Other equity	6(19)						
3400	Other equity		( 167,976)	( 3)	( 199,433)	( 3)	( 126,251)	( 2)
31XX	<b>Total equity attributable to parent company shareholders</b>		4,973,469	69	5,064,867	67	5,369,733	70
3XXX	<b>Total equity</b>		4,973,469	69	5,064,867	67	5,369,733	70
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts Significant Subsequent Events	9						
3X2X	<b>Total liabilities and equity</b>		\$ 7,184,051	100	\$ 7,511,214	100	\$ 7,704,189	100

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 March 31, 2023 and 2022

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

	Item	Notes	January 1 to March 31, 2023		January 1 to March 31, 2022	
			Amount	%	Amount	%
4000	Operating revenue	6(20) and 7	\$ 862,064	100	\$ 780,139	100
5000	Operating cost	6(5)(25) (26) and 7	( 857,045)	( 99)	( 792,535)	( 102)
5950	Net operating gross profit (losses)		<u>5,019</u>	<u>1</u>	<u>( 12,396)</u>	<u>( 2)</u>
	Operating expense	6(25) (26) and 7				
6100	Selling expenses		( 14,559)	( 2)	( 11,536)	( 2)
6200	Administrative expenses		( 32,331)	( 4)	( 17,545)	( 2)
6300	R&D expenses		( 74,374)	( 8)	( 57,997)	( 7)
6450	Expected credit impairment profits (losses)	12(2)	<u>6,355</u>	<u>1</u>	<u>( 839)</u>	<u>-</u>
6000	Total operating expenses		<u>( 114,909)</u>	<u>( 13)</u>	<u>( 87,917)</u>	<u>( 11)</u>
6900	Operating losses		<u>( 109,890)</u>	<u>( 12)</u>	<u>( 100,313)</u>	<u>( 13)</u>
	Non-operating revenue and expenses					
7100	Interest revenue	6(21)	6,081	1	4,531	1
7010	Other revenue	6(22) and 7	22,625	3	19,463	2
7020	Other gains and losses	6(23)	( 39,297)	( 5)	13,299	2
7050	Financial Costs	6(24) and 7	( 8,546)	( 1)	( 5,784)	( 1)
7060	The share of the profit or loss of affiliated companies, joint ventures recognized under the equity method	6(6)	<u>( 14,144)</u>	<u>( 2)</u>	<u>( 32,268)</u>	<u>( 4)</u>
7000	Total non-operating income and expense		<u>( 33,281)</u>	<u>( 4)</u>	<u>( 759)</u>	<u>( -)</u>
7900	<b>Net profit before tax</b>		<u>( 143,171)</u>	<u>( 16)</u>	<u>( 101,072)</u>	<u>( 13)</u>
7950	Income tax benefits	6(27)	<u>20,316</u>	<u>2</u>	<u>6,308</u>	<u>1</u>
8200	<b>Current net profit</b>		<u><u>(\$ 122,855)</u></u>	<u><u>( 14)</u></u>	<u><u>(\$ 94,764)</u></u>	<u><u>( 12)</u></u>

(To be continued)



CyberTAN Technology Inc. and the subsidiaries  
Consolidated statement of comprehensive income  
January 1 to March 31, 2023 and 2022

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

Item	Notes	January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
<b>Other comprehensive income</b>					
<b>Items not reclassified to profit or loss</b>					
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(2)(19)			
		\$ 1,984	-	(\$ 33,054)	( 4)
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)			
		2,081	1	1,722	-
8349	Income tax related to items not reclassified	6(19)(27)		435	-
		-	-	-	-
8310	Total of items not reclassified to profit or loss		1	( 30,897)	( 4)
<b>Items may be reclassified to profit or loss subsequently</b>					
8361	Exchange difference in the financial statement translation of the foreign operation	6(19)		23,685	3
		24,903	3		
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)		9,708	-1
		240	-		
8399	Income tax related to items may be reclassified	6(19)(27)		( 4,737)	-
		( 4,981)	( 1)		
8360	Total of items may be reclassified to profit or loss subsequently		2	28,656	4
		20,162			
8300	<b>Other comprehensive income (net amount)</b>		3	(\$ 2,241)	-
		\$ 24,227			
8500	<b>Total comprehensive income for the year</b>		( 11)	(\$ 97,005)	( 12)
		(\$ 98,628)			
Net profit attributable to:					
8610	Parent company shareholders		( 14)	(\$ 94,764)	( 12)
		(\$ 122,855)			
The total comprehensive income attributable to:					
8710	Parent company shareholders		( 11)	(\$ 97,005)	( 12)
		(\$ 98,628)			
Basic earnings (loss) per share					
9750	Total basic earnings (loss) per share	6(28)		(\$ 0.37)	( 0.29)
Diluted earnings (loss) per share					
9850	Total diluted earnings (loss) per share	6(28)		(\$ 0.37)	( 0.29)

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

CyberTAN Technology Inc.  
Parent Company Only Statement of Changes in Equity  
January 1 to March 31, 2023 and 2022

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>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		-	-	-	-	( 94,764 )	-	-	-	( 94,764 )
Other comprehensive income for the year	6(19)	-	-	-	-	-	28,656	( 30,897 )	-	( 2,241 )
Total comprehensive income for the year		-	-	-	-	( 94,764 )	28,656	( 30,897 )	-	( 97,005 )
Disposal of equity instrument measured at fair value through other comprehensive income	6(17)	-	-	-	-	1,856	-	( 1,856 )	-	-
Recognition of change in equity of associates not in proportion to the Company's ownership	6(15)(17)	-	20,459	-	-	-	-	-	-	-
Balance at March 31, 2022		\$ 3,286,054	\$ 592,509	\$ 821,042	\$ 187,892	\$ 608,487	(\$ 90,312 )	(\$ 35,939 )	\$ -	\$ 5,369,733
<u>2023</u>										
Balance at January 1, 2023		\$ 3,302,154	\$ 620,772	\$ 825,257	\$ 122,154	\$ 393,963	(\$ 79,920 )	(\$ 82,472 )	(\$ 37,041)	\$ 5,064,867
Current net profit (loss)		-	-	-	-	( 122,855 )	-	-	-	( 122,855 )
Other comprehensive income for the year	6(19)	-	-	-	-	-	20,163	4,065	-	24,227
Total comprehensive income for the year		-	-	-	-	( 122,855 )	20,162	4,065	-	( 98,628 )
Compensation cost of share-based payments	6(14)(19)	-	-	-	-	-	-	-	7,230	7,230
Balance at March 31, 2023		\$ 3,302,154	\$ 620,772	\$ 825,257	\$ 122,154	\$ 271,108	(\$ 59,758 )	(\$ 78,407 )	(\$ 29,811 )	\$ 4,973,469

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 March 31, 2023 and 2022

Unit: NTD thousand

	Notes	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Cash flow from operating activities</u>			
Net profit before tax in the current period		(\$ 143,171 )	(\$ 101,072 )
Adjustment items			
Income/expenses items			
Depreciation expenses	6(25)	32,341	28,122
Miscellaneous expenses – depreciation expenses	6(23)	5,133	5,371
Amortization expenses	6(25)	1,029	-
Expected credit impairment (gains) losses	12(2)	( 6,355 )	839
Net Gain or loss on financial assets (liabilities) at fair value through profit or loss	6(12)(23)	2,647	-
Interest expenses	6(24)	8,546	5,784
Miscellaneous expenses – interest expenses	6(23)	541	590
Interest revenue	6(21)	( 6,081 )	( 4,531 )
Share of profit or loss from affiliated companies under the equity method	6(6)	14,144	32,268
Gains on disposal of property, plant and equipment	6(23)	( 258 )	615
Compensation cost of share-based payments	6(14)	7,230	-
Property, plant, and equipment recognized as expenses			
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Accounts receivable (including the related party)		972,983	216,895
Inventory		( 280,382 )	( 347,739 )
Other accounts receivable		33,171	( 600 )
Other current assets		( 16,924 )	( 5,814 )
Other non-current assets		42	1,025
Net changes of liabilities related to operating activities			
Contract liabilities – current		35,720	10,484
Accounts payable (including the related party)		36,177	253,886
Other payables (including the related party)		( 63,184 )	( 58,153 )
Refund liabilities – current		1,678	( 785 )
Liability reserve		( 2,097 )	( 320 )
Advance on rent		30	( 973 )
Cash (outflow) inflow from operations		<u>632,960</u>	<u>34,662</u>
(Paid) returned income tax		( 9,758 )	( 629 )
Net cash (outflow) inflow from operating activities		<u>623,202</u>	<u>34,033</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 cash flow  
January 1 to March 31, 2023 and 2022

Unit: NTD thousand

	Notes	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Cash flow from investing activities</u>			
Disposal of financial assets proceeds measured at fair value through profit or loss	6(2)	\$ -	\$ 1,892
Acquisition of financial assets measured at amortized cost		50,441	( 219,382 )
Acquisition of investment using equity method Interest received	6(6)	-	( 95,511 )
Acquisition of property, plant, and equipment	6(7)	( 6,501 )	( 18,488 )
Disposal of property, plant, and equipment proceeds		293	820
(Increase) in refundable deposit		( 39,605 )	480
Purchase of intangible assets		( 225 )	-
Interest received		6,350	4,589
Net cash inflow (outflow) from investing activities		<u>10,753</u>	<u>( 325,600 )</u>
<u>Cash flow from financing activities</u>			
Increase in short-term loans		-	2,362
Decrease in short-term loans		( 248,943 )	-
Increase (decrease) in guarantee deposits		( 87 )	( 685 )
Repayment of lease principal	6(30)	( 13,768 )	( 12,579 )
Allocation of cash dividends		( 9,087 )	( 6,374 )
Interest paid		8,334	2,872
Decrease in other current liabilities		( 253,551 )	( 14,404 )
Foreign exchange rate effect		( 6,138 )	26,739
Increase in cash and cash equivalents in the current period		374,266	( 279,232 )
Balance of cash and cash equivalents, beginning		1,355,849	2,170,325
Balance of cash and cash equivalents, ending		<u>\$ 1,730,115</u>	<u>\$ 1,891,093</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  
For the three-month periods ended March 31, 2023 and 2022  
(Reviewed, not audited)

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 May 05, 2023.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed 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 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.

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

None.

(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 determined 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
Amendment 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 statements of the have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the 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 statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed 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
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	CyberTAN Corp(U.S.A)	Sales company	100%	100%	100%	(1)
"	Ta Tang Investment Co., Ltd.	General investment business	100%	100%	100%	
"	CyberTAN (B.V.I) Investment Corp.	"	100%	100%	100%	
CyberTAN (B.V.I)Investment Corp.	HON YAO FU Technology Company Limited	Manufacturing company	100%	100%	100%	
"	CyberTAN Technology (HONG KONG) Limited	General investment business	100%	100%	100%	
CyberTAN Technology (HONG KONG) Limited	Fuhongkang Technology (Shenzhen) Co., Ltd.	Manufacturing company	100%	100%	100%	
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	"	100%	100%	100%	

(1) The financial statements of the entity as of and for the three-month periods ended March 31, 2023 and 2022 were not reviewed by the independent accountants as the entity did not meet the definition of a significant subsidiary.

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 are 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) The changes in fair value of debt instruments are recognized in other comprehensive income. Before derecognition, impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss. When the financial assets 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. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Subsequently, impairment loss on and interest income from these financial assets is recognized using the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset 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 financial assets measured at fair value through other comprehensive income and measured at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(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 ordinary course of business less the estimated cost needed to complete the work and estimated costs required to complete 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 were 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 its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(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. While land is not depreciated, other property, plant and equipment that apply cost model are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total cost of the item, it must be depreciated separately.
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 is 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; 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 2 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 loan 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) Notes and Accounts payable

1. Accounts payable are liabilities for purchase s of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. This belongs to short-term notes and accounts 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 re-measurement 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. The expense for service costs for the prior period is recognized immediately in profit or loss.
- D. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted if there have been any significant market fluctuations and significant curtailments, settlements, or other significant one-off events since that time. The related information is disclosed accordingly.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### 4. 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.

#### (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.
7. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
8. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss.

#### (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 March 31, 2023, the book value of the Group's inventory was NTD 1,428,714.

#### 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 March 31, 2023, the book value of accounts receivable (including the related party) after recognizing the credit loss by the Group was NTD 1,010,815.

## VI. Explanation of Important Accounting Titles

### (I) Cash and Cash Equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and working fund	\$ 292	\$ 542	\$ 277
Checking deposit and current deposits	517,264	695,197	704,772
Time deposit	850,250	410,000	1,072,000
Cash equivalents – repurchase bonds	362,309	250,110	114,044
Total	<u>\$ 1,730,115</u>	<u>\$ 1,355,849</u>	<u>\$ 1,891,093</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	March 31, 2023	December 31, 2022	March 31, 2022
Non-current items:			
Equity instruments			
TWSE/TPEX listed stocks	\$ -	\$ -	\$ -
TWSE/TPEX unlisted stocks	42,630	42,994	40,075
Subtotal	<u>42,630</u>	<u>42,994</u>	<u>40,219</u>
Valuation adjustment	( 22,775)	( 24,759)	( 1,766)
Total	<u>\$ 19,855</u>	<u>\$ 18,235</u>	<u>\$ 38,309</u>

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 0 and NTD 1,892 on January 1 to March 31, 2023 and 2022, 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:

	January 1 to March 31,2022	January 1 to March 31,2021
<u>Equity instrument measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	\$ 1,984	\$ 33,054
Dividend income recognized in profit or loss		
held at the end of current period	\$ -	\$ -
de-recognition	-	-
	<u>\$ -</u>	<u>\$ -</u>

Accumulated gain recognized in retained earnings due to de-recognition	\$	-	\$	1,856
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- 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	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposit expired over three months	\$ 500,000	\$ 550,000	\$ 1,410,000
Pledged time deposit	-	441	-
	<u>\$ 500,000</u>	<u>\$ 550,441</u>	<u>\$ 1,410,000</u>
Non-current items:			
Pledged time deposit	<u>\$ 22,504</u>	<u>\$ 22,504</u>	<u>\$ 21,086</u>

- 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 March 31, 2023, December 31, 2022 and March 31, 2022 was the book balance.
- The counterparty invested by the Group has good credit risk.
- For pledged financial assets measured at amortized cost by the Group, please refer to Note 8.

(IV) Notes and Accounts Receivable

	March 31, 2023	December 31, 2022	March 31 2022
Accounts receivable	\$ 719,589	\$ 1,344,116	\$ 554,918
Accounts receivable – the related party	304,513	652,969	281,153
Less: Allowance loss	( 13,287)	( 19,642)	( 8,195)
	<u>\$ 1,010,815</u>	<u>\$ 1,977,443</u>	<u>\$ 827,876</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 March 31, 2023, December 31, 2022 and March 31, 2022 were generated by the customer's contract. Also, the balance of accounts receivable from the customer's contract was NTD 1,045,610 as of January 1, 2022.
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 March 31, 2023, December 31, 2022 and March 31, 2022 was the book balance.
5. For the information related to credit risks, please refer to Note 12, (2).

(V) Inventory

	March 31, 2023		
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 1,272,183	(\$ 62,113)	\$ 1,210,070
Goods in process and semi-finished goods	61,548	( 6,138)	55,410
Finished products	170,208	( 6,974)	163,234
Inventory in transit	-	-	-
Total	<u>\$ 1,503,939</u>	<u>(\$ 75,225)</u>	<u>\$ 1,428,714</u>

  

	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>

	March 31, 2022		
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 821,987	(\$ 45,510)	\$ 776,477
Goods in process and semi-finished goods	102,474	( 9,415)	93,059
Finished products	23,535	( 3,981)	19,554
Inventory in transit	3,870	-	3,870
Total	<u>\$ 951,866</u>	<u>(\$ 58,906)</u>	<u>\$ 892,960</u>

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Cost of sold inventory	\$ 855,794	\$ 752,055
Idle capacity	-	38,001
Devaluation loss	1,251	2,479
	<u>\$ 857,045</u>	<u>\$ 792,535</u>

(VI) Investment at equity method

	2023	2022
January 1	\$ 965,229	\$ 864,044
Increasing investment using equity method	-	95,511
Net changes of affiliated companies for under the equity method	-	20,459
Share in profit or loss of affiliated companies under equity method	( 14,144)	( 32,268)
Exchange difference in the financial statement translation of the foreign operation	240	9,708
Other equity changes (Note 6(17))	2,081	1,722
March 31	<u>\$ 953,406</u>	<u>\$ 1,059,176</u>

	March 31, 2023	December 31, 2022	March 31, 2022
Affiliated companies			
Microelectronics Technology Inc. (Microelectronics Technology)	\$ 934,052	\$ 946,785	\$ 1,018,937
Mega Power Ventures Inc.	19,354	18,444	40,239
	<u>\$ 953,406</u>	<u>\$ 965,229</u>	<u>\$ 1,059,176</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
		March 31, 2023	December 31, 2022	March 31, 2022		
Microelectronics Technology	Taiwan	22.72%	22.72%	22.77%	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		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 4,266,694	\$ 4,501,789	\$ 4,888,117
Non-current assets	2,040,445	2,039,261	2,010,116
Current liabilities	( 3,226,226)	( 3,325,623)	( 3,180,134)
Non-current liabilities	( 1,060,178)	( 1,137,822)	( 1,329,244)
Total net assets	\$ 2,020,735	\$ 2,077,605	\$ 2,388,855
Shares of the affiliates' net assets	\$ 459,030	\$ 471,949	\$ 543,871
Goodwill	491,354	491,354	492,444
Others	( 16,332)	( 16,518)	( 17,378)
Book value of affiliated companies	\$ 934,052	\$ 946,785	\$ 1,018,937

	Microelectronics Technology	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Revenue	\$ 1,203,624	\$ 933,885
Net loss of continuing operations for the year	(\$ 62,820)	(\$ 141,248)
Other comprehensive income (after tax)	5,951	( 100,706)
Total comprehensive income for the year	(\$ 56,869)	(\$ 241,954)

3. As the affiliated company important to the Group, Microelectronics Technology has open market quotation. Its fair value on March 31, 2023 December 31, 2022 and March 31, 2022 were NTD 2,314,218, NTD 2,122,267 and NTD 3,739,242, respectively.
4. 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.
5. 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

	<u>House and buildings</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
January 1, 2023				
Costs	\$ 873,595	\$ 325,288	\$ 254,803	\$ 1,453,686
Accumulated depreciation	( 334,311)	( 141,161)	( 170,707)	( 646,179)
	<u>\$ 539,284</u>	<u>\$ 184,127</u>	<u>\$ 84,096</u>	<u>\$ 807,507</u>
<u>2023</u>				
January 1	\$ 539,284	\$ 184,127	\$ 84,096	\$ 807,507
Increase	-	3,731	2,770	6,501
Disposal (cost)	-	( 1,475)	( 7,542)	( 9,017)
Disposal (accumulated depreciation)	-	1,440	7,542	8,982
Depreciation expenses	( 6,007)	( 19,095)	( 4,054)	( 29,156)
Reclassification (cost)	-	3,064	( 3,064)	-
Net exchange differences	-	20,698	8,054	28,752
March 31	<u>\$ 533,277</u>	<u>\$ 192,490</u>	<u>\$ 87,802</u>	<u>\$ 813,569</u>
March 31, 2023				
Costs	\$ 873,595	\$ 395,205	\$ 257,796	\$ 1,526,596
Accumulated depreciation	( 340,318)	( 202,715)	( 169,994)	( 713,027)
	<u>\$ 533,277</u>	<u>\$ 192,490</u>	<u>\$ 87,802</u>	<u>\$ 813,569</u>
January 1, 2022				
Costs	\$ 872,743	\$ 275,127	\$ 288,614	\$ 1,436,484
Accumulated depreciation	( 309,500)	( 185,493)	( 218,141)	( 713,134)
	<u>\$ 563,243</u>	<u>\$ 89,634</u>	<u>\$ 70,473</u>	<u>\$ 723,350</u>
<u>2022</u>				
January 1	\$ 563,243	\$ 89,634	\$ 70,473	\$ 723,350
Increase	-	9,110	9,378	18,488
Disposal (cost)	-	( 9,115)	( 13,164)	( 22,279)
Disposal (accumulated depreciation)	-	9,115	12,959	22,074
Depreciation expenses	( 6,604)	( 8,820)	( 3,910)	( 19,334)
Reclassification (cost)	-	7,372	( 7,372)	-
Net exchange differences	-	( 160)	1,745	1,585
March 31	<u>\$ 556,639</u>	<u>\$ 97,136</u>	<u>\$ 70,109</u>	<u>\$ 723,884</u>
March 31, 2022				
Costs	\$ 872,743	\$ 289,622	\$ 284,312	\$ 1,446,677
Accumulated depreciation	( 316,104)	( 192,486)	( 214,203)	( 722,793)
	<u>\$ 556,639</u>	<u>\$ 97,136</u>	<u>\$ 70,109</u>	<u>\$ 723,884</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>Book amount</u>	<u>Book amount</u>	<u>Book amount</u>
Land	\$ 218,690	\$ 223,024	\$ 236,030
House	75,864	69,904	317,955
Transportation equipment	3,010	3,345	-
	<u>\$ 297,564</u>	<u>\$ 296,273</u>	<u>\$ 553,985</u>

  

	<u>January1 to March 31,</u>	<u>January1 to March 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 4,335	\$ 4,335
House	3,649	9,824
Transportation equipment	334	-
	<u>\$ 8,318</u>	<u>\$ 14,159</u>

4. The increase in right-of-use asset of the Group on January1 to March 31, 2023 and 2022 were NTD 0, respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	<u>January1 to March 31,</u>	<u>January1 to March 31,</u>
	<u>2023</u>	<u>2022</u>
<u>Item influencing current profit or loss</u>		
Interest expenses of lease liabilities	\$ 4,421	\$ 4,793
Expenses for short-term lease contracts	33	65
Expenses for lease of low-price assets	87	52
	<u>\$ 4,541</u>	<u>\$ 4,910</u>

6. The Group's total cash outflow of lease on January 1 to March 31, 2023 and 2022 were NTD 18,309 and NTD 17,489, respectively.

(IX) Lease transactions – Lessor

1. The underlying assets leased by the Group are 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 17,736 and NTD 18,611 of rent revenue based on the operating lease contract on January 1 to March 31, 2023 and 2022, 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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Not more than 1 year	\$ 17,219	\$ 33,496	\$ 22,792
More than 1 year but less than 5 years	-	-	1,570
Total	<u>\$ 17,219</u>	<u>\$ 33,496</u>	<u>\$ 24,362</u>

(X) Others non-current assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Tax Overpaid Retained for Offsetting the Future Tax Payable	\$ 163,386	\$ 163,386	\$ 162,665
Net defined benefit asset	45,227	45,227	39,461
Deposits received	42,846	3,287	3,107
Others	263	259	-
Total	<u>\$ 251,722</u>	<u>\$ 212,159</u>	<u>\$ 205,233</u>

(XI) Short-term loans

<u>Nature of loan</u>	<u>March 31, 2023</u>	<u>Interest rate interval</u>	<u>Collateral</u>
Bank loans			
Credit loans	<u>\$ 211,012</u>	5.5% ~5.6%	None
<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>March 31, 2022</u>	<u>Interest rate interval</u>	<u>Collateral</u>
Bank loans			
Credit loans	<u>\$ 572,812</u>	0.85% ~1.184%	None

(XII) Financial Liability at FVTPL

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,647	\$ -	\$ -
Cross currency swap contracts			

1.Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	January1 to March 31, 2023	January1 to March 31, 2022
Financial assets mandatorily measured at fair value through profit or loss	(\$ 2,647)	\$ -
Cross currency swap contracts		

2.The non-hedging derivative instruments transaction and contract information are as follows:

	March 31, 2023	
	Contract amount (nominal principal amount) (in thousands of dollars)	Contract period
<u>Financial liabilities</u>		
Foreign exchange forward contracts	TWD(BUY) 153,710	112.1.3~112.4.5
	TWD(BUY) 181,200	112.2.14~112.8.16
	USD(SELL) 5,000	112.1.3~112.4.5
	USD(SELL) 6,000	112.2.14~112.8.16

Cross currency swap contracts

The cross currency swap contracts signed by the Company are to fulfill capital movement. For exchange rate, principals denominated in two currencies are exchanged at the same exchange rate at the initial and final exchanges. Thus, there is no foreign exchange risk. For interest rate, the fixed rate between two currencies is used to exchange. Thus, there is no interest rate risk.

3.Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(3).

(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 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 Group contributed to the defined benefit pension plans by the amount of \$0 for the three months ended March 31, 2023 and 2022, respectively.
  - (3) Expected contributions to the defined benefit pension plans of the Company for year 2023 are \$0.
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% on January 1 to March 31, 2023 and 2022. 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 3,291 and NTD 6,180 on January 1 to March 31, 2023 and 2022, respectively.

(XIV) Share-based payment

1, The Group's share-based payment arrangements are as follows :

Type of arrangement	Grant date	Quantity granted	Contractual period	Vesting conditions
Plan of restricted stocks to employees	September 13, 2022	1,110 thousand shares	3 years	Description (1)and(2)
Plan of restricted stocks to employees	November 08, 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	1,610	-
Current issue	-	-
employee restricted shares, March 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 08, 2022	23.05	-	-	3 years	-	-	23.05

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

	For the nine-month periods ended September 30	
	January1 to March 31, 2023	January1 to March 31, 2022
equity settlement	\$ 7,230	\$ -

#### (XV) Liability reserve

	Warranty	
	2023	2022
Balance, January 1	\$ 18,511	\$ 14,468
Increase in liability reserve in current period	1,755	1,936
Used liability reserve in current period	( 3,852)	( 2,256)
Unused amounts reversed	-	-
Balance, March 31	\$ 16,414	\$ 14,148

The analysis of liability reserve is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ 8,930	\$ 9,367	\$ 5,217
Non-current	\$ 7,484	\$ 9,144	\$ 8,931

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 2024 and 2025are NTD 8,930

and NTD 7,484 respectively.

(XVI) Capital stock

1.As of March 31, 2023, the Company’s authorized capital was NTD 500,000,000 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.

	2023	2022
January 1(March 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 6(14)).The base date for the issuance of new shares was on September 13, 2022 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.

	2023				
	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(March 31)	\$ 484,632	\$ 37,140	\$ 41,310	\$ 8,968	\$ 572,050
	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
Changes in equity of associates and joint ventures recognized in proportion to its shareholding	-	20,459	-	-	20,459
March 31	\$ 484,632	\$ 57,599	\$ 41,310	\$ 8,968	\$ 592,509

(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.
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 now in the growth stage and will develop and expand in line with our business. The distribution of earnings shall consider the Company’s capital expense budget and needs in the future and the board of directors shall propose a motion for the distribution and submit to the shareholders’ meeting for approval before distribution. However, the dividends for the shareholders in the dividends distributed in current year shall not exceed two-thirds of the distributed 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 credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equities is reversed, the reversed amount may be included into the allocable earnings.
6. The appropriations of 2021 earnings had been resolved at the shareholders meeting on June 24,2022,respectively.Details are summarized as follows:

	2021	
	Amount	Dividends per share (NTD)
Allocated legal reserve	\$ 4,215	
(reversed)Allocated special reserve	( 65,738)	
Distributed cash dividends for shareholders	16,430	0.05
Total	(\$ 45,093)	

7. On May 5, 2023, The board of directors during their meeting resolved not to distribute dividends from



(XIX) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Unearned compensation	Total
January 1, 2023	(\$ 82,472)	(\$ 79,920)	(\$ 37,041)	(\$ 199,433)
Valuation adjustment	1,984	-	-	1,984
Valuation adjustment – Affiliated companies	2,081	-	-	2,081
Currency translation differences:				
- Group	-	24,903	-	24,903
- Group’s tax	-	( 4,981)	-	( 4,981)
- Affiliated companies	-	240	-	240
Compensation cost of share-based payments	-	-	7,230	7,230
March 31, 2023	<u>(\$ 78,407)</u>	<u>(\$ 59,758)</u>	<u>(\$ 29,811)</u>	<u>(\$ 167,976)</u>

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
January 1, 2022	(\$ 3,186)	(\$ 118,968)	(\$ 122,154)
Valuation adjustment	( 33,054)	-	( 33,054)
Tax of valuation adjustment	435	-	435
Valuation adjustment transferred to retained earnings	( 1,856)	-	( 1,856)
Valuation adjustment – Affiliated companies	1,722	-	1,722
Valuation adjustment transferred to retained earnings – Affiliated companies	-	-	-
Currency translation differences:			
- Group	-	23,685	23,685
- Group’s tax	-	( 4,737)	( 4,737)
- Affiliated companies	-	9,708	9,708
March 31, 2022	<u>(\$ 35,939)</u>	<u>(\$ 90,312)</u>	<u>(\$ 126,251)</u>

(XX) Operating revenue

	January 1 to March 31, 2023	January 1 to March 31, 2022
Revenue from customer contracts	<u>\$ 862,064</u>	<u>\$ 780,139</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:

January 1 to March 31, 2023	<u>Europe</u> Communication product	<u>America</u> Communication product	<u>Asia</u> Communication product	<u>Australia</u> Communication product	Other departments	Total
Revenue from external customer	<u>\$ 308,730</u>	<u>\$ 448,258</u>	<u>\$ 43,631</u>	<u>\$ 40,990</u>	<u>\$ 20,455</u>	<u>\$ 862,064</u>

contracts

January 1 to March 31, 2022	<u>Europe</u> Communication product	<u>America</u> Communication product	<u>Asia</u> Communication product	<u>Australia</u> Communication product	Other departments	<u>Total</u>
Revenue from external customer contracts	<u>\$ 141,309</u>	<u>\$ 466,752</u>	<u>\$ 84,535</u>	<u>\$ 17,847</u>	<u>\$ 69,696</u>	<u>\$ 780,139</u>

## 2. Contract liabilities

- (1) The Group's balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on March 31, 2023, January 1, 2023, March 31, 2022 and January 1, 2022 were NTD 93,710, NTD 57,990, NTD 44,544 and NTD 34,060 respectively.
- (2) Contract liabilities at the beginning recognized in the revenue in current period

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance of the contract liabilities at the beginning recognized in the revenue in current period	\$ 21,859	\$ 5,328
 (XXI) <u>Interest revenue</u>		
	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank deposit interest	\$ 6,081	\$ 4,531
 (XXII) <u>Other revenue</u>		
	January 1 to March 31, 2023	January 1 to March 31, 2022
Rental revenue	\$ 17,736	\$ 18,611
Other income, others	4,889	852
Total	\$ 22,625	\$ 19,463
 (XXIII) <u>Other gains and losses</u>		
	January 1 to March 31, 2023	January 1 to March 31, 2022
Gains on disposal of property, plant and equipment	\$ 258	\$ 615
Net currency exchange losses	( 29,897)	19,876
Net Gain or loss on financial assets (liabilities) at fair value through profit or loss	( 2,647)	-
Miscellaneous expenses – depreciation expenses	( 5,133)	( 5,371)
Miscellaneous expenses – interest expenses	( 541)	( 590)
Miscellaneous expenses	( 1,377)	( 1,231)
	(\$ 39,297)	\$ 13,299
 (XXIV) <u>Financial Costs</u>		
	January 1 to March 31, 2023	January 1 to March 31, 2022
Interest expenses:		
Bank loans	\$ 4,666	\$ 1,581
Lease liabilities	3,880	4,203
	\$ 8,546	\$ 5,784

(XXV) Additional Information on the Nature of Expense

	January 1 to March 31, 2023	January 1 to March 31, 2022
Employee benefit expenses	\$ 132,442	\$ 85,196
Property, plant and equipment Depreciation expenses	26,171	16,148
Depreciation expenses of right-of-use assets	6,170	11,974
Amortization expense of intangible assets	1,029	-
	<u>\$ 165,812</u>	<u>\$ 113,318</u>

(XXVI) Employee benefit expenses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Salary expenses	\$ 112,794	\$ 65,482
Expenses for labor and health insurance	11,251	8,950
Pension expenses	3,291	6,180
Other employment expenses	5,106	4,584
	<u>\$ 132,442</u>	<u>\$ 85,196</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 were not estimated due to the loss from January 1, to March 31, 2023 and 2022.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements

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.

(XXVII) Income Tax

1. Income tax (benefits) expenses
  - (1) Income tax (benefits) expense consisting of:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Income tax in the current period:		
Income tax generated from the current income	\$ 437	\$ 491
Overestimated income tax in previous year	-	( 8,011)
Total income tax in the current period	<u>437</u>	<u>( 7,520)</u>
Deferred income tax:		
Initial occurrence and reversal of temporary difference	( 20,753)	1,212
Total deferred income tax	<u>( 20,753)</u>	<u>1,212</u>
Income tax benefits	<u>(\$ 20,316)</u>	<u>(\$ 6,308)</u>

(2) Income tax related to other comprehensive income:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Changes in fair value of financial assets changed by fair value through other comprehensive income	\$ -	\$ 435
Exchange differences on the translation of the foreign operation	( 4,981)	( 4,737)
	<u>(\$ 4,981)</u>	<u>(\$ 4,302)</u>

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

(XXVIII) Loss per share

	January 1 to March 31, 2023		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
<u>Basic loss per share:</u>			
Net loss attributable to the parent company's common stock shareholders	(\$ 122,855)	328,605	(\$ 0.37)
	January 1 to March 31, 2022		
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
<u>Basic loss per share:</u>			
Net loss attributable to the parent company's common stock shareholders	(\$ 94,764)	328,605	(\$ 0.29)
<u>Diluted loss per share</u>			
Net loss attributable to the parent company's common stock shareholders	(\$ 94,764)	328,605	

Impacts of dilutive potential common shares on employee remuneration	-	-	-
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	(\$ 94,764)	328,605	(\$ 0.29)

(XXIX) Supplementary information on cash flow

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Exchange difference in the financial statement translation of the foreign operation	\$ 20,162	\$ 28,656
Unrealized gain (losses) of financial assets measured at fair value through other comprehensive income	\$ 4,065	(\$ 30,897)

(XXX) Changes in liabilities from financing activities

	Lease liabilities	
	2023	2022
January 1	\$ 543,588	\$ 584,367
Changes in cash flow from financing activities	( 13,768)	( 12,579)
Impact of changes in exchange rate	6,724	6,109
March 31	\$ 536,544	\$ 577,897

Besides lease liabilities, the Group's changes in liabilities from financing activities on January 1 to March 31, 2023 and 2022 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

<u>Name of the related party</u>	<u>Relationship with the Group</u>
TSE-TSAN CHEN	Key management of the Group(Note)
GWONG-YIH LEE	Key management of the Group(Note)
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 Group was changed from TSE-TSAN CHEN to GWONG-YIH LEE On April 6, 2022.

### (II) Significant transactions with the related party

#### 1. Operating revenue

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Sale of goods:		
Groups that have significant impact on the Group		
-Belkin	\$ 70,022	\$ 182,347
-Cloud Network	279,698	118,692
- Others	61	139
Affiliated companies	-	-
Total	<u>\$ 349,781</u>	<u>\$ 301,178</u>

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

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Purchase of commodities:		
Affiliated companies	\$ 41,017	\$ 942
Groups that have significant impact on the Group	32,918	39,397
Other related parties	4,799	5,708
Total	<u>\$ 78,734</u>	<u>\$ 46,047</u>

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 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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable – the related party			
Groups that have significant impact on the Group			
-Belkin	\$ 78,671	\$ 69,683	\$ 166,181
-Cloud Network	225,842	581,506	110,442
-Mega Well	-	-	4,383
-Others	-	1,780	147
Affiliated companies	-	-	-
Total	<u>\$ 304,513</u>	<u>\$ 652,969</u>	<u>\$ 281,153</u>

### 4. Other accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other receivables – the related party			
Groups that have significant impact on the Group			
- Hon Hai and its subsidiaries	\$ 896	\$ 1,954	\$ 1,594
Affiliated companies			
- Microelectronics Technology and its subsidiaries	2,655	37,457	2,556
Total	<u>\$ 3,551</u>	<u>\$ 39,411</u>	<u>\$ 4,150</u>

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

### 5. Accounts payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable – the related party			
Groups that have significant impact on the Group			
- FUHONG PRECISION	\$ 10	\$ 1,996	\$ 5,940
- Foxconn Interconnect Technology Limited	1,510	3,338	11,462
- Others	1,285	777	7,803
Affiliated companies			
- Microelectronics Technology and its subsidiaries	25,957	8,949	1,314
Other related parties			
- Pan-International Industrial Corp.	2,136	5,048	3,874
- Garuda Technology Co., Ltd. and its subsidiaries	135	-	5,982
-Others	2,663	2,689	1,302
Total	<u>\$ 33,696</u>	<u>\$ 22,797</u>	<u>\$ 37,677</u>



## 6. Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other payables – the related party			
Groups that have significant impact on the Group			
-Belkin	\$ 4,426	\$ -	\$ 3,058
- Hon Hai and its subsidiaries	2,534	2,543	4,257
-JUSDA	4,429	13,707	7,103
- Shenzhen Fertile Plan	956	1,159	848
Affiliated companies	177	218	139
Other related parties	204	380	383
Total	<u>\$ 12,726</u>	<u>\$ 18,007</u>	<u>\$ 15,788</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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796</u>

B. Interest expenses:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Other related parties	<u>\$ -</u>	<u>\$ 5</u>

## 8. Processing expenses

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Groups that have significant impact on the Group	<u>\$ 960</u>	<u>\$ 1,766</u>

## 9. Labor service fee

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2021</u>
Groups that have significant impact on the Group	<u>\$ 535</u>	<u>\$ 131</u>

## 10. Property transaction

(1) Acquisition of property, plant, and equipment

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Groups that have significant impact on the Group		
- Hon Hai and its subsidiaries	\$ -	\$ 659
Other related parties		
-FOXCONN Technology Co., Ltd.	-	-
Total	<u>\$ -</u>	<u>\$ 659</u>

(2) Disposal of property, plant, and equipment

	March 31, 2023		December 31, 2022	
	Proceeds from Disposal	Gain(Loss) on Disposal	Proceeds from Disposal	Gain(Loss) on Disposal
Groups that have significant impact on the Group				
- Hon Hai and its subsidiaries	\$ 1,492	\$ 954	\$ 341	\$ 341

11. Freight costs

	January 1 to March 31, 2023	January 1 to March 31, 2022
Groups that have significant impact on the Group	\$ 3,802	\$ 7,699

12. Rental revenue

	January 1 to March 31, 2023	January 1 to March 31, 2022
Affiliated companies		
-Microelectronics Technology and its subsidiaries	\$ 16,503	\$ 15,691
Groups that have significant impact on the Group		
-Hon Hai and its subsidiaries	1,089	2,452
Total	\$ 17,592	\$ 18,143

The Group leased property, plant and equipment to the related party on January 1 to March 31, 2023 and 2022. 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

	March 31, 2023	December 31, 2022	March 31, 2022
Affiliated companies			
-Microelectronics Technology and its subsidiaries	\$ 5,765	\$ 5,765	\$ 5,765
Groups with significant impact on the Company			
- Hon Hai and its subsidiaries	263	349	-
	6,028	6,114	5,765

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 Group on January 1 to March 31, 2023 and 2022.

..

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Short-term employee benefits	\$ 10,496	\$ 2,085
Benefits after severance/retirement	101	101
Total	<u>\$ 10,625</u>	<u>\$ 2,186</u>

VIII. Pledged Assets

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

Asset item	Book value			Purpose of collateral
	March31, 2023	December 31, 2022	March31, 2022	
Time deposit (listed financial assets measured at amortized cost)	22,504	22,945	21,086	Guarantee deposits of superficies, guarantees for customs duties
Total	<u>\$ 22,504</u>	<u>\$ 22,945</u>	<u>\$ 21,086</u>	

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

On March 15, 2012, the Group authorized the chairman to establish a new subsidiary in Vietnam with the approval of the board of directors

The establishment of the company and the acquisition of land use rights, followed by the establishment of a subsidiary on March 21, 2012

In the name of CyberTAN (B.V.I), on behalf of a subsidiary that has not yet been established, it signed a contract to acquire Vietnam's Bac Giang Province and Phu Gong

The land use right contract of the industrial area, the use period starts from the acquisition of the land use right certificate to May 155 of the Republic of China

On the 20th, the total contract price was about NT\$163,860 (VND110,716,129).

Monthly related taxes and management fees are borne by the Group, as of March 31, 2012, the Group

A performance bond of NT\$38,063 (US\$1,250) has been paid.

X. Losses Due to Major Disasters

None.

## XI. Significant Subsequent Events

On May 5, 2012, the company repurchased the company's shares from the centralized trading market through the resolution of the board of directors

Transferred to employees, the number of shares to be repurchased is expected to be 800,000 shares, and the planned repurchase price range is 16.2 yuan to 34 yuan

## 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

	<u>March31, 2023</u>	<u>December 31, 2022</u>	<u>March31, 2022</u>
Financial assets			
Equity instrument investment specified by financial assets measured at fair value through other comprehensive income	\$ 19,855	\$ 18,235	\$ 38,309
Financial assets measured at amortized cost	<u>3,323,644</u>	<u>3,960,282</u>	<u>4,613,774</u>
	<u>\$ 3,343,499</u>	<u>\$ 3,978,517</u>	<u>\$ 4,202,083</u>
Financial liabilities			
Financial liabilities measured at amortized cost	\$ 1,463,607	\$ 1,729,644	\$ 1,640,757
Net Gain or loss on financial assets (liabilities) at fair value through profit or loss	2,647	-	-
Lease liabilities	<u>536,544</u>	<u>543,588</u>	<u>577,897</u>
	<u>\$ 2,002,798</u>	<u>\$ 2,273,232</u>	<u>\$ 2,218,654</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:

		March 31, 2023					
		Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Sensitivity analysis		
					Range of change	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: functional currency)	functional						
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD : NTD	\$ 4,4035	30.450	\$ 1,340,866	2%	\$ 21,454	\$ -
	RMB : NTD	2,149	4.431	9,522	2%	152	-
	USD : RMB	124	6.858	3,776	2%	60	-
	USD : VND	1,899	20,300	57,825	2%	925	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
	USD : NTD	32,837	30.450	999,887	2%	15,998	-
		December 31, 2022					
		Foreign currency	Exchange rate	Book amount	Sensitivity analysis		
					Range of change	Impact on profit	Impact on other

		(thousand dollars)		(NTD)		or loss	comprehensive income
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	\$	71,481	30,710	\$ 2,195,182	2%	\$ 35,123	\$ -
RMB : NTD		2,149	4,408	9,473	2%	152	-
USD : RMB		824	6,957	25,271	2%	404	-
USD : VND		917	23,898.833	26,408	2%	423	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD		91,507	30,710	2,810,180	2%	44,963	-
March 31, 2022							
Sensitivity analysis							
(Foreign currency: functional currency)		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>							
USD : NTD	\$	35,833	28.625	\$ 1,025,720	1%	\$ 8,206	\$ -
RMB : NTD		2,150	4.506	9,688	1%	78	-
USD : RMB		11,661	6.353	333,794	1%	2,670	-
USD : VND		1,040	23,178.138	29,047	1%	232	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD		30,781	28.625	881,106	1%	15,994	-

- 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 (29,897) and NTD 19,876 on January 1 to March 31, 2023 and 2022, 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 on January 1 to March 31, 2023 and 2022, will increase or decrease by NTD 199 and NTD 383 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 and fair value through profit or loss.
- 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 March 31, 2023, December 31, 2022 and

March 31, 2022, are as follows:

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue 181 – 365 days	Overdue more than 365 days	Total
<u>March 31, 2023</u>						
Expected loss ratio	1.23%	2.88%	2.94%	3.06%	100.00%	
Total book value	\$1,006,381	\$ 17,721	\$ -	\$ -	\$ -	\$1,024,102
Allowance loss	12,777	510	-	-	-	13,287
	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 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
	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 days	Overdue more than 365 days	Total
<u>March 31, 2022</u>						
Expected loss ratio	0.66%	3.16%	8.20%	20.35%	100.00%	
Total book value	\$830,040	\$ 6,031	\$ -	\$ -	\$ -	\$836,071
Allowance loss	8,004	191	-	-	-	8,195

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

	March 31, 2023	December 31, 2022	March 31, 2022
	Accounts receivable	Accounts receivable	Accounts receivable
Undue	\$ 1,006,381	\$ 1,994,497	\$ 830,040
Within 90 days	17,721	331	6,031
91 – 180 days	-	2,257	-
181 – 365 days	-	-	-
365 days and above	-	-	-
	<u>\$ 1,024,102</u>	<u>\$ 1,997,085</u>	<u>\$ 836,071</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:

	2023
	Accounts receivable (including the related party)
January 1	\$ 19,642
Reversal of impairment loss	( 6,355)
March 31	<u>\$ 13,287</u>
	2022
	Accounts receivable (including the related party)
January 1	\$ 7,356
Impairment loss recognized	839
March 31	<u>\$ 8,195</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.

<u>Non-derivative financial liabilities</u>				
March 31, 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	\$ 6,028	\$ -	\$ -	\$ 456
Lease liabilities	65,156	63,447	161,311	236,786
	<u>\$ 71,184</u>	<u>\$ 63,447</u>	<u>\$ 161,311</u>	<u>\$ 237,242</u>
<u>Non-derivative financial liabilities</u>				
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>
<u>Non-derivative financial liabilities</u>				
March 31, 2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	\$ 6,484	\$ 262	\$ -	\$ 456
Lease liabilities	65,410	61,428	199,503	322,046
	<u>\$ 71,894</u>	<u>\$ 61,690</u>	<u>\$ 199,503</u>	<u>\$ 322,502</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: Inputs for the asset or liability that are not based on.

2. 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

March 31, 2023	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	\$ -	\$ -	\$ 19,855	\$ 19,855
<u>Recurring fair value liabilities</u>				
Net Gain or loss on financial assets (liabilities) at fair value through profit or loss	\$ -	(\$ 2,647)	\$ -	(\$ 2,647)
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
March 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	\$ -	\$ -	\$ 38,309	\$ 38,309

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
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- (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 on January 1 to March 31, 2023 and

2022.

5. The following statement is the changes in level 3 on January 1 to March 31, 2023 and 2022:

	Equity Instruments	
	2023	2022
January 1	\$ 18,235	\$ 69,721
Profit or loss recognized under other comprehensive income	1,984 (	32,735)
Foreign exchange rate effect	( 364)	1,323
March 31	<u>\$ 19,855</u>	<u>\$ 38,309</u>

6. There was no transfer-in and transfer-out from level 3 on January 1 to March 31, 2023 and 2022.
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 unobservable major input and sensitivity analysis for the changes in unobservable major input are as follows:

	Fair value on March 31, 2023	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	<u>\$ 19,855</u>	Net asset value method	N/A	N/A
	Fair value on December 31, 2022	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	<u>\$ 18,235</u>	Net asset value method	N/A	N/A
	Fair value on March 31, 2022	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	<u>\$ 38,309</u>	Net asset value method	N/A	N/A

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### 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: 6(12).
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 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.

CyberTAN Technology Inc.  
 Securities – Ending (Excluding Those Controlled by Invested Subsidiaries, Affiliated Companies and Joint Ventures)  
 March 31, 2023

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				Remarks (Note 4)
				Number of shares	Book amount (Note 3)	Shareholding ratio	Fair value	
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	19,855	2.71%	19,855	-
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 March 31, 2023

Attachment II

Unit: NTD thousand  
(Unless otherwise specified)

Purchaser/seller	Counterparty	Relationship	Transaction			Trading conditions different from those of regular transactions and reasons thereof		Notes/accounts receivable (payable)		Remarks (Note 2)	
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance		Percentage in total notes/accounts receivable (payable)
CyberTAN Technology Inc.	HON YAO FU Technology Company Limited	Subsidiary of the Company	Purchase	746,1017	66.32%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	-	0.00%	-
"	Cloud Network Technology Singapore Pte. Ltd.	Hon Hai and its subsidiaries	Sale		32.45%	Collection term: Net 75 days	-	Payment term for regular customers: O/A 60 days		22.34%	-

- 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 March 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.	Hon Hai and its subsidiaries	\$ 255,842	0.69%	\$ -	-	\$ 168,890	\$ 2,778
//	HON YAO FU Technology Company Limited	Subsidiary of the Company	\$		\$ -	-	\$	\$ -

(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 March 31, 2022

Attachment IV

							Unit: NTD thousand (Unless otherwise specified)
No. (Note 1)	Trader	Counterparty	Relationship with trader (Note 2)	Title	Amount	Transaction	
						Trading conditions	Percentage in total consolidated operating revenue or assets (Note 3)
0	CyberTAN Technology Inc.	HON YAO FU Technology Company Limited	1	Purchase	746,101	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	86.55%
"	"	"	1	Other receivables	1,000,467	Collection term: O/A 60 days; collection term for general customers: O/A 60 days.	13.91%
1	Fuhongkang Technology (Shenzhen) Co., Ltd.	CyberTAN Corp. (U.S.A)	3	Other receivables	28,188	Collection term: O/A 90 days; collection term for general customers: O/A 30–90 days.	0.39%

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 March 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%	\$	(\$	(\$	-
"	Ta Tang Investment Co., Ltd.	Taiwan	General investment business	100,000	100,000	10,000,000	100.00%				-
"	CyberTAN Technology Corp. (B.V.I)	British Virgin Islands	General investment business	704,190	704,190	22,043,717	100.00%	( 57,257)	( 57,743)		-
"	Microelectronics Technology, Inc.	Taiwan	Design, manufacturing and sale of terrestrial microwave communication products	1,591,894	1,591,894	54,070,749	22.72%	( 62,820)	( 14,084)		-
"	Mega Power Ventures Inc.	Taiwan	General investment business	14,000	14,000	1,400,000	25.00%			( 60)	-
CyberTAN (B.V.I) Investment Corp.	CyberTAN Technology (HONGKONG) Limited	Hong Kong	General investment business	211,072	211,072	-	100.00%	( 8,258)	( 8,258)		-
"	HON YAO FU Technology Company Limited	Vietnam	Development, manufacturing and sale of high-end routers	277,119	277,119	-	100.00%	( 49,062)	( 50,661)		-

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 March 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	(\$ 8,258)	100%	(\$ 8,258)	\$ -	\$ -	-
Chongqing Hongdaofu Technology Co., Ltd.	Development, manufacturing and sale of high-end routers	257,298	(3)				-	( 8,726)	100%	( 8,741)		-	-

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 (ShCo., Ltd..)	\$212,868 (USD6,344)	\$217,521 (USD6,500)	\$ 2,984,081

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 March 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				Others
	Amount	%	Amount	%	Balance	%	Balance at ending of period	Purpose	Maximum balance	Balance at ending of period	Range of interest rates	Current interest	
Fuhongkang Technology (Shenzhen) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Other payables \$28,188