OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2022 AND 2021

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.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Opnet Technologies Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Opnet Technologies Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

OPNET TECHNOLOGIES CO., LTD.

By

Chairman

March 17, 2023

REPORT OF INDEPENDENT ACCOUNTANTS

To Opnet Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Opnet Technologies Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the independent auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Accuracy of revenue recognition timing

Description

Refer to Note 4 (25) for accounting policies on revenue recognition and Note 6 (16) for details of operating revenue. The Group is primarily engaged in the R&D, manufacturing, and sales of access network equipment, transmission equipment and broadband equipment under its own brand in domestic and overseas markets. Its business mode is mainly based on bidding for projects.

The main revenue for the Group is from bidding for projects. As customers need to perform compatibility testing with related connected equipment after the products were delivered, some bidding projects have acceptance criteria. Due to the acceptance schedule would be affected by construction progress, revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the control of goods ownerships and fulfill of the obligations of contract are subject to many manual processes and the result could affect sales revenue significantly in the consolidated financial statement. Thus, the accuracy of revenue recognition timing on bidding project has been identified a key audit matter.

How our audit addressed the matter:

In relation to the key audit matter above, we performed following audit procedures:

1. Understand, evaluate and test the effectiveness of the design and implementation of internal control procedures for revenue recognition.
2. Obtain the sales revenue statement of the bidding projects, verify the completeness of the statement, and we also sampling and inspecting on the obtained document of customer acceptance and the transfer of product control for revenue recognition.
3. Perform cut-off tests for certain period before and after the balance sheet date, confirm revenue recognition in the appropriate period.

Allowance for inventory evaluation losses

Description

Refer to Note 4 (13) for accounting policies on inventories evaluation, Note 5 (2) for the uncertainty of accounting estimates and assumptions for inventory evaluation losses, and Note 6 (5) for the details of inventories. As of December 31, 2022, the Group's inventories and allowance for inventory valuation losses amounted to NT$228,375 thousand and NT$14,941 thousand, respectively.

The Group is primarily engaged in manufactures and sales of access network equipment, transmission equipment and broadband equipment. Inventories are stated at the lower of cost and net realizable value and an allowance for inventory evaluation losses is provided for those inventories exceeded specific age and those individually identified as obsolete or damaged. As the amount of inventories is significant, the vary types of inventories, and the estimation of net realizable value for individually obsolete or damaged inventories are subject to management's judgement which existed uncertainty, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter:

We confirmed that the provision policy for inventory evaluation loss during the financial reporting period was consistently adopted and the provision policy was reasonable. For the statement of obsolete or damaged inventories that was identified by the management, we performed following audit procedures:

1. Verified the accuracy of system logic that generates the inventory aging report to ensure proper classification of inventories aged.
2. Evaluated the reasonableness and related supporting documents of inventories individually identified as obsolete or damaged by management.
3. Discussed with management and obtained supporting documents on the evaluation report of net realizable value for inventory that was identified as obsolete or damaged.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Opnet Technologies Co., Ltd. as of and for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan
March 17, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 261,911	30	$ 122,263	14
1136	Financial assets at amortized cost - current	6(3) and 8	181,780	21	277,238	33
1140	Current contract assets	6(16)	42	-	762	-
1170	Accounts receivable, net	6(4)	105,655	12	150,401	18
1200	Other receivables		469	-	25	-
1220	Current tax assets		233	-	115	-
130X	Inventories, net	6(5)	213,434	24	247,685	29
1410	Prepayments		17,437	2	18,913	2
1470	Other current assets		149	-	145	-
11XX	**Current Assets**		781,110	89	817,547	96
	Non-current assets					
1535	Financial assets at amortized cost - non-current	6(3) and 8	60,134	7	19,137	2
1600	Property, plant and equipment, net	6(6)	2,935	-	3,214	-
1755	Right-of-use assets	6(7)	16,525	2	2,912	-
1780	Intangible assets, net		326	-	143	-
1840	Deferred income tax assets	6(23)	7,218	1	6,360	1
1920	Refundable deposits		4,545	1	3,857	1
15XX	**Non-current assets**		91,683	11	35,623	4
1XXX	**Total assets**		$ 872,793	100	$ 853,170	100

(Continued)

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2022		December 31, 2021	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2130	Contract liabilities-current	6(16)	$ 10,295	1	$ 9,885	1
2170	Accounts payable		85,088	10	76,484	9
2200	Other payables	6(8)	31,565	4	37,480	5
2230	Current income tax liabilities		6,441	1	911	-
2250	Provisions for liabilities-current	6(10)	12,887	1	-	-
2280	Lease liabilities-current		8,678	1	1,552	-
2300	Other current liabilities		751	-	675	-
21XX	**Current Liabilities**		155,705	18	126,987	15
	Non-current liabilities					
2550	Provisions for liabilities-non-current	6(10)	10,392	1	6,655	1
2570	Deferred income tax liabilities	6(23)	2,140	-	-	-
2580	Lease liabilities-non-current		8,055	1	1,327	-
2600	Other non-current liabilities	6(9)	658	-	658	-
25XX	**Non-current liabilities**		21,245	2	8,640	1
2XXX	**Total Liabilities**		176,950	20	135,627	16
	Equity attributable to owners of parent company					
	Share capital	6(12)				
3110	Share capital-common stock		628,737	72	628,737	74
	Capital surplus	6(13)				
3200	Capital surplus		472	-	79	-
	Retained earnings	6(14)				
3310	Legal reserve		11,640	1	3,660	-
3320	Special reserve		9,570	1	9,570	1
3350	Unappropriated retained earnings		60,441	7	90,514	11
	Other equity interest	6(15)				
3400	Other equity interest		(9,570)	(1)	(9,570)	(1)
3500	Treasury share	6(12)	(5,447)	-	(5,447)	(1)
31XX	**Equity attributable to owners of the parent company**		695,843	80	717,543	84
3XXX	**Total equity**		695,843	80	717,543	84
	Contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 872,793	100	$ 853,170	100

The accompanying notes are an integral part of these consolidated financial statements.

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Years ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	$ 481,536	100	$ 526,274	100
5000	Operating costs	6(5)(21)(22)	(338,272)	(70)	(325,510)	(62)
5900	Net operating margin		143,264	30	200,764	38
	Operating expenses	6(21)(22)				
6100	Selling expenses		(20,045)	(4)	(19,709)	(3)
6200	General and administrative expenses		(31,225)	(7)	(31,406)	(6)
6300	Research and development expenses		(60,869)	(13)	(62,253)	(12)
6450	Expected credit impairment loss (gain)	12(2)	-	-	(4,088)	(1)
6000	Total operating expenses		(112,139)	(24)	(117,456)	(22)
6900	Operating profit		31,125	6	83,308	16
	Non-operating income and expenses					
7100	Interest income	6(17)	4,072	1	2,302	-
7010	Other income	6(18)	947	-	10,332	2
7020	Other gains and losses	6(19)	13,447	3	(154)	-
7050	Finance costs	6(20)	(800)	-	(544)	-
7000	Total non-operating income and expenses		17,666	4	11,936	2
7900	Profit before tax		48,791	10	95,244	18
7950	Income tax expense	6(23)	(7,937)	(2)	(15,368)	(3)
8200	Profit for the year		$ 40,854	8	$ 79,876	15
	Items that will not be reclassified subsequently to profit or loss:					
8311	Loss on remeasurements of defined benefit plan	6(9)	($ 73)	-	($ 72)	-
8300	**Other comprehensive (loss) income for the year**		($ 73)	-	($ 72)	-
8500	**Total comprehensive income for the year**		$ 40,781	8	$ 79,804	15
	Profit attributable to:					
8610	Equity holders of the parent company		$ 40,854	8	$ 79,876	15
	Total comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 40,781	8	$ 79,804	15
	Earnings per share					
9750	Basic earnings per share	6(24)	$ 0.65		$ 1.28	
9850	Diluted earnings per share	6(24)	$ 0.65		$ 1.27	

The accompanying notes are an integral part of these consolidated financial statements.

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
				Retained Earnings					
	Notes	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury share	Total equity
For the year ended December 31, 2021									
Balance at January 1, 2021		$ 628,737	$ 79	$ 2,470	$ 9,570	$ 11,900	($ 9,570)	($ 5,447)	$ 637,739
Profit for the year		-	-	-	-	79,876	-	-	79,876
Other comprehensive income for the year	6(9)	-	-	-	-	(72)	-	-	(72)
Total comprehensive income for the year		-	-	-	-	79,804	-	-	79,804
Distribution of 2020 earnings:	6(14)								
Legal reserve		-	-	1,190	-	(1,190)	-	-	-
Balance at December 31, 2021		$ 628,737	$ 79	$ 3,660	$ 9,570	$ 90,514	($ 9,570)	($ 5,447)	$ 717,543
For the year ended December 31, 2022									
Balance at January 1, 2022		$ 628,737	$ 79	$ 3,660	$ 9,570	$ 90,514	($ 9,570)	($ 5,447)	$ 717,543
Profit for the year		-	-	-	-	40,854	-	-	40,854
Other comprehensive income for the year	6(9)	-	-	-	-	(73)	-	-	(73)
Total comprehensive income for the year		-	-	-	-	40,781	-	-	40,781
Distribution of 2021 earnings:	6(14)								
Legal reserve		-	-	7,980	-	(7,980)	-	-	-
Cash dividends		-	-	-	-	(62,874)	-	-	(62,874)
Distribution of dividends to subsidiaries adjusted capital surplus	6(13)	-	393	-	-	-	-	-	393
Balance at December 31, 2022		$ 628,737	$ 472	$ 11,640	$ 9,570	$ 60,441	($ 9,570)	($ 5,447)	$ 695,843

The accompanying notes are an integral part of these consolidated financial statements.

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 48,791	$ 95,244
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(6)(7)(21)	9,800	9,722
Amortization	6(21)	147	184
Expected credit impairment (gain) loss	12(2)	-	4,088
Interest expense	6(20)	800	544
Interest income	6(17)	(4,072)	(2,302)
Onerous contract loss	6(5)(10)	12,388	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets-current		720	123
Accounts receivable		44,746	(82,154)
Other receivables		(11)	(1)
Inventories		34,251	(18,481)
Prepayments		1,476	2,301
Other current assets		(4)	118
Other non-current assets		-	64
Net changes in liabilities relating to operating activities			
Contract liabilities		410	9,859
Accounts payable		8,604	23,554
Other payables		(6,089)	14,375
Provisions for liabilities	6(10)	3,911	-
Other current liabilities		76	(16)
Other non-current liabilities		(23)	5
Net defined benefit liabilities		(50)	(95)
Cash generated from operations		155,871	57,132
Interest received		3,639	2,322
Interest paid		(475)	(218)
Income tax paid		(1,243)	(501)
Income tax refund		-	13
Net cash provided by (used in) operating activities		157,792	58,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(367,240)	(227,639)
Proceeds from disposal of financial assets at amortized cost		421,701	182,109
Acquisition of property, plant and equipment	6(25)	(669)	(1,396)
Acquisition of intangible assets		(330)	-
Refundable deposits paid		(4,574)	(9,460)
Refundable deposits refunded		3,886	12,967
Net cash provided by (used in) investing activities		52,774	(43,419)
CASH FLOWS FROM FINANCING ACTIVITY			
Guarantee deposits paid	6(26)	-	160
Repayment of the principal portion of lease liabilities	6(26)	(8,437)	(8,830)
Cash dividends paid	6(25)	(62,481)	-
Net cash provided by (used in) financing activities		(70,918)	(8,670)
Net increase in cash and cash equivalents		139,648	6,659
Cash and cash equivalents at beginning of year	6(1)	122,263	115,604
Cash and cash equivalents at end of year	6(1)	$ 261,911	$ 122,263

The accompanying notes are an integral part of these consolidated financial statements.

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Opnet Technologies Co., Ltd. (the “Company”) was established in the Republic of China. The Company and its subsidiaries (collectively referred herein as the “Group”) is primarily engaged in the research, development, production, manufacturing, and sales of optical fiber broadband user access network systems, synchronous and asynchronous digital transmission multiplexers, high-speed, asymmetric and symmetric of digital subscriber loop system, broadband modem, router and access system, broadband wireless communication equipment, digital data and voice integrated access equipment, optical fiber communication system and the system planning, construction and after-sales service for the foresaid products and import and export trade business, sales of light-emitting diode lighting devices and related application products and systems.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”）.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership		
Name of Investor	Name of subsidiary	Main Business Activities	December 31, 2022	December 31, 2021	Note
Opnet Technologies Co., Ltd.	CITY INC.	International trade	100	100	
Opnet Technologies Co., Ltd.	Opent System Co.,Ltd.	Design and processing of access network systems, network equipment, and computer peripheral products	100	100	
CITY INC.	Opnet (Thailand) Company Limited	Design and processing of access network systems, network equipment, and computer peripheral products	100	100	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates（the “functional currency”）. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency and the Group’s presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settle within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settle within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.
(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost and including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. The property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	2 ~ 5 years
Test equipment	2 ~ 5 years
Transportation equipment	5 years
Furniture and fixtures	3 ~ 5 years
Leasehold Improvement	3 ~ 8 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following. Fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Other intangible assets, mainly technology transfer fees, are amortized on a straight-line method over the estimated useful lives or the effective period of the contract.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Provisions

Provisions (including warranties, decommissioning, onerous contracts) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

ⅰ. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii . Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(23) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells optical fiber broadband user access network systems and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Group provides installation related services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of delivered report relative to the total number of committed report. The customer pays at the time specified in the payment schedule.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was $213,434.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 246	$ 236
Demand deposits	35,314	49,890
Time deposits	226,351	72,137
Total	$ 261,911	$ 122,263

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others. Pledged time deposits accounted for as financial assets at amortized cost. Please refer to note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Non-Listed and non-OTC stocks	$ 9,570	$ 9,570
Valuation adjustment	(9,570)	(9,570)
Total	$ -	$ -

A. The Group has elected to classify non-listed and non-OTC investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at December 31, 2022 and 2021, the fair value of such investments amounted to $0 and $0, respectively.

B. The Group recognized in profit or loss and comprehensive income in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2022 and 2021were $0 and $0, respectively.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(3) Financial assets at amortized cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time Deposit over 3 months	$ 161,780	$ 277,238
Pledged time deposit	20,000	-
Total	$ 181,780	$ 277,238
Non-current items:		
Time Deposit over 3 months	$ 49,202	$ 13,626
Pledged time deposit	10,932	5,511
Total	$ 60,134	$ 19,137

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	$ 2,751	$ 2,072

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. The Group investment in time deposit with financial institutions with high credit quality, and expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - general customer	$ 114,445	$ 159,191
Less: allowance for bad debts	(8,790)	(8,790)
	$ 105,655	$ 150,401

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 104,605	150,071
Up to 30 days	1,050	319
31 to 90 days	-	6
91 to 180 days	-	5
Over 181 days	8,790	8,790
	$ 114,445	159,191

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, the balance of receivables were all from with contracts with customers, and the balance of receivables from contracts with customer as of January 1, 2021 was $72,335.

C. The Group has no accounts receivable pledged to others as collateral.

D. The Group does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 89,180	($ 6,305)	$ 82,875
Work in progress	31,368	(352)	31,016
Finished goods	107,827	(8,284)	99,543
Total	$ 228,375	($ 14,941)	$ 213,434

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 77,183	($ 6,088)	$ 71,095
Work in progress	36,273	(-)	36,273
Finished goods	160,065	(19,748)	140,317
Total	$ 273,521	($ 25,836)	$ 247,685

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	$ 336,779	$ 336,817
Gain on reversal of decline in market value	(10,895)	(11,307)
Contract loss	12,388	-
	$ 338,272	$ 325,510

As the Group's active destock and disposal on obsolete inventories, the allowance for inventory obsolescence was reversed which caused a decrease of cost of goods sold.

(6) Property, plant and equipment

	Year ended December 31, 2022					
	Machinery and equipment	Test equipment	Transportation Equipment	Office equipment	Lease Improvement	Total
At January 1						
Cost	$ 309	$ 3,062	$ 2,238	$ 850	$ 1,882	$ 8,341
Accumulated depreciation	(178)	(1,414)	(1,922)	(517)	(1,096)	(5,127)
	$ 131	$ 1,648	$ 316	$ 333	$ 786	$ 3,214
Opening net book amount as at January 1	$ 131	$ 1,648	$ 316	$ 333	$ 786	$ 3,214
Additions	195	395	-	253	-	843
Depreciation charge	(103)	(569)	(152)	(120)	(178)	(1,122)
Closing net book amount as at December 31	$ 223	$ 1,474	$ 164	$ 466	$ 608	$ 2,935
At December 31						
Cost	$ 339	$ 3,068	$ 2,238	$ 787	$ 1,781	$ 8,213
Accumulated depreciation	(116)	(1,594)	(2,074)	(321)	(1,173)	(5,278)
	$ 223	$ 1,474	$ 164	$ 466	$ 608	$ 2,935

	Year ended December 31, 2021					
	Machinery and equipment	Test equipment	Transportation Equipment	Office equipment	Lease Improvement	Total
At January 1						
Cost	$ 400	$ 3,151	$ 2,238	$ 747	$ 1,675	$ 8,211
Accumulated depreciation	(223)	(1,787)	(1,770)	(392)	(918)	(5,090)
	$ 177	$ 1,364	$ 468	$ 355	$ 757	$ 3,121
Opening net book amount as at January 1	$ 177	$ 1,364	$ 468	$ 355	$ 757	$ 3,121
Additions	42	856	-	140	207	1,245
Depreciation charge	(88)	(572)	(152)	(162)	(178)	(1,152)
Closing net book amount as at December 31	$ 131	$ 1,648	$ 316	$ 333	$ 786	$ 3,214
At December 31						
Cost	$ 309	$ 3,062	$ 2,238	$ 850	$ 1,882	$ 8,341
Accumulated depreciation	(178)	(1,414)	(1,922)	(517)	(1,096)	(5,127)
	$ 131	$ 1,648	$ 316	$ 333	$ 786	$ 3,214

The Group had no interest capitalization for the years ended December 31, 2022 and 2021, respectively.

(7) Leasing arrangements－lessee

A. The Group leases various assets including buildings, business vehicles. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles. Low-value assets comprise multifunction printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount		Carrying amount	
Buildings	$	15,656	$	1,470
Transportation Equipment (business vehicles)		869		1,442
	$	16,525	$	2,912

	Year ended December 31, 2022		Year ended December 31, 2021	
	Depreciation charge		Depreciation charge	
Buildings	$	8,104	$	8,072
Transportation Equipment (business vehicles)		574		498
	$	8,678	$	8,570

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $22,291 and $1,344, respectively.

E. The information on income and expense accounts relating to lease contracts is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
Items affecting profit or loss				
Interest expense on lease liabilities	$	475	$	218
Expense on short-term lease contracts		25		59
Expense on leases of low-value assets		45		39
Gain on sublease of right-of-use assets		565		565

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $8,982 and $9,146, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Others payables

	December 31, 2022	December 31, 2021
Salaries	$ 10,002	$ 11,608
Employees' bonuses and directors' remuneration payable	7,250	14,052
Payables for vat	3,317	2,619
Insurance expense payable	1,254	1,225
Service fee payable	510	570
Others	9,232	7,406
	$ 31,565	$ 37,480

(9) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 1,165	$ 1,030
Fair value of plan assets	(936)	(778)
Net defined benefit liability	$ 229)	$ 252

(c) Movements in net defined benefit liabilities are as follows:

	Year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 1,030	($ 778)	$ 252
Interest expense (income)	8	(6)	2
	1,038	(784)	254
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(54)	(54)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(112)	-	(112)

Experience adjustments	239	-	239
	127	(54)	73
Pension fund contribution	-	(98)	(98)
Balance at December 31	$ 1,165	($ 936)	$ 229

	Year ended December 31, 2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 946	($ 671)	$ 275
Interest expense (income)	4	(3)	1
	950	(674)	276
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(8)	(8)
Change in demographic assumptions	1	-	1
Change in financial assumptions	(71)	-	(71)
Experience adjustments	150	-	150
	80	(8)	72
Pension fund contribution	-	(96)	(96)
Balance at December 31	$ 1,030	($ 778)	$ 252

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Discount rate	1.4%	0.8%
Future salary increases	2.5%	2.5%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31,2022				
Effect on present value of defined benefit obligation	($ 43)	$ 45	$ 42	($ 40)
December 31,2021				
Effect on present value of defined benefit obligation	($ 41)	$ 43	$ 40	($ 38)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group in the year ended December 31, 2023 amount to $120.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 16 year. The future pensions payment was between 6 to 10 years.

B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $3,465 and $3,369, respectively.

(10) Provisions

	Warranty	Decommissioning liabilities	Onerous contract	Total
At January 1, 2022	$ -	$ 6,655	$ -	$ 6,655
Additional provisions	3,911	-	12,388	16,299
Unwinding of discount	-	325	-	325
At December 31, 2022	$ 3,911	$ 6,980	$ 12,388	$ 23,279

Analysis of total provisions:

	December 31, 2022	December 31, 2022
Current	$ 12,887	$ -
Non-current	$ 10,392	$ 6,655

A. Warranty

The Group provides warranties on products sold. Provision for warranty is estimated based on historical warranty data of products.

B. Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Group has the obligation to dismantle, remove or restore the location of the leased plant. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used from 20.

C. Onerous contract

The Group's provision for onerous contract liabilities is mainly the difference between the Group's estimated future unavoidable costs of performing the contract and the estimated income earned from the contract under the non-cancellable contract. This estimate may change as actual conditions change.

(11) Share-based payment

On March 4, 2022, the board of directors approved to issue of 4,000 thousand shares of employee stock option. This ESOP has been approved by authority on July 29, 2022, but it has not been granted as of March 17, 2023.

(12) Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options, preferred shares with warrants and corporate bonds with warrants issued by the Company), and the paid-in capital was $628,737 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

Unit: shares in thousands

	Year ended December 31, 2022	Year ended December 31, 2021
At January 1/At December 31	62,480	62,480

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (Unit: shares in thousands)

	Year ended December 31, 2022				
Reason for reacquisition	At January 1	Additions	Decrease	At December 31	Carrying amount
Subsidiary CITY INC. holds	393	-	-	393	$ 5,447

	Year ended December 31, 2021				
Reason for reacquisition	At January 1	Additions	Decrease	At December 31	Carrying amount
Subsidiary CITY INC. holds	393	-	-	393	$ 5,447

(b) Subsidiaries hold shares issued by the parent company have no voting rights before it is reissued.

(13) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Year ended December 31, 2022	Year ended December 31, 2021
	Treasury share transactions	Treasury share transactions
At January 1, 2022	$ 79	$ 79
Distribution of cash dividends to subsidiaries adjusted capital surplus	393	-
At December 31, 2022	$ 472	$ 79

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amount to the total paid-in capital, the Company shall not be subject to this requirement. Then, set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings shall be appropriated according to a resolution by the Board of Directors, and proposed to the shareholders' meeting for resolution.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The shareholders resolved total dividends for the distribution of earnings for the year of 2021 and 2020 on May 27, 2022 and August 24, 2021, respectively. Details were as following:

	2021		2020	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	$ 7,980		$ 1,190	
Cash dividends	62,874	$ 1.0	-	
	$ 70,854		$ 1,190	

E. The appropriation of 2022 earnings had been proposed by the Board of Directors on March 17, 2023 and submitted to the shareholders' regular meeting for approval. Details are summarized as follows:

	2022	
	Amount	Earnings per share(In dollars)
Legal reserve	$ 4,078	
Cash dividends	37,724	$ 0.6
	$ 41,802	

(15) Other equity items

	Year ended December 31, 2022	Year ended December 31, 2021
	Unrealized gains (losses) on valuation	Unrealized gains (losses) on valuation
At January 1/At December 31	($ 9,570)	($ 9,570)

(16) Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from Contracts with Customers	$ 481,536	$ 526,274

A. Disaggregation of revenue from contracts with customers

The Group's revenue breakdown is as follows:

Year ended December 31, 2022	Access network and broadband equipment	Transmission equipment	Other (Note)	Total
Total segment revenue	$ 379,660	$ 36,863	$ 67,750	$ 484,273
Inter-segment revenue	(867)	(1,653)	(217)	(2,737)
Revenue from external customer contracts	$ 378,793	$ 35,210	$ 67,533	$ 481,536
Timing of revenue recognition				
At a point in time	$ 374,633	$ 35,210	$ 67,533	$ 477,376
Over time	4,160	-	-	4,160
	$ 378,793	$ 35,210	$ 67,533	$ 481,536

Year ended December 31, 2021	Access network and broadband equipment	Transmission equipment	Other (Note)	Total
Total segment revenue	$ 279,383	$ 66,374	$ 181,386	$ 527,143
Inter-segment revenue	-	(869)	-	(8697)
Revenue from external customer contracts	$ 279,383	$ 65,505	$ 181,386	$ 526,274
Timing of revenue recognition				
At a point in time	$ 278,386	$ 64,857	$ 181,386	$ 524,629
Over time	970	648	-	1,645
	$ 279,383	$ 65,505	$ 181,386	$ 526,274

Note: Mainly revenue from trading of high-end photoelectric conversion imaging equipment, sales of optical fiber network passive components and raw materials.

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets:			
Contract assets- other service revenue	$ 42	$ 762	$ 885

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities- commodity deposit	$ 10,295	$ 9,885	$ 26

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 4,795	$ 2

(17) Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income from bank deposits	$ 1,321	$ 230
Interest income from financial assets measured at amortised cost	2,751	2,072
	$ 4,072	$ 2,302

(18) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Subsidy income (note)	$ 105	$ 8,982
Others income - other	842	1,350
	$ 947	$ 10,332

Note: Government subsidy income included the salary and working capital subsidy of the Ministry of Economic Affairs for the manufacturing and technical service industries that are affected by COVID-19.

(19) Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Net currency exchange gains (loss)	$ 13,447	($ 154)

(20) Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense	$ 800	$ 544

(21) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Change in inventory of finished goods and work in progress	$ 151,334	$ 160,251
Raw materials and supplies used	107,032	99,252
Employee benefit expense	99,457	100,182
Depreciation charges on property, plant and equipment	1,122	1,152
Depreciation of right-of-use assets	8,678	8,570
Amortization charges on intangible assets	147	184
Other expenses	82,641	69,287
Operating costs and operating expenses	$ 450,411	$ 438,878

(22) Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 86,065	$ 87,054
Labour and health insurance fees	6,809	6,518
Pension costs	3,467	3,370
Other personnel expenses	3,116	3,240
	$ 99,457	$ 100,182

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute not less than 3% and not more than 15% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $5,580 and $10,800, respectively; while directors' and supervisors' remuneration was accrued at $1,670 and $3,250, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 10% and 3% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 17, 2022 were in agreement with those amount recognized in the financial statement, and the compensation will be distributed in the form of cash.

The employees' compensation and directors' remuneration for 2021 amounting to $10,800 and $3,250, respectively, as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

C. The company's subsidiary Opent System Co.,Ltd. had an operating loss in 2022, so no employee remuneration was accrued; the estimated amount of employee remuneration for the year ended December 31, 2021 was $2, and the aforementioned amount was recognized in salary expenses.

The amount of Employees' compensation for the year ended December 31, 2021 agreed by the chairman were in agreement with those amounts recognised in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2022	Year ended December 31, 2021
Current tax:		
Current tax on profits for the period	$ 6,120	$ 380
Tax on undistributed surplus earnings	503	531
Prior year income tax (over) underestimation	32	478
Total current tax	6,655	1,389
Deferred tax:		
Origination and reversal of temporary differences	(189)	(1,789)
Effect from taxable loss	1,471	15,768
Total deferred tax	1,282	(13,979)
Income tax expense	$ 7,937	$ 15,368

(b) The income tax (charge)/credit relating to components of other comprehensive income: None.

(c) The income tax charged/(credited) to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022	Year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	$ 9,678	$ 19,469
Expenses disallowed by tax regulation	(511)	394
Tax exempt income by tax regulation	-	(1,776)
Tax on undistributed earnings	503	531
Temporary differences not recognized as deferred tax assets	(2,222)	(2,215)
Prior year income tax underestimation	32	478
Effect from taxable loss	(565)	(1,513)
Tax expenses	$ 7,937	$ 15,368

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2022		
	January 1	Recognized in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Decommissioning liabilities	$ 1,504	$ 75	$ 1,579
Others	3,385	2,254	5,639
Taxable loss	1,471	(1,471)	-
Subtotal	$ 6,360	$ 858	$ 7,218
Deferred tax liabilities:			
-Temporary differences:			
Unrealised exchange gain	$ -	($ 2,140)	($ 2,140)
Total	$ 6,360	($ 1,282)	$ 5,078

	Year ended December 31, 2021		
	January 1	Recognized in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Decommissioning liabilities	$ 1,429	$ 75	$ 1,504
Others	1,671	1,714	3,385
Taxable loss	17,239	(15,768)	1,471
Total	$ 20,339	($ 13,979)	$ 6,360

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
Year ended December 31, 2022	$ 796	$ 796	$ 796	Year ended December 31, 2032

	December 31, 2021			
Year incurred	Amount filed/assessed	Unused amount	Deferred tax assets	Expiry year
Year ended December 31, 2015	$ 31,237	$ 2,868	$ -	Year ended December 31, 2025
Year ended December 31, 2016	4,487	4,487	-	Year ended December 31, 2026
	$ 35,724	$ 7,355	$ -	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
deductible temporary difference	$ 15,014	$ 26,123

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

(24) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 40,854	62,480	$ 0.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 40,854	62,480	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	469	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 40,854	$ 62,949	$ 0.65

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 79,876	62,480	$ 1.28
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 79,876	62,480	
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	527	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 79,876	$ 63,007	$ 1.27

The weighted average number of ordinary shares outstanding had been deducted the weighted average number of treasury shares.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	$ 843	$ 1,245
Add: opening balance of payable on equipment	74	225
Less: ending balance of payable on equipment	(248)	(74)
Cash paid during the year	$ 669	$ 1,396

B. Financing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Declare a cash dividend	$ 62,874	$ -
Distribution of dividends to subsidiaries	(393)	-
Cash paid during the year	$ 62,481	$ -

(26) Changes in liabilities from financing activities

	2022		
	Leases liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1,	$ 2,879	$ 401	$ 3,280
Changes in cash flow from financing activities	(8,437)	-	(8,437)
Interest payments of lease liabilities	(475)	-	(475)
Amortization interest expense of lease liability	475	-	475
Increase in lease liabilities	22,291	-	22,291
At December 31	$ 16,733	$ 401	$ 17,134

	2021		
	Leases liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 10,821	$ 241	$ 11,062
Changes in cash flow from financing activities	(8,830)	160	(8,670)
Interest payments on lease liabilities	(218)	-	(218)
Amortization of lease liability interest expense	218	-	218
Increase in lease liabilities	1,344	-	1,344
Decrease in lease liability	(456)	-	(456)
At December 31	$ 2,879	$ 401	$ 3,280

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

None.

(2) Significant related party transactions

None.

(3) Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
short-term employee benefits	$ 16,829	$ 14,465

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposits (shown as “financial assets at amortised cost current”)	20,000	-	Bid bond
Time deposits (shown as “financial assets at amortised cost non-current”)	200	411	Customs guarantee
Time deposits (shown as “financial assets at amortised cost non-current”)	10,732	5,100	Performance Bond /Warranty
	$ 30,932	$ 5,511	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of December 31, 2022 and December 31, 2021, the bank open a guarantee letter for the Group due to bid bond and performance bond amounting to $113,854 and $65,544, respectively.

B. The Group has signed procurement contracts with some customers. According to the contract, the purchased goods should be delivered to the designated place within 150 calendar days (inclusive) of the next day after receiving the written (or fax) notification of the order . If the goods cannot be delivered on schedule, penalties will be claimed according to the contract. However, due to the impact of COVID-19 and Russia – Ukraine war, the uncertainty of the delivery schedule is high. The Group has assessed the possible risks and accrued related liabilities accordingly on reporting date. Please refer to Note 6(10).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(14)

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt.

During year ended December 31, 2022, the Group’s strategy, which was unchanged from 2021, was to maintain the gearing ratio within 0%. The gearing ratios at December 31, 2022 and 2021 both were 0%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through comprehensive income		
Cash and cash equivalents	$ 261,911	$ 122,263
Financial assets at amortised cost	241,914	296,375
Accounts receivables	105,655	150,401
Other accounts receivables	469	25
Guarantee deposits paid	4,545	3,857
	$ 614,494	$ 572,921

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 85,088	$ 76,484
Other accounts payable	31,565	37,480
Guarantee deposits received	401	401
	$ 117,054	$ 114,365
Leases liabilities	$ 16,733	$ 2,879

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize the adverse effect of uncertainty on the financial performance of the Group, such as foreign exchange rate, interest rate to monitor and credit management of counterparty to identify all possible risks that may exposure. Thus, the Group's management can control and measure market risk, credit risk, liquidity risk and cash flow risk effectively.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	2,042	30.71	$ 62,718
THB:NTD	5,047	0.8941	4,513
EUR:NTD	1,007	32.72	32,942
MYR:NTD	1,687	6.7	11,301
Financial liability			
Monetary items			
USD:NTD	1,348	30.71	$ 41,386

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	4,325	27.68	$ 119,706
THB:NTD	4,176	0.8347	3,486
Financial liability			
Monetary items			
USD:NTD	807	27.68	$ 22,332

iv. Total exchange gaim (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted $10,625 and ($2,105), respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 627	$ -
THB:NTD	1%	45	-
EUR:NTD	1%	329	-
MYR:NTD	1%	113	-

Financial liability			
Monetary items			
THB:NTD	1%	($ 414)	$ -

	Year ended December 31, 2021		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,197	$ -
THB:NTD	1%	35	-
Financial liability			
Monetary items			
USD:NTD	1%	($ 223)	$ -

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $0 and $0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

As the Group has no long-term and short-term borrowings, it is not exposed to cash flow interest rate risk.

(b) Credit risk

i . Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties of financial instruments on the contract obligations. The credit risk management policies of each operating entity within the group were as follows:

(i) There are relevant procedures to monitor and reduce the credit risk of accounts receivable, however there is no guarantee that the procedure can completely and effectively eliminate credit risk and avoid losses. In the case of a deteriorating economic environment, the degree of exposure to such credit risk will increase.

(ii) The Group regularly monitors and reviews credit limits based on market conditions and the credit status of counterparties, and adjusts to manage credit risks timely. The Group only transacts with banks and financial institutions with high credit quality, so it is not expected to be exposed to credit risk.

(iii) The main credit risk comes from deposits in banks and financial institutions and receivables.

ii. The description of Group's indicator of default occurs was as follows: The default occurs when the contract payments is expected to be unrecoverable and transferred to overdue receivable.

iii. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

v. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. The loss rate methodology as of December 31, 2022 and 2021 is as follows:

	Accounts receivable and contract assets		
At December 31, 2022	Individual	Group A	Group B
Expected loss rate	0%-100%	0%-36.41%	0%
Total book value	$ 8,790	$ 12,393	$ 93,304
Loss allowance	$ 8,790	$ -	$ -

	Accounts receivable and contract assets		
At December 31, 2021	Individual	Group A	Group B
Expected loss rate	0%-100%	0%-36.41%	0%
Total book value	$ 8,790	$ 4,257	$ 146,906
Loss allowance	$ 8,790	$ -	$ -

vi. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and other non-current assets (overdue receivables) are as follows:

	Year ended December 31, 2022
	Accounts receivable
At January 1/At December 31	$ 8,790

	Year ended December 31, 2021	
	Accounts receivable	Other non-current assets (overdue receivables)
At January 1	$ 4,702	$ 6,111
Provision for impairment	4,091	-
Reversal of impairment loss	(3)	-
Write-offs	-	(6,664)
Effect of foreign exchange	-	553
At December 31	$ 8,790	$ -

(c) Liquidity risk

i . Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Group held money market position of $437,333 and $363,001, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 305,087	$ 352,803

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:			
December 31, 2022	Less than 6 months	6 months and 1year	Over 1 years
Accounts payable	$ 85,088	$ -	$ -
Other payables	25,985	5,580	-
Leases liabilities	4,470	4,219	8,533
Guarantee deposits received	-	-	401

Non-derivative financial liabilities:			
December 31, 2021	Less than 6 months	6 months and 1year	Over 1 years
Accounts payable	$ 76,484	$ -	$ -
Other payables	36,724	761	-
Leases liabilities	850	733	1,435
Guarantee deposits received	-	-	401

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value the carrying amounts of cash and cash equivalents, financial asset at amortized cost , accounts receivable, other receivables, guarantee deposits paid, accounts payable, other payables, lease liability, and guarantee deposit received are approximate to their fair values.

(4) Other

Operating effect of COVID-19

Due to the impact of COVID -19 for the year ended December 31, 2022, the delivery schedules of some purchased goods were extended, and the operation is expected to be affected. The Group has assessed the possible risks and accrued related liabilities accordingly on reporting date. Please refer to Note 6 (10).

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the president that are used to make strategic decisions. The reportable departments of the Group are strategic business units that provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, it must be managed separately. The Group has two reportable segments: Access Network and Broadband Equipment and Transmission Equipment. The access network and broadband equipment segment produces the line equipment of the user terminal and the telecom operator and connects the user terminal equipment to the telecom operator switch or other network equipment. Transmission equipment segment produces of optical communication transmission equipment between telecom operator and connects each telecom operator switch or other network equipment.

(2) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2022	Access network and broadband equipment	Transmission Equipment	Others (Note)	Reconciliation	Total
Revenue from external customers	$ 378,793	$ 35,210	$ 67,533	$ -	$ 481,536
Inter-segment revenue	$ -	$ -	$ -	$ -	$ -
Segment income	154,116	14,875	(25,727)	-	143,264
Unallocated items	-	-	-	(94,473)	(94,473)
Profit before tax					$ 48,791

Year ended December 31, 2021	Access network and broadband equipment	Transmission Equipment	Other(Note)	Reconciliation	Total
Revenue from external customers	$ 279,383	$ 65,505	$ 181,386	$ -	$ 526,274
Inter-segment revenue	$ -	$ -	-	$ -	$ -
Segment income	104,669	32,705	63,390	-	200,764
Unallocated items	-	-	-	(105,520)	(105,520)
Profit before tax					$ 95,244

Note: Revenue is mainly form the trading of high-end photoelectric conversion imaging equipment, sales of optical fiber network passive components, and sales of raw materials.

(4) Reconciliation for segment income (loss)

A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

C. The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

(4) Information on product and service

Revenue from external customers is mainly from access network and broadband equipment, transmission and LED lighting equipment. Details of revenue is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Access network and broadband equipment	$ 378,793	$ 279,383
Transmission equipment	35,210	65,505
Others (Note)	67,533	181,386
Total	$ 481,536	$ 526,274

Note : Revenue is mainly form the trading of high-end photoelectric conversion imaging equipment, sales of optical fiber network passive components, and sales of raw materials.

(5) Geographical information

The Company and its subsidiaries geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 430,336	$ 84,345	$ 385,281	$ 28,088
China	-	-	107,019	-
Malaysia	43,325	-	27,589	-
Thailand	2,981	120	1,231	1,175
Pakistan	957	-	746	-
India	850	-	1,248	-
Others	3,087	-	3,160	-
Total	$ 481,536	$ 84,465	$ 526,274	$ 29,263

(6) Major customer information

The major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
F customer	$ 278,666	$ Whole company	$ 209,167	$ Whole company
G customer	99,104	Whole company	Not applicable (Note)	Not applicable
K customer	Not applicable (Note)	Not applicable	110,155	Whole company
E customer	Not applicable (Note)	Not applicable	99,652	Whole company
H customer	Not applicable (Note)	Not applicable	53,862	Whole company

Note : The amount of revenue not exceed 10% of the consolidated operating revenue.

Table 1

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Financing Limits for Each Borrowing Company(Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Footnote
1	Opnet Technologies Co., Ltd.	Opnet (Thailand) Company Limited	Other receivables -related parties	Y	$ 4,113	$ -	$ -	-	Short-term financing	-	Operating needed	-	none	$ -	$ 69,584	$ 139,169	

Note1: The description of the number column is as follows:
1. The issuer fills in 0.
2. Invested companies are numbered sequentially starting from the numeral 1 by company.

Note2: The maximum balance of financing provided to others in the current year and the ending balance, not actual financing provided amounts.

Note3: The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company. The total loan amount is limited to 20% of the company's net worth.

Table 2

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party: Name	Guaranteed Party: Nature of Relationship (Note 2)	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 4)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company (Note 5)	Guarantee Provided by A Subsidiary (Note 5)	Guarantee Provided to Subsidiaries in Mainland China (Note 5)	Footnote
0	Opnet Technologies Co., Ltd.	Opnet (Thailand) Company Limited	2	$ 208,753	$ 17,328	$ 8,941	$ 46	$ -	1.28%	$ 347,922	Y	N	N	
0	Opnet Technologies Co., Ltd.	Opent System Co.,Ltd.	2	139,169	160,000	80,000	2,738	-	11.50%	347,922	Y	N	N	

Note1: The description of the number column is as follows:
1. The issuer fills in 0.
2. Invested companies are numbered sequentially starting from the numeral 1 by company.

Note2: There are the following 7 types of relationship between the endorser and the endorsed guarantor, just indicate the type:
1. Companies with business.
2. Company directly or indirectly holds more than 50% of the voting shares company.
3. A companies that directly and indirectly hold more than 50% of the Company's voting shares.
4. Between companies in which the Company directly and indirectly holds more than 90% of the voting shares.
5. Based on the needs of contracting projects, companies in the same industry or co-constructors are mutually insured according to the contract.
6. A company that is endorsed and guaranteed by all shareholders in accordance with their shareholding ratio due to a joint investment relationship.
7. Joint and several guarantees for performance guarantees of pre-sale housing sales contracts among peers in accordance with the Consumer Protection Act.

Note3: The maximum amount of the company's external endorsement guarantee shall not exceed 50% of the net value of the audited or reviewed financial statement.

Note4: Total endorsement/ guarantee amount limits shall not exceed 20% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 30% of the net worth of the Company.

Note5: It is must be filled Y only for the endorsement of the parent company of the listed company to the subsidiary, the endorsement of the subsidiary to the parent company of the listed company, and the endorsement to subsidiaries in the mainland.

Table 3

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Footnote
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Opnet Technologies Co., Ltd.	Hannlync Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	400,000	$ -	0.42	$ -	
CITY INC.	Opnet Technologies Co., Ltd.	An investment company that accounting for equity method on CITY INC.	Financial assets at fair value through comprehensive income-non-current	393,397	5,881	0.63	5,881	

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

				Intercompany Transactions			
No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Opnet Technologies Co., Ltd.	Opnet (Thailand) Company Limited	1	Sales	$ 2,737	Note 4	0.57
0	Opnet Technologies Co., Ltd.	Opnet (Thailand) Company Limited	1	Accounts receivable	2,191	Note 4	0.25
0	Opnet Technologies Co., Ltd.	Opent System Co.,Ltd.	1	Other accounts receivable	100	Note 4	0.01
0	Opnet Technologies Co., Ltd.	Opent System Co.,Ltd.	1	Other income	1,552	Note 4	0.32

Note1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.
1.Number 0 represents the Company.
2.The consolidated subsidiaries are numbered in order from number 1.

Note2: The transaction relationships with the counterparties are as follows (If it is the same transaction between the parent company and the subsidiaries or among the subsidiaries, there is no need to disclose it repeatedly. For example, if a parent company has disclosed a transaction with a subsidiary npany, the subsidiary does not need to be repeatedly disclosed; for a subsidiary company-to-subsidiary transaction, if one subsidiary company has disclosed it, the other subsidiary company does not need to disclose it repeatedly):
1.The Company to the consolidated subsidiaries.
2.The consolidated subsidiaries to the Company.
3.The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: There is no significant difference in the transaction terms between related parties and non-related parties.

Note5: The significant transactions in this form can be determined by the Company based on the principle of materiality.

Table 5

OPNET TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

				Original Investment Amount		Balance as of December 31, 2022					
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee	Footnote
Opnet Technologies Co., Ltd.	City inc.	British Virgin Islands	International trade	$ 22,011	$ 16,398	700,000	100	$ 7,068	($ 528)	($ 528)	Note
Opnet Technologies Co., Ltd.	Opent System Co.,Ltd.	Taiwan	Design and processing of access network systems, network equipment, and computer peripheral products	30,000	30,000	3,000,000	100	30,502	(732)	(732)	
City inc.	Opnet (Thailand) Company Limited	Thailand	Design and processing of access network systems, network equipment, and computer peripheral products	15,155	9,542	1,667,397	100	2,204	(651)	(651)	

Note: The book value has been deducted NTD 5,881 thousands due to the Company's treasury stocks held by CITY INC. as of December 31, 2022.