



Stock Code : 8034

OPNET TECHNOLOGIES CO., LTD

**2023 Annual Shareholders' Meeting
Meeting Agenda
(Translation)**

June 16, 2023

Meeting Place: 3F, No.5, Gongye E. 9th Rd., Hsinchu Science
Park, Hsinchu County, Taiwan. (R.O.C.)
(OPNET TECHNOLOGIES CO., LTD)

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Meeting Procedures

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Proposed Resolutions
5. Election Matters
6. Other Matters
7. Extempore Motions
8. Meeting Adjourned

Meeting Agenda

Type of Meeting: Physical Meeting

Time: 9:00 a.m., June 16, 2023

Place: 3F, No.5, Gongye E. 9th Rd., Hsinchu Science Park, Hsinchu County,
Taiwan. (R.O.C.) (OPNET TECHNOLOGIES CO., LTD)

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
 - (1) To report 2022 business report
 - (2) To report Audit Committee's report of 2022
 - (3) To report 2022 employees' profit sharing and directors' compensation
4. Proposed Resolutions
 - (1) To accept 2022 Business Report and Financial Statements
 - (2) To accept 2022 Earnings Distribution Proposal
5. Election Matters
To elect one independent director
6. Other Matters
To release the prohibition on new independent director from Participation in
Competitive Business
7. Extempore Motions
8. Meeting Adjourned

Report Items

1. To report 2022 business report
Explanatory Notes: Please refer to Attachment I.
2. To report Audit Committee's report of 2022
Explanatory Notes: Please refer to Attachment II.
3. To report 2022 employees' profit sharing and directors' compensation
Explanatory Notes:
 - (1) Pursuant to Article 20 of the Company's Articles of Incorporation, if the Company makes a profit during the fiscal year and reserves it after offsetting accumulated losses, it shall allocate 3% to 15% of its profit for employee profit sharing and allocate no more than 3% of its profit for director compensation.
 - (2) The Board of Directors approved the 2022 employees' profit sharing of NT\$5,580,000 (approximately 10% as profit) and directors' compensation of NT\$1,670,000 (approximately 3% as profit) on March 17, 2023. The employees' profit sharing and directors' compensation are to be distributed in cash.

Proposed Resolutions

1. To accept 2022 Business Report and Financial Statements
(Proposed by the Board of Directors)
Explanatory Notes:
 - (1) The Company's 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Tsai-Yen, Chiang and Ms. Ya-Hui, Zheng, of PWC, reviewed and approved by the Audit Committee and Board of Directors on March 17, 2023.
 - (2) 2022 Business Report, Independent Auditors' Report and the Financial Statements, are attached hereto as Attachments I and III.
2. To accept 2022 Earnings Distribution Proposal
(Proposed by the Board of Directors)
Explanatory Notes:

The net income of 2022 was NT\$40,854,199, and the 2022 Earnings Distribution Proposal was approved by the Board of Directors on March 17, 2023. Please refer to Attachment IV for the 2022 Earnings Distribution Table.

Election Matters

To elect one independent director
(Proposed by the Board of Directors)

Explanatory Notes:

- (1) According to the Key Points for the Establishment and Exercise of Powers of Over-the-Counter Company Board of Directors, the chairman and the general manager of the Company are the same person, it must follow the requirements for the appointment of independent directors, and it will elect an additional independent director.
- (2) According to the Company's Articles of Incorporation, the election of directors (including independent directors) adopts a candidate nomination system. The newly elected independent director will take office immediately after being elected, and the term of office will be from June 16, 2023 to August 23, 2024. Please refer to Attachment V for the List of Candidate Nominations.

Other Matters

To release the prohibition on new independent director from Participation in Competitive Business

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) Considering the Company's expansion of business scope, it is possible that directors elected by the Shareholders' Meeting may also serve as directors or managers of other companies with similar business scope to the Company. Therefore, in accordance with Article 209 of the Company Act, it is proposed to release the prohibition on new independent director from Participation in Competitive Business.
- (2) Please refer to Attachment VI for the contents of regarding the competition restriction for independent directors.

Extempore Motions

Meeting Adjourned

Attachment

Attachment I

OPNET TECHNOLOGIES CO., LTD Business Report

The following is a description of the company's 2022 operating conditions and the outlook for this year:

Operating Performance in 2022

1. Consolidated financial results

The company's consolidated net operating income in 2022 was 482 million, a decrease of about 9% compared with that of 2021, the operating gross profit was 143 million, and the gross profit rate was 30%. Consolidated net profit after tax was 41 million.

2. Budget implementation

The Company did not disclose its financial forecast for 2022.

3. Profitability analysis

Unit: NT\$ thousand

	2022	2021
Net sales	481,536	526,274
Gross profit	143,264	200,764
Net income	40,854	79,876
Return On Equity(%)	5.78	11.78
Per-tax income to capital(%)	7.76	15.14
Net income to sales(%)	8.48	15.17
Earning per share(NT\$)	0.65	1.28

As of the end of 2022 the company's paid-in capital was NT\$ 628,737K, shareholders' equity was NT\$ 695,843K, accounting for 80% of the total assets of NT \$872,793K, the ratio of liabilities to assets was 20%, and the current ratio was 502%. The financial structure and the solvency has maintained its consistent stability.

4. Research and development status

In 2022, Opnet invested a total of NT\$ 60 million in R&D .The main research and development projects were the upgrade design of the large-capacity multi-service IP broadband access network system, the large-capacity central office SIP voice gateway, the large-capacity TDMoE E1/Ethernet converter, the carrier-class 100G Ethernet switch platform, and the core technology of VoIP software protocol and telecom network management system platform.

Business Plan for 2023

1. The revenue of central office SIP voice gateway products and accessory equipment will continue to grow. In the past 7 or 8 years, it has accumulated sales of more than three million lines to operators such as Chunghwa Telecom. The voice gateway of the central office SIP architecture has multiple advantages such as low energy consumption, space saving, easy maintenance and high cost performance ratio. The popularization of optical fiber deployment provides the best new generation of voice services for new buildings and communities. It is expected that for domestic and foreign traditional telecom operators, SIP VoIP products will still have great demand and potential in the next few years. When domestic and foreign telecom operators pursue the goal of ESG sustainable development, it is of great help in energy saving and carbon reduction.
2. Continue to concentrate research and development resources on the software and hardware design and integration of the carrier-class 100G Ethernet switch platform, focus on establishing the function of hardware protection switching of equipment and the core technology of clock synchronization signal processing, and cooperate with domestic, manufacturers with 5G core network software and hardware technical capabilities will work together to develop 5G private networks and smart applications, 5G edge computing or 5G Open Radio Access Network (O-RAN) and other related niche products.
3. Planning, designing and selling optical distribution network (ODN) components for "Fiber to the Home" business, including all-optical cross-connect box, fiber distribution cabinets (FDC), fiber optic splice closures (FOSC), special Specifications of optical patch cords and communication optical cables, etc. Some major components have been widely adopted by a major foreign telecom operator and continue to be shipped. The demand and construction of various ODN products are also increasing day by day, and the prospects are very good.

Chairman and General Manager : Ching-Tang, Wang

Accounting Manager : Feng-Chu, Huang

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and proposal for allocation of earnings. The Financial Statements were audited by PWC and issued an Independent Audit Report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of OPNET Technologies Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please review and approve.

To

OPNET TECHNOLOGIES CO., LTD 2023 Annual Shareholders' Meeting

Chairman of the Audit Committee: Chih-Yung, Liou
March 17, 2023

Attachment III

REPORT OF INDEPENDENT ACCOUNTANTS

To Opnet Technologies Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Opnet Technologies Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follows:

Accuracy of revenue recognition timing

Description

Refer to Note 4 (25) for accounting policies on revenue recognition and Note 6 (17) for details of operating revenue. The Company 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 Company 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 fulfillment 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 as a key audit matter.

How our audit addressed the matter:

In relation to the key audit matter above, we performed the 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 sampled and inspected the obtained documents of customer acceptance and the transfer of product control for revenue recognition.
3. Perform cut-off tests for certain periods before and after the balance sheet date, confirm revenue recognition in the appropriate period.

Allowance for inventory evaluation losses

Description

Refer to Note 4 (12) 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 Company's inventories and allowance for inventory valuation losses amounted to NT\$228,434 thousand and NT\$14,941 thousand, respectively.

The Company 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.

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

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

whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion . Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion .

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 parent financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 232,255	27	\$ 86,043	10
1136	Financial assets at amortized cost - current	6(3) and 8	172,780	20	277,238	33
1140	Contract assets - current	6(17)	42	-	762	-
1170	Accounts receivable, net	6(4)	105,655	12	150,187	18
1180	Accounts receivable - related parties, net	6(4) and 7	2,191	-	983	-
1200	Other receivables		433	-	23	-
1210	Other receivables - related parties	7	100	-	3,369	-
1220	Current tax assets		-	-	64	-
130X	Inventories, net	6(5)	213,493	24	247,756	29
1410	Prepayments		16,952	2	18,437	2
1470	Other current assets		41	-	44	-
11XX	Current Assets		<u>743,942</u>	<u>85</u>	<u>784,906</u>	<u>92</u>
Non-current assets						
1535	Financial assets at amortized cost - non-current	6(3) and 8	60,134	7	19,137	2
1550	Investments accounted for using equity method	6(6)	37,570	4	32,824	4
1600	Property, plant and equipment, net	6(7)	2,935	-	3,214	1
1755	Right-of-use assets	6(8)	15,126	2	1,347	-
1780	Intangible assets, net		326	-	143	-
1840	Deferred income tax assets	6(24)	7,218	1	6,360	1
1920	Refundable deposits		3,579	1	2,944	-
15XX	Non-current assets		<u>126,888</u>	<u>15</u>	<u>65,969</u>	<u>8</u>
1XXX	Total assets		<u>\$ 870,830</u>	<u>100</u>	<u>\$ 850,875</u>	<u>100</u>

(Continued)

OPNET TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities-current	6(17)	\$ 10,295	1	\$ 9,885	1
2170	Accounts payable		85,010	10	76,484	9
2200	Other payables	6(9)	31,170	4	37,105	5
2230	Current income tax liabilities	6(24)	6,441	1	531	-
2250	Provisions for liabilities-current	6(11)	12,887	1	-	-
2280	Lease liabilities-current		7,703	1	775	-
2300	Other current liabilities		709	-	633	-
21XX	Current Liabilities		<u>154,215</u>	<u>18</u>	<u>125,413</u>	<u>15</u>
Non-current liabilities						
2550	Provisions for liabilities-non-current	6(11)	10,392	1	6,655	1
2570	Deferred income tax liabilities	6(24)	2,140	-	-	-
2580	Lease liabilities-non-current		7,582	1	606	-
2600	Other non-current liabilities	6(10)	658	-	658	-
25XX	Non-current liabilities		<u>20,772</u>	<u>2</u>	<u>7,919</u>	<u>1</u>
2XXX	Total Liabilities		<u>174,987</u>	<u>20</u>	<u>133,332</u>	<u>16</u>
Equity						
Share capital						
3110	Share capital - common stock	6(13)	628,737	72	628,737	74
Capital surplus						
3200	Capital surplus	6(14)	472	-	79	-
Retained earnings						
3310	Legal reserve	6(15)	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						
3400	Other equity interest	6(16)	(9,570)	(1)	(9,570)	(1)
3500	Treasury share	6(13)	(5,447)	-	(5,447)	(1)
3XXX	Total equity		<u>695,843</u>	<u>80</u>	<u>717,543</u>	<u>84</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 870,830</u>	<u>100</u>	<u>\$ 850,875</u>	<u>100</u>

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

OPNET TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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	\$ 472,601	100	\$ 415,757	100		
5000	Operating costs	(331,573)	(70)	(227,841)	(55)		
5900	Operating margin	<u>141,028</u>	<u>30</u>	<u>187,916</u>	<u>45</u>		
	Operating expenses	6(22)(23)					
6100	Selling expenses	(19,382)	(4)	(18,798)	(4)		
6200	General and administrative expenses	(28,595)	(6)	(28,713)	(7)		
6300	Research and development expenses	(60,869)	(13)	(62,253)	(15)		
6450	Expected credit impairment loss	-	-	(4,088)	(1)		
6000	Total operating expenses	(<u>108,846</u>)	(<u>23</u>)	(<u>113,852</u>)	(<u>27</u>)		
6900	Operating profit	<u>32,182</u>	<u>7</u>	<u>74,064</u>	<u>18</u>		
	Non-operating income and expenses						
7100	Interest income	3,848	1	2,819	1		
7010	Other income	2,498	-	18,548	4		
7020	Other gains and losses	12,027	2	(676)	-		
7050	Finance costs	(737)	-	(484)	-		
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(<u>1,260</u>)	-	<u>593</u>	-		
7000	Total non-operating income and expenses	<u>16,376</u>	<u>3</u>	<u>20,800</u>	<u>5</u>		
7900	Profit before tax	48,558	10	94,864	23		
7950	Income tax expense	(<u>7,704</u>)	(<u>1</u>)	(<u>14,988</u>)	(<u>4</u>)		
8200	Profit for the year	<u>\$ 40,854</u>	<u>9</u>	<u>\$ 79,876</u>	<u>19</u>		
	Other comprehensive income for the year						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit obligation	(\$ 73)	-	(\$ 72)	-		
8300	Other comprehensive income (loss) for the year	(<u>\$ 73</u>)	-	(<u>\$ 72</u>)	-		
8500	Total comprehensive income for the year	<u>\$ 40,781</u>	<u>9</u>	<u>\$ 79,804</u>	<u>19</u>		
	Earnings per share						
9750	Basic earnings per share	<u>\$ 0.65</u>		<u>\$ 1.28</u>			
9850	Diluted earnings per share	<u>\$ 0.65</u>		<u>\$ 1.27</u>			

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

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

	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury share	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings			
<u>For the year ended December 31, 2021</u>									
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(10)	-	-	-	-	(72)	-	-	(72)
Total comprehensive income for the year		-	-	-	-	79,804	-	-	79,804
Distribution of 2020 earnings:	6(15)								
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
<u>For the year ended December 31, 2022</u>									
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(10)	-	-	-	-	(73)	-	-	(73)
Total comprehensive income for the year		-	-	-	-	40,781	-	-	40,781
Distribution of 2021 earnings:	6(15)								
Legal reserve		-	-	7,980	-	(7,980)	-	-	-
Cash dividends		-	-	-	-	(62,874)	-	-	(62,874)
Distribution of dividends to subsidiaries adjusted capital surplus	6(14)	-	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 financial statements.

OPNET TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 48,558	\$ 94,864
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(7)(8)(22)	9,036	9,134
Amortization	6(22)	147	184
Expected credit impairment (gain) loss	12(2)	-	4,088
Interest expense	6(21)	737	484
Interest income	6(18)	(3,848)	(2,819)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	1,260	(593)
Onerous contract loss	6(5)(11)	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		44,532	(81,940)
Accounts receivable - related parties		(1,208)	3,159
Other receivables		(11)	-
Inventories		34,263	(74,263)
Prepayments		1,485	(15,817)
Other current assets		3	103
Other non-current assets		-	64
Net changes in liabilities relating to operating activities			
Contract liabilities		410	9,859
Accounts payable		8,526	39,912
Other payables		(6,109)	14,485
Provisions for liabilities	6(11)	3,911	-
Other current liabilities		76	(2)
Other non-current liabilities		(23)	5
Net defined benefit liabilities		(50)	(95)
Cash generated from operations		154,803	935
Interest received		3,449	2,840
Interest paid		(412)	(158)
Income tax paid		(448)	(501)
Income tax refund		-	13
Net cash provided by (used in) operating activities		<u>157,392</u>	<u>3,129</u>

(Continued)

OPNET TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 339,554)	(\$ 226,531)
Proceeds from disposal of financial assets at amortized cost		403,015	173,337
Acquisition of property, plant and equipment	6(26)	(669)	(1,396)
Acquisition of intangible assets		(330)	-
Other receivables - related parties paid	7	-	(3,269)
Other receivables - related parties refunded	7	3,269	48,792
Refundable deposits paid		(4,152)	(8,678)
Refundable deposits refunded		3,517	8,840
Net cash provided by (used in) investing activities		<u>65,096</u>	<u>(8,905)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Guarantee deposits paid	6(27)	-	160
Repayment of the principal portion of lease liabilities	6(27)	(7,789)	(8,101)
Cash dividends paid	6(15)	(62,874)	-
Acquisition of subsidiary equity	6(6) and 7	(5,613)	-
Net cash provided by (used in) financing activities		<u>(76,276)</u>	<u>(7,941)</u>
Net increase in cash and cash equivalents		146,212	(13,717)
Cash and cash equivalents at beginning of year	6(1)	<u>86,043</u>	<u>99,760</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 232,255</u>	<u>\$ 86,043</u>

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

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:

4. Understand, evaluate and test the effectiveness of the design and implementation of internal control procedures for revenue recognition.
5. 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.
6. 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:

4. Verified the accuracy of system logic that generates the inventory aging report to ensure proper classification of inventories aged.
5. Evaluated the reasonableness and related supporting documents of inventories individually identified as obsolete or damaged by management.
6. 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		December 31, 2021		
		AMOUNT	%	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		<u>781,110</u>	<u>89</u>	<u>817,547</u>	<u>96</u>
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		<u>91,683</u>	<u>11</u>	<u>35,623</u>	<u>4</u>
1XXX	Total assets		<u>\$ 872,793</u>	<u>100</u>	<u>\$ 853,170</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		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		<u>155,705</u>	<u>18</u>	<u>126,987</u>	<u>15</u>
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		<u>21,245</u>	<u>2</u>	<u>8,640</u>	<u>1</u>
2XXX	Total Liabilities		<u>176,950</u>	<u>20</u>	<u>135,627</u>	<u>16</u>
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		<u>695,843</u>	<u>80</u>	<u>717,543</u>	<u>84</u>
3XXX	Total equity		<u>695,843</u>	<u>80</u>	<u>717,543</u>	<u>84</u>
Contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 872,793</u>	<u>100</u>	<u>\$ 853,170</u>	<u>100</u>

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	\$ 481,536	100	\$ 526,274	100
5000	Operating costs	(338,272)	(70)	(325,510)	(62)
5900	Net operating margin	<u>143,264</u>	<u>30</u>	<u>200,764</u>	<u>38</u>
	Operating expenses				
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) <u>-</u>	<u>-</u>	<u>(4,088)</u>	<u>(1)</u>
6000	Total operating expenses	<u>(112,139)</u>	<u>(24)</u>	<u>(117,456)</u>	<u>(22)</u>
6900	Operating profit	<u>31,125</u>	<u>6</u>	<u>83,308</u>	<u>16</u>
	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	<u>17,666</u>	<u>4</u>	<u>11,936</u>	<u>2</u>
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	<u>\$ 40,854</u>	<u>8</u>	<u>\$ 79,876</u>	<u>15</u>
	Items that will not be reclassified subsequently to profit or loss:				
8311	Loss on remeasurements of defined benefit plan	6(9) <u>(\$ 73)</u>	<u>-</u>	<u>(\$ 72)</u>	<u>-</u>
8300	Other comprehensive (loss) income for the year	<u>(\$ 73)</u>	<u>-</u>	<u>(\$ 72)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 40,781</u>	<u>8</u>	<u>\$ 79,804</u>	<u>15</u>
	Profit attributable to:				
8610	Equity holders of the parent company	<u>\$ 40,854</u>	<u>8</u>	<u>\$ 79,876</u>	<u>15</u>
	Total comprehensive income attributable to:				
8710	Equity holders of the parent company	<u>\$ 40,781</u>	<u>8</u>	<u>\$ 79,804</u>	<u>15</u>
	Earnings per share				
9750	Basic earnings per share	6(24) <u>\$ 0.65</u>		<u>\$ 1.28</u>	
9850	Diluted earnings per share	6(24) <u>\$ 0.65</u>		<u>\$ 1.27</u>	

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)

	Notes	Equity attributable to owners of the parent							Total equity
		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	
<u>For the year ended December 31, 2021</u>									
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		<u>\$ 628,737</u>	<u>\$ 79</u>	<u>\$ 3,660</u>	<u>\$ 9,570</u>	<u>\$ 90,514</u>	<u>(\$ 9,570)</u>	<u>(\$ 5,447)</u>	<u>\$ 717,543</u>
<u>For the year ended December 31, 2022</u>									
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		<u>\$ 628,737</u>	<u>\$ 472</u>	<u>\$ 11,640</u>	<u>\$ 9,570</u>	<u>\$ 60,441</u>	<u>(\$ 9,570)</u>	<u>(\$ 5,447)</u>	<u>\$ 695,843</u>

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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
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		<u>157,792</u>	<u>58,748</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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		<u>52,774</u>	<u>(43,419)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
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		<u>(70,918)</u>	<u>(8,670)</u>
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)	<u>\$ 261,911</u>	<u>\$ 122,263</u>

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

OPNET TECHNOLOGIES CO., LTD
2022 Earnings Distribution Table

Unit: NT\$

Items	Amount	
Unappropriated Retained Earnings of Previous Years		19,660,018
Less: Actuarial loss of defined benefit plan	(72,749)	
Plus: Net income of 2022	40,854,199	
Subtotal		60,441,468
List items		
Less: Appropriated for Legal Reserve	(4,078,145)	
Less: Appropriated for Special Reserve	0	
Retained Earnings Available for Distribution as of December 31, 2022		56,363,323
Distribution Item		
Cash Dividends to Shareholders (NT\$0.6 per share)	(37,724,235)	
Unappropriated Retained Earnings		18,639,088

Note:

1. After the resolution is proposed and approved in the Shareholders' Meeting, the chairman will be authorized to set the ex-dividend date, payment date, and other related matters.
2. The Company distributes cash dividends based on the distribution ratio up to the nearest whole dollar, with amounts less than one dollar being rounded down and the total amount of fractional shares being recorded as other income for the Company.

Attachment V

List of Candidate Nominations

No.	Title	Name	Main Education	Main Working Experience	Reasons for serving as an independent director for three consecutive terms	Shares holding
1	Independent Director	Yu-Fang, Tang	PhD in Electrical Engineering from University of Illinois Master of Electrical Engineering from University of Illinois Bachelor's degree in Electrical Engineering from National Taiwan University.	The advisor of Intelligent Silicon Solution Corporation The chairman of Intelligent Silicon Solution Corporation	NA	0

Attachment VI

The concurrently job position of the independent director candidate in same business scope companies or similar companies is listed at the following table.

Name	Concurrently company& Position
Yu-Fang, Tang	The chairman of Intelligent Silicon Solution Corporation

Appendix

Appendix I

OPNET TECHNOLOGIES CO., LTD Articles of Incorporation

Section I - General Provisions

Article 1

The Corporation shall be incorporated, as a Company limited by shares, under the Company Law of the Republic of China, and its name shall be 榮群電訊股份有限公司 in the Chinese language, and OPNET TECHNOLOGIES CO., LTD in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

1. CC01060 Wired Communication Equipment and Apparatus Manufacturing
2. CC01070 Telecommunication Equipment and Apparatus Manufacturing
3. CC01040 Lighting Facilities Manufacturing
4. CC01020 Electric Wires and Cables Manufacturing
5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
6. CB01010 Machinery and Equipment Manufacturing
7. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
8. E701010 Telecommunications Construction
9. E603010 Cables Construction
10. E603050 Cybernation Equipments Construction
11. EZ05010 Apparatus Installation Construction
12. I301010 Software Design Services
13. F401010 International Trade
14. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import

(1) Research, development, manufacturing, and selling of the following products:

- a. Optical broadband access network systems
- b. SDH/PDH transmission multiplexers
- c. High-speed asymmetric/symmetric digital subscriber line systems
- d. Broadband XDSL modem/router and integrated access device
- e. Broadband wireless communication equipment
- f. Integrated data and voice access equipment
- g. Fiber optical communication systems

- h. LED lighting device and application system
- i. Optical Fiber Cable
- j. Telecommunication Copper Cable
- k. Passive components for Optical Distribution Network (ODN), including optical splitter, optical patch cord, connector, adaptor, closure, cabinet, Optical Distribution Frame (ODF) and relative products
- l. Metal and/or Plastic base telecom equipment rack, frame, cabinet, cable tray/rack and relative products
- m. Antenna
- n. Telecom Power System
- o. NMS/EMS Software Platform
- p. IoT Software Platform

(2) Network system planning, installation and maintenance for the listed above products.

(3) Import and export business of the above-mentioned items.

Article 3

The Company set up head offices in Hsinchu Science Park, upon resolution of the Board of Directors and approval of competent authority, to set up branches or offices at various locations within and without the territory of the Republic of China.

Article 4

The Company shall make public announcements in accordance with Article 28 of the Company Act.

Article 4.1

The Company may provide endorsement and guarantee and act as a guarantor.

Section II - Shares

Article 5

The total capital of the company is set at NT\$1 billion, divided into 100 million shares with a par value of NT\$10 per share. The unissued shares are authorized to be issued by the Board of Directors in stages. NT\$200 million of the aforementioned total capital is reserved for the issuance of employee stock options, special shares with stock options attached, or corporate bonds with stock options attached, with a par value of NT\$10 per share, totaling 20 million shares. The Board of Directors is authorized to issue these shares in stages according to its resolution.

Article 5.1

In the event that the exercise price of the employee stock options is lower than the closing price on the day of issuance, the Company shall obtain the approval of shareholders representing over half of the total issued shares, with at least two-thirds of the voting rights in attendance, to proceed with the issuance. The Company may also apply for issuance in stages within one year

from the date of the Shareholders' Meeting resolution.

Article 6

All shares of the Company are registered, signed or stamped by three or more directors and issued after being legally certified. The Company may issue shares without printing physical stock certificates, but the issuance must be registered with a centralized custody institution, and the issuance of other securities shall follow the same practice.

Article 7

The transfer of stocks shall be suspended within sixty days prior to each regular Shareholders' Meeting, thirty days prior to each special meeting, or five days prior to the ex-dividend date or any other date on which the Company decides to distribute dividends, bonuses, or other benefits.

Section III - Shareholders' Meetings

Article 8

Shareholders' Meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened by the Board of Directors, within 6 months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 9

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, in accordance with Article 177 of the Company Law.

Article 10

Each share of stock shall be entitled to one vote, except for those who fall under the circumstances stipulated in Article 179 of the Company Act.

Article 11

Except as provided in the Company Law of the Republic of China, resolutions of the Shareholder Meeting shall require the attendance of shareholders holding more than half of the total issued shares and the approval of more than half of the voting rights represented by the attending shareholders. During voting, if the chairman asks whether there is any objection from the attending shareholders, and there is no objection, the proposal shall be deemed adopted, with the same legal effect as if voted in favor.

Article 11.1

The resolutions of the Shareholders' Meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to all shareholders within twenty days after the meeting. The production and distribution of the minutes may be done electronically or through public announcement.

Section IV - Directors and Supervisors

Article 12

The Company has a board of directors consisting of seven to nine members, with the number of members authorized by the Board of Directors. Directors serve for a term of three years and are nominated by candidates, with the list of candidates selected by the Shareholders' Meeting and re-elected by consecutive selection. The Board of Directors of the Company must have more than half of the seats, and cannot have either of the following relationships: (1) spouses or (2) relatives within the second degree.

The company may purchase liability insurance for directors during their term of office for the compensation responsibility they should bear within the scope of their business execution in accordance with the law.

Article 12.1

The company shall establish an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. During the election of directors, it shall be conducted in accordance with Article 198 of the Company Act. The election of independent directors and non-independent directors shall be conducted together and the quotas shall be counted separately.

Article 13

The Board of Directors is composed of directors. The Board of Directors shall elect one of the directors as the chairman of the board with the consent of two-thirds of all directors present and the majority of directors in attendance.

The chairman of the board represents the Company externally and has the power to sign documents on behalf of the Company in accordance with the resolution of the Board of Directors. During the recess of the Board of Directors, the chairman of the board is authorized by the Board of Directors to act on behalf of the Board of Directors for all acts.

If the chairman of the board cannot perform his or her duties for any reason, he or she shall designate another director as the agent. If no agent is designated, the directors shall elect one among themselves to be the agent.

Article 14

The Board of Directors of the Company shall hold at least one meeting every quarter. The convocation of the Board of Directors shall specify the agenda and notify each director seven days in advance, but in case of urgent matters, it may be convened at any time. The convocation of the Board of Directors may be made in writing, by email or by fax.

If a director is unable to attend due to any reason, he/she may issue a power of attorney stating the scope of authority and authorize another director to attend on his/her behalf, with the proxy limited to one person.

The Board of Directors may hold a video conference, and directors who participate in the conference through video screens shall be deemed as present in person. When a director has a conflict of interest in the matters discussed at the meeting, he/she shall explain the important content of the conflict of interest at the meeting.

Article 15

The Company shall establish an Audit Committee in accordance with Article 14-4 of the Securities Exchange Act, and the Audit Committee shall be responsible for performing the duties prescribed by the Company Act, the Securities Exchange Act, and other laws and regulations. The Audit Committee shall be composed of at least (including) one independent director with accounting or financial expertise and at least (including) three independent directors. One of them shall serve as the convener. The resolutions of the audit committee shall be processed in accordance with relevant laws and regulations.

Article 16

The remuneration of the chairman of the Board and directors shall be determined by the Board of Directors in accordance with their degree of participation in the Company's operations and the value of their contributions, taking into account the domestic and foreign industry standards.

Article 17

The Company shall appoint and dismiss managers in accordance with Article 29 of the Company Act.

Section V - Accounting

Article 18

The accounting year of the Company shall be from January 1 to December 31 of each year. A budget and final accounts shall be prepared at the beginning and end of each fiscal year and approved by the Board of Directors.

Article 19

At the end of the accounting year, the Board of Directors shall prepare the following statements and submit them to the Shareholders' Meeting for approval: (1) Business report (2) Financial statements (3) Proposal for the distribution of earnings or covering of losses.

The distribution of the above statements may be made by public announcement.

Article 20

If the Company makes a profit during the fiscal year, it shall set aside 3% to 15% of its profit for employee profit sharing, which may be distributed in the form of stocks or cash, as determined by the Board of Directors. The beneficiaries of the distribution may include employees of the Company who meet certain conditions. The Board of Directors may also set aside no more than 3% of its profit as compensation for directors, as determined by resolution. The proposals for the

distribution of employee profit sharing and director compensation shall be reported to the Shareholders' Meeting. However, if the Company still has accumulated losses, a certain amount shall be reserved in advance to make up for them, and then employee profit sharing and director compensation shall be set aside in accordance with the aforementioned proportions.

Article 21

If the Company makes a profit in a fiscal year, it shall pay taxes and dues according to law, make up for accumulated losses, and set aside 10% of its profit as a statutory surplus reserve. However, if the statutory surplus reserve has reached the actual paid-in capital of the Company, no more amounts need to be set aside. The remaining profits shall be allocated according to law as special surplus reserves, and shall be included with the accumulated undistributed profits. The proposal for distribution of profits shall be submitted to the Shareholders' Meeting for approval by the Board of Directors.

Section VI - Supplementary Provisions

Article 22

The distribution of dividends in the Company is based on the principle of meeting future operational development, taking into account sound financial structure, maintaining stable dividends, and ensuring reasonable returns for shareholders. The ratio of cash dividends shall generally not be less than 10% of the total shareholder dividends. The actual distribution ratio is authorized by the Board of Directors based on the Company's financial condition and capital budget.

Article 23

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 24

These Articles of Incorporation are established on December 26, 1990.

The first amendment was made on May 16, 1991.

The second amendment was made on September 8, 1992.

The third amendment was made on November 10, 1992.

The fourth amendment was made on November 7, 1995.

The fifth amendment was made on May 9, 1997.

The sixth amendment was made on September 19, 1997.

The seventh amendment was made on June 17, 1999.

The eighth amendment was made on June 15, 2000.

The ninth amendment was made on October 20, 2000.

The tenth amendment was made on June 28, 2002.

The eleventh amendment was made on June 25, 2003.

The twelfth amendment was made on June 4, 2004.

The thirteenth amendment was made on June 8, 2006.

The fourteenth amendment was made on May 30, 2007.

The fifteenth amendment was made on June 19, 2008.

The sixteenth amendment was made on June 19, 2009.

The seventeenth amendment was made on June 28, 2012.

The eighteenth amendment was made on June 18, 2013.

The nineteenth amendment was made on June 3, 2015.

The twentieth amendment was made on June 15, 2016.

The twenty-first amendment was made on June 27, 2018.

The twenty-second amendment was made on June 5, 2020.

The twenty-third amendment was made on August 24, 2021.

Appendix II

OPNET TECHNOLOGIES CO., LTD Rules and Procedure of Shareholders' Meetings

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.
2. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
3. Shareholders attending the Meeting may submit the sign-in card instead of signing in.
4. Attendance and voting at the Meeting should be based on shareholding. The number of shares present shall be calculated based on the signature book or the sign-in card submitted, plus the number of shares exercised by written or electronic means.
5. The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.
6. The chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If for any reason, the chairman of the Board of Directors cannot preside at the Meeting, the Vice chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.
If the Meeting is convened by any other person entitled to convene the Meeting. If there are two or more convener(s), they shall elect one person to serve as the chairman.
7. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.
8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. However, in the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting. The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is

adjourned.

9. Any amendments or substitute proposals regarding a proposal should be seconded by other shareholders.
10. When a shareholder entrusts a proxy to attend the Meeting and one proxy is entrusted by two or more shareholders, the voting rights of the representative shall not exceed 3% of the total voting rights of the issued shares, and any excess voting rights shall not be counted. If there is no objection when the chairman asks for approval during the voting, it shall be deemed as approved, and its effectiveness shall be the same as that of the vote. If there is an amendment or substitute proposal that does not coexist with the original proposal for the same agenda item, the chairman may determine the order of voting. If one of the proposals has obtained the legally required or stipulated number of votes, the other proposals that cannot coexist shall be deemed as rejected, and there is no need to vote again. When a shareholder has a personal interest in a matter of the meeting that may harm the Company's interests, they shall not participate in the vote and shall not act as a proxy for other shareholders.
11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of sign-in card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.
Shareholders may only speak and ask questions regarding the items in the agenda after the chairman or their designated person has finished reading or reporting on all the items in the agenda.
Each shareholder (or proxy) shall not, for each discussion item, speak more than two times, each time not exceeding five minutes, however, with the chairman's permission, the time limit may be extended for three minutes. In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder. Other attending shareholders may also request the chairman's intervention.
If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.
Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
14. The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate, and arrange sufficient voting time accordingly.
15. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record. If an election is held, the results should be announced on the spot, including the list of elected candidates, the number of votes they received, and the list of unsuccessful

candidates and the number of votes they received.

16. Except as provided in the Company Law of the Republic of China, resolutions of the Meeting shall require the attendance of shareholders holding more than half of the total issued shares and the approval of more than half of the voting rights represented by the attending shareholders. The resolutions of the Shareholders' Meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to all shareholders within twenty days after the meeting. The production and distribution of the minutes may be done electronically or through public announcement.
The minutes of the Meeting should record the proceedings and voting results. When electing directors and independent directors, the number of votes received by each candidate should be disclosed. The minutes of the meeting should be permanently preserved during the existence of the company. Except for Article 189 of the Company Law, the signature book of the shareholders and the power of attorney for proxy attendance should be kept by the Company for at least one year.
17. During the Meeting, the chairman may, at his discretion, set time for intermission. If the Meeting cannot be concluded in one session, the chairman may resume it within five days without further notice or public announcement.
18. During the Meeting, if an air raid alarm, earthquake, or other force majeure event occurs, the chairman should immediately announce the suspension of the Meeting and instruct everyone to evacuate. Afterward, the chairman may decide whether to continue the meeting depending on the situation.
19. Persons handling affairs of the Meeting shall wear identification cards or badges.
The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
20. The entire process of the Meeting should be recorded by audio or video and kept for at least one year.
21. In regard to all matters not provided for in these Rules and Procedure of Shareholders' Meetings, the Company Law of the Republic of China shall govern.
22. These Rules and Procedure of Shareholders' Meetings are established on May 8, 1998.
The first amendment was made on June 28, 2002.
The second amendment was made on June 22, 2011.
The third amendment was made on June 28, 2012.
The fourth amendment was made on June 5, 2020.
The fifth amendment was made on August 24, 2021.

Appendix III

Status of Shareholder Proposals and Nominations Acceptance

1. According to Article 172-1 of the Company Law, shareholders who hold 1% or more of the total issued shares of the Company on the record date of the annual Shareholders' Meeting may propose motions to the company. The period for accepting proposals is from April 11 to April 21, 2023.
2. Each shareholder may propose one proposal, which must be limited to 300 words (including text and punctuation). Otherwise, it will not be included in the agenda of the Shareholders' Meeting. The proposing shareholder(s) should attend the annual Shareholders' Meeting in person or authorize others to attend and participate in the discussion of the proposed motion.
3. During the period, the Company did not receive any proposals or nominations.

Appendix IV

OPNET TECHNOLOGIES CO., LTD
Shareholdings of All Directors

1. According to Article 3 of the Guidelines for Matters to be Recorded and Complied with at Shareholders' Meetings of Public Companies, the Company hereby discloses the number of shares held by the directors and supervisors of the Company as of the book closure date of 2023 annual Shareholders' Meeting (April 18, 2023) , as shown in the attached table.
2. The total number of shares issued by the Company is 62,873,725 shares. According to Article 26 of the Securities and Exchange Act and Article 2 of the Regulations Governing the Calculation of Shareholding Ratios of Directors and Supervisors of Public Companies and the Verification Thereof, the shares held by independent directors shall not be counted towards the total number of shares. If there are two or more independent directors, the percentage of shareholding by all directors excluding independent directors shall be reduced to 80%. The minimum number of shares that all directors should hold is 5,029,898 shares.

Record Date: April 18, 2023

Title	Name	Current Shareholding(Shares)	Shareholding ratio	Remarks
Chairman	Ching-Tang, Wang	2,404,875	3.82%	None
Director	You-Chuen, Feng	1,722,701	2.74%	None
Director	Yihan Investment Co., Ltd.	136,000	0.22%	None
Director	Wun-Fong, Liou	2,075,000	3.30%	None
Independent Director	Chih-Yung, Liou	-	-%	None
Independent director	Chen, Tsao	-	-%	None
Independent director	Si-Huei, Kuang	-	-%	None
Total		6,335,576	10.07%	