CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of CastleNet Technology Inc. and 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 then ended, 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 at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 that came into effect 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 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 of 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:

Existence of sales revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The Group is primarily engaged in the research, development, manufacturing and sales of consumer electronics products such as broadband communications and digital home entertainment. The main sales areas include Europe, America and Asia, and most of the customers are regional companies. Thus, the existence and occurrence of sales revenue are the main focus when performing our audit. Given that the sales revenue is material to the financial statements, we considered the existence of sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Performed tests of controls on credit investigation of new customers during the year, performed tests of controls on sales revenue for relevant assertions related to existence and occurrence of sales transactions to increase assurance level, and verified the consistency of accounting records, supporting documents and collection records.
2. Performed confirmation procedures on sales counterparties for accounts receivable balances, tracked replies, and verified the consistency of confirmation response, accounting records, and customers' information.
3. Sampled and tested sales transactions, by verifying and agreeing the related sales orders and delivery notes to accounting records.

Allowance for valuation of inventory loss

Description

Refer to Note 4(11) for the accounting policies on valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(4) for the details of the inventories. As of December 31, 2022, the inventories and allowance for valuation loss amounted to NT$566,548 thousand and NT$11,315 thousand, respectively.

The Group is entrusted to manufacture consumer electronics products such as broadband communications and digital home entertainment according to customers' needs. As these types of electronics products and related inventories are especially susceptible to rapid technological changes, product specification changes and other market factors, there is a higher risk of inventories losing value or becoming obsolete. The Group measures inventories at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified as obsolete, the net realisable value is determined based on historical data on inventory clearance and discount.

Given that the amount of inventory is material, inventory items are voluminous, and determination of net realisable value of inventories that are individually identified as obsolete or damaged rely on management's subjective judgement, we considered the estimation of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the allowance for valuation loss on inventories that are over a certain age and individually identified as obsolete or damaged:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses in the reporting period and assessed the reasonableness of these policies.
2. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.
3. Evaluated the reasonableness of inventories individually identified by management as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.
4. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation and agreed it to management's assessment.

Valuation of non-current financial assets at fair value through profit or loss

Description

Refer to Note 4(7) for the accounting policies on financial assets at fair value through profit or loss – non-current and Note 6(2) for the details of financial assets at fair value through profit or loss – non-current. As of December 31, 2022, the balance of financial assets at fair value through profit or loss - non-current amounted to NT$1,468,178 thousand, constituting 53% of the consolidated total assets. As the non-current financial assets at fair value through profit or loss accounted for a significant portion of the consolidated financial statements, and the risk of fair value measurement of such financial assets is likely to increase due to the market competition and economic climate, the Group used expert appraisal reports to estimate the fair value based on market prices after taking into account the above factors.

Given that most of the above estimates rely on the management's subjective judgement, which may result in inappropriate accounting estimates, we considered the valuation of non-current financial assets at fair value through profit or loss obtained during the year a key audit matter.

How our audit addressed the matter

We used the appraiser's work in assessing the measurement method used by management and the reasonableness of assumptions on the above key audit matter, and we performed the following procedures:

1. Obtained an understanding and assessed the related policies and valuation procedures on the fair value measurement and disclosure of financial assets at fair value through profit or loss – non-current to determine whether the measurement method used is commonly adopted in the industry and environment and considered appropriate.
2. Examined the parameters and the formula of valuation model, and reviewed information and documents in respect of the relevance and the reliability of data source.
3. Performed confirmation procedures with the issuance company to verify the number of units at year end, rights and obligations and other specific terms and conditions of the investment target.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CastleNet Technology Inc. as at 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 that came into effect 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.

Auditors' 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 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 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 professional skepticism throughout the audit. We also:

A. 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.

B. 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.

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

D. 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. 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.

F. 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 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung	Wu, Han-Chi
PricewaterhouseCoopers, Taiwan	
March 9, 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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(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)	$ 257,754	9	$ 152,255	5
1170	Accounts receivable, net	6(3) and 7	269,286	10	708,746	26
1200	Other receivables	7	113,563	4	44,596	2
130X	Inventory	6(4)	555,233	20	263,419	10
1479	Other current assets	8	40,447	2	35,228	1
11XX	**Total current assets**		1,236,283	45	1,204,244	44
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,468,178	53	1,455,382	54
1600	Property, plant and equipment	6(5)	23,766	1	29,368	1
1755	Right-of-use assets	6(6)	5,073	-	8,050	-
1780	Intangible assets		2,307	-	446	-
1840	Deferred income tax assets		5,547	-	2,988	-
1920	Guarantee deposits paid		818	-	14,764	1
1990	Other non-current assets	6(9)	12,414	1	9,189	-
15XX	**Total non-current assets**		1,518,103	55	1,520,187	56
1XXX	**Total assets**		$ 2,754,386	100	$ 2,724,431	100

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CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(7)	$ 255,000	9	$ 66,000	2
2130	Current contract liabilities	6(14)	11,289	1	20,202	1
2170	Accounts payable		140,894	5	24,113	1
2180	Accounts payable - related parties	7	403,476	15	694,579	25
2200	Other payables	6(8) and 7	60,692	2	53,145	2
2280	Current lease liabilities		2,816	-	3,106	-
2399	Other current liabilities		1,023	-	1,082	-
21XX	**Total current liabilities**		875,190	32	862,227	31
	Non-current liabilities					
2570	Deferred income tax liabilities		5,547	-	2,988	-
2580	Non-current lease liabilities		2,510	-	5,325	-
2600	Other non-current liabilities		2,989	-	11,515	1
25XX	**Total non-current liabilities**		11,046	-	19,828	1
2XXX	**Total liabilities**		886,236	32	882,055	32
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(11)				
3110	Common stock		1,886,180	69	1,886,180	69
	Capital surplus	6(10)(12)				
3200	Capital surplus		136,511	5	130,696	5
	Retained earnings	6(13)				
3310	Legal reserve		18,969	1	18,969	1
3350	Accumulated deficit		(129,665)	(5)	(148,399)	(5)
	Other equity interest					
3400	Other equity interest		(43,845)	(2)	(45,070)	(2)
31XX	**Equity attributable to owners of the parent**		1,868,150	68	1,842,376	68
3XXX	**Total equity**		1,868,150	68	1,842,376	68
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,754,386	100	$ 2,724,431	100

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(14) and 7	$ 1,145,661	100	$ 1,692,313	100
5000	Operating costs	6(4) and 7	(973,535)	(85)	(1,671,999)	(99)
5950	Operating margin		172,126	15	20,314	1
	Operating expenses	6(16)(17) and 7				
6100	Selling expenses		(19,295)	(2)	(21,717)	(1)
6200	General and administrative expenses		(58,384)	(5)	(60,539)	(4)
6300	Research and development expenses		(117,989)	(10)	(93,665)	(5)
6000	Total operating expenses		(195,668)	(17)	(175,921)	(10)
6900	Operating loss		(23,542)	(2)	(155,607)	(9)
	Non-operating income and expenses					
7100	Interest income		1,047	-	2,207	-
7010	Other income		2,919	-	1,282	-
7020	Other gains and losses	6(15)	38,478	4	2,268	-
7050	Finance costs	6(6)(7)	(2,596)	-	(716)	-
7000	Total non-operating income and expenses		39,848	4	5,041	-
7900	**Profit (loss) before income tax**		16,306	2	(150,566)	(9)
7950	Income tax expense	6(18)	-	-	-	-
8200	**Profit (loss) for the year**		$ 16,306	2	($ 150,566)	(9)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(9)	$ 2,428	-	$ 2,167	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		1,225	-	(312)	-
8300	**Other comprehensive income for the year, net of tax**		$ 3,653	-	$ 1,855	-
8500	**Total comprehensive income (loss) for the year**		$ 19,959	2	($ 148,711)	(9)
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 16,306	2	($ 150,566)	(9)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 19,959	2	($ 148,711)	(9)
	Earnings (loss) per share (in dollars)	6(19)				
9750	Basic earnings (loss) per share		$ 0.09		($ 0.80)	
9850	Diluted earnings (loss) per share		$ 0.09		($ 0.80)	

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent					
				Retained Earnings		Other Equity Interest	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2021							
Balance at January 1, 2021		$ 1,886,180	$ 127,610	$ 18,969	($ 4,952)	($ 44,758)	$ 1,983,049
Loss for the year		-	-	-	(150,566)	-	(150,566)
Other comprehensive income (loss)		-	-	-	2,167	(312)	1,855
Total comprehensive loss		-	-	-	(148,399)	(312)	(148,711)
Capital surplus used to cover accumulated deficit	6(13)	-	(4,952)	-	4,952	-	-
Share-based payments	6(10)(12)	-	7,705	-	-	-	7,705
Overdue dividends unclaimed by shareholders	6(12)	-	337	-	-	-	337
Overdue dividends reclaimed by shareholders	6(12)	-	(21)	-	-	-	(21)
Others	6(12)	-	17	-	-	-	17
Balance at December 31, 2021		$ 1,886,180	$ 130,696	$ 18,969	($ 148,399)	($ 45,070)	$ 1,842,376
Year ended December 31, 2022							
Balance at January 1, 2022		$ 1,886,180	$ 130,696	$ 18,969	($ 148,399)	($ 45,070)	$ 1,842,376
Profit for the year		-	-	-	16,306	-	16,306
Other comprehensive income		-	-	-	2,428	1,225	3,653
Total comprehensive income		-	-	-	18,734	1,225	19,959
Share-based payments	6(10)(12)	-	5,684	-	-	-	5,684
Overdue dividends unclaimed by shareholders	6(12)	-	131	-	-	-	131
Balance at December 31, 2022		$ 1,886,180	$ 136,511	$ 18,969	($ 129,665)	($ 43,845)	$ 1,868,150

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 16,306	($ 150,566)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(16)	16,018	14,558
Amortization	6(16)	1,069	1,087
(Gain) loss on expected credit impairment	12(3)	(85)	268
Employee share options	6(10)	5,684	7,705
Interest income		(1,047)	(2,207)
Interest expense		2,596	716
Gain on disposal of non-current assets held for sale	6(15)	-	(20,896)
Gain on financial assets at fair value through profit or loss	6(15)	(39,093)	(1,209)
Cost of provisions		3,353	7,819
Liabilities transferred to income		(2,751)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		439,545	(361,682)
Other receivables		(180)	7,436
Inventory		(295,620)	(225,251)
Other current assets		(5,219)	(24,780)
Other non-current assets		(797)	(129)
Changes in operating liabilities			
Current contract liabilities		(8,913)	10,316
Accounts payable		116,781	(25,231)
Accounts payable to related parties		(291,103)	266,922
Other payables		5,298	11,581
Other current liabilities		(59)	(21)
Other non-current liabilities		(5,581)	(1,651)
Cash outflow generated from operations		(43,798)	(485,215)
Interest paid		(2,246)	(678)
Income taxes received		12	137
Income taxes paid		(77)	(9)
Net cash flows used in operating activities		(46,109)	(485,765)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in receivables from raw material purchases		(64,793)	19,353
Acquisition of property, plant and equipment	6(20)	(9,115)	(17,344)
Disposal of non-current assets held for sale	6(20)	-	266,333
Acquisition of intangible assets		(2,930)	-
Decrease in guarantee deposits paid		13,946	826
Interest received		27,249	27,560
Net cash flows (used in) from investing activities		(35,643)	296,728

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CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		$ 450,000	$ 66,000
Repayments of short-term borrowings		(261,000)	-
Repayment of lease principal		(3,105)	(3,048)
Overdue dividends unclaimed by shareholders	6(12)	131	337
Others		-	(4)
Net cash flows from financing activities		186,026	63,285
Effect of exchange rate changes		1,225	(60)
Net increase (decrease) in cash and cash equivalents		105,499	(125,812)
Cash and cash equivalents at beginning of year		152,255	278,067
Cash and cash equivalents at end of year	6(1)	$ 257,754	$ 152,255

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

CASTLENET TECHNOLOGY INC. 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

CastleNet Technology Inc. (the "Company") was incorporated as a company limited by shares on June 26, 1998 and obtained Business Registration Certificate on August 26, 1998. In addition, the Company's stocks were listed on the Taipei Exchange in March 2010. The Company is primarily engaged in manufacturing and selling consumer electronics products such as broadband communications and digital home entertainment.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 9, 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") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became 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's financial condition and financial performance based on the Group's 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 the 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's financial condition and financial performance based on the Group's 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 as endorsed by the FSC are 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance 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", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(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 unrealised 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	Investment holdings	100	100
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc.- Kunshan	Manufacture and design of broadband communication products such as modem	100	100

For the subsidiaries listed in the Company's consolidated financial reports for 2022 and 2021, their financial reports were audited by independent auditors.

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

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

E. Restrictions on fund remittance from subsidiaries to the parent company: 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 Dollar, which is the Company’s functional and the Group’s presentation currency.

A. 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 recognised 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 recognised 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 recognised 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 recognised 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 other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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 realised, 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 realised 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

D. The Group recognises the dividend income 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.

(8) 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.

(9) Impairment of financial assets

At each reporting date, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(12) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other 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	10 years
Testing equipment	3 ~ 10 years
Molding	1 ~ 2 years
Implements equipment	3 ~ 6 years
Other equipment	2 ~ 10 years

(14) 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 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.

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 lease payments made at or before the commencement date;

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. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

(16) 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 recognised 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.

(17) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(22) Provisions

Provisions (including warranties.) are recognised 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 recognised as interest expense. Provisions are not recognised for future operating losses.

(23) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised 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 recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised 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.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity.

(27) 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.

(28) Revenue recognition

A. The Group manufactures and sells a range of consumer electronics products such as broadband communications and digital home entertainments. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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. 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.

(29) 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

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable 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 realisable 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.

Refer to Note 6(4) for the carrying amounts of inventories as of December 31, 2022 and 2021.

B. Financial assets—The fair value of financial assets at fair value through profit or loss - non-current

The fair value of financial assets at fair value through profit or loss - non-current held by the Group is determined considering market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these financial assets. Refer to Note 12(4) for the financial instruments fair value information.

Refer to Note 6(2) for the carrying amounts of non-current financial assets at fair value through profit or loss as of December 31, 2022 and 2021.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 211	$ 202
Checking accounts and demand deposits	35,339	24,471
Time deposits	222,204	117,582
Repo bonds	-	10,000
	$ 257,754	$ 152,255

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's demand deposits pledged to others as collateral had been transferred to "other current asset". Refer to Note 8 for details.

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

	December 31, 2022	December 31, 2021
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds	$ 1,361,091	$ 1,387,389
Valuation adjustment	107,087	67,993
	$ 1,468,178	$ 1,455,382

A. The Group has no financial assets at fair value through profit or loss pledged to others.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2022	
Financial instruments	Contract amount (notional principal)	Contract period
Non-current items:		
Convertible bonds	KRW 54,990,000	108.12.27~113.12.26

Financial instruments	December 31, 2021 Contract amount (notional principal)		Contract period
Non-current items:			
Convertible bonds	KRW	54,990,000	108.12.27~113.12.26

C. On December 27, 2019, the Group acquired convertible bonds issued by SPI for KRW 54,990,000 thousand. In accordance with the contract, both parties may, in the event of any serious occurrence, decide whether to re-negotiate the coupon rate and other contract terms and conditions on a semi-annual basis, and interest will be charged annually at the agreed coupon rate. In addition, the Group has the right to convert the bonds into ordinary shares of SPI at KRW 1,000 per share at maturity.

D. The interest received during the years ended December 31, 2022 and 2021 at the agreed coupon rate was $26,297 and $25,382, respectively.

E. The movements of the Company's financial assets measured at fair value through profit or loss are provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2022		December 31, 2021	
Notes receivable	$	1,027	$	1,117
Accounts receivable		268,529		663,159
Accounts receivable due from related parties		-		44,825
Less: Allowance for uncollectible accounts	(	270)	(	355)
	$	269,286	$	708,746

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2022 Accounts receivable		December 31, 2021 Accounts receivable	
Not past due	$	208,283	$	685,970
Up to 90 days		61,273		23,131
	$	269,556	$	709,101

The above ageing analysis was based on past due date.

B. Accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to $347,419.

C. The Group has no notes and accounts receivable pledged to others.

D. Information relating to credit risk is provided in Note 12(3).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 378,002	($ 4,918)	$ 373,084
Work in progress	722	(722)	-
Finished goods	187,824	(5,675)	182,149
	$ 566,548	($ 11,315)	$ 555,233

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 156,970	($ 4,324)	$ 152,646
Work in progress	785	(785)	-
Finished goods	115,494	(4,721)	110,773
	$ 273,249	($ 9,830)	$ 263,419

	Year ended December 31, 2021	Year ended December 31, 2020
Cost of goods sold	$ 972,050	$ 1,681,984
Valuation loss (gain)	1,485	(9,966)
Others	-	(19)
	$ 973,535	$ 1,671,999

For the year ended December 31, 2021, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the sale of inventories whose net realisable value was lower than its cost.

(5) Property, plant and equipment

	Machinery	Test equipment	Molding	Implements equipment	Other equipment	Total
At January 1, 2022						
Cost	$ 314	$ 38,862	$ 11,398	$ 5,227	$ 6,172	$ 61,973
Accumulated depreciation and impairment	(259)	(26,458)	(3,383)	(463)	(2,042)	(32,605)
	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$ 29,368
2022						
Opening net book amount as at January 1	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$ 29,368
Additions	-	7,945	869	1,620	838	11,272
Disposals	-	(3,495)	-	(19)	(319)	(3,833)
Depreciation charge	(32)	(4,235)	(5,915)	(1,466)	(1,393)	(13,041)
Closing net book amount as at December 31	$ 23	$ 12,619	$ 2,969	$ 4,899	$ 3,256	$ 23,766
At December 31, 2022						
Cost	$ 314	$ 24,798	$ 11,459	$ 6,707	$ 5,733	$ 49,011
Accumulated depreciation and impairment	(291)	(12,179)	(8,490)	(1,808)	(2,477)	(25,245)
	$ 23	$ 12,619	$ 2,969	$ 4,899	$ 3,256	$ 23,766

	Buildings and structures	Machinery	Test equipment	Molding	Implements equipment	Other equipment	Total
At January 1, 2021							
Cost	$ 213,817	$ 24,159	$ 45,737	$ 2,264	$ 4,363	$ 14,150	$ 304,490
Accumulated depreciation and impairment	(22,094)	(18,311)	(29,485)	(1,127)	(3,815)	(7,946)	(82,778)
	191,723	5,848	16,252	1,137	548	6,204	221,712
Transfer to non-current assets held for sale	(191,723)	(5,762)	(830)	-	(490)	(863)	(199,668)
	$ -	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$ 22,044
2021							
Opening net book amount as at January 1	$ -	$ 86	$ 15,422	$ 1,137	$ 58	$ 5,341	$ 22,044
Additions	-	-	2,988	10,590	5,087	241	18,906
Depreciation charge	-	(31)	(6,006)	(3,712)	(381)	(1,452)	(11,582)
Closing net book amount as at December 31	$ -	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$ 29,368
At December 31, 2021							
Cost	$ -	$ 314	$ 38,862	$ 11,398	$ 5,227	$ 6,172	$ 61,973
Accumulated depreciation and impairment	-	(259)	(26,458)	(3,383)	(463)	(2,042)	(32,605)
	$ -	$ 55	$ 12,404	$ 8,015	$ 4,764	$ 4,130	$ 29,368

The Group has no property, plant and equipment pledged to others as collateral for borrowings.

(6) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, office and warehouse. Rental contracts are typically made for periods of 2-5 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 part of office. Low-value assets comprise parking space and other office equipment.

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, office and warehouse	$ 5,073	$ 8,050

	Year ended December 31, 2022	Year ended December 31, 2021
	Depreciation charge	Depreciation charge
Buildings, office and warehouse	$ 2,977	$ 2,976

D. For the years ended December 31, 2022 and 2021, there were no additions to right-of-use assets.

E. The information on profit and loss 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	$ 136	$ 196
Expense on short-term lease contracts	1,674	1,000
Expense on leases of low-value assets	546	692

F. For the years ended December 31, 2022 and 2021, the Group’s total cash outflow for leases were $5,461 and $4,936, respectively.

(7) Short-term borrowings

Type of borrowings	December 31, 2022	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	$ 66,000	2022/7/14~2023/1/14	2.00%	None
"	64,000	2022/10/14~2023/4/14	2.00%	"
"	50,000	2022/12/9~2023/1/9	2.35%	"
"	50,000	2022/10/26~2023/4/24	1.87%	"
"	25,000	2022/10/11~2023/4/9	2.10%	"
	$ 255,000			

Type of borrowings	December 31, 2021		Borrowing period	Interest rate	Collateral
Bank secured borrowings	$	66,000	2021/11/15~2022/3/15	1.50%	Note 8

Interest expense recognised in profit or loss amounted to $2,453 and $520 for the years ended December 31, 2022 and 2021, respectively.

(8) Other accounts payable

	December 31, 2022		December 31, 2021	
Wages and bonuses payable	$	29,048	$	23,377
Payable on service fees		11,297		9,743
Payable on machinery and equipment		4,466		2,309
Payable on commissions		2,366		1,213
Unused compensated absences payable		2,087		1,874
Payable on spare parts		831		7,300
Others		10,597		7,329
	$	60,692	$	53,145

(9) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, 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 contribute 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. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

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

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligations	$	9,227	$	12,062
Fair value of plan assets	(	20,808)	(	21,146)
Net defined benefit liability (shown as other non-current assets)	($	11,581)	($	9,084)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2022			
At January 1	$ 12,062	$ 21,146	($ 9,084)
Interest expense (income)	90	159	(69)
	12,152	21,305	(9,153)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,629	(1,629)
Change in financial assumptions	(590)	-	(590)
Experience adjustments	(209)	-	(209)
	(799)	1,629	(2,428)
Pension fund contribution	(2,125)	(2,125)	-
At December 31	$ 9,228	$ 20,809	($ 11,581)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2021			
At January 1	$ 13,884	$ 20,777	($ 6,893)
Interest expense (income)	48	72	(24)
	13,932	20,849	(6,917)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	297	(297)
Change in demographic assumptions	615	-	615
Change in financial assumptions	(470)	-	(470)
Experience adjustments	(2,015)	-	(2,015)
	(1,870)	297	(2,167)
Pension fund contribution	-	-	-
At December 31	$ 12,062	$ 21,146	($ 9,084)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 securitisation products, etc.). With regard to the utilisation 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 authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation 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	1.40%	0.75%
Future salary increases	4.50%	4.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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	231	(239)	(226)	220
December 31, 2021				
Effect on present value of defined benefit obligation	298	(309)	(293)	284

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 for the year ending December 31, 2023 amount to $0.

(h) As of December 31, 2022, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	709
1-5 year(s)		1,848
5-10 years		1,877
Over 10 years		2,133
	$	6,567

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries 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 the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $4,273 and $3,765, respectively.

(10) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2019.8.30	8,508	7 years	Note
Employee stock options	2020.12.25	1,663	7 years	Note
Employee stock options	2021.11.24	1,337	7 years	Note

Note: Employee stock options are 50% vested after 2 years of service, 75% vested after 3 years of service and 100% vested after 4 years of service.

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	9,075	$ 12.13	8,448	$ 13.56
Options granted	-	-	1,337	10.80
Options forfeited	(460)	-	(710)	-
Options outstanding at December 31	8,615	$ 12.13	9,075	$ 12.13
Options exercisable at December 31	5,136	$ 12.43	3,058	$ 12.60

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2019.8.30	2026.8.29	5,819	$ 12.60	6,115	$ 12.60
2020.12.25	2027.12.24	1,544	11.45	1,623	11.45
2021.11.24	2028.11.23	1,252	10.80	1,337	10.80

D. The fair value of stock options granted on August 30, 2019, December 25, 2020 and November 24, 2021 are measured using the Black-Scholes option-pricing model. Relevant information are as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (Year)	Expected dividends (%)	free interest rate (%)	Fair value per unit (in dollars)
Employee stock options	2019.8.30	$ 13.60	$ 12.60	39.979~ 41.061%	3.25~ 4.375	-	0.522 ~ 0.543%	$ 4.01~ 4.52
Employee stock options	2020.12.25	11.45	11.45	43.540~ 46.311%	3.25~ 4.375	-	0.177 ~ 0.197%	3.73~ 4.05
Employee stock options	2021.11.24	10.80	10.80	41.68%	4.875	-	0.46%	3.81~ 4.08

E. For the years ended December 31, 2022 and 2021, the compensation cost arising from employee stock options amounted to $7,064 and $9,087, of which $1,380 and $3,162, respectively, pertain to share-based payments paid to the employees of the parent company, and $5,684 and $5,925, respectively, pertain to compensation costs paid to the employees of the Company.

F. On April 6, 2021, the Company's parent company transferred treasury shares to employees of its subordinate companies, of which the number of shares granted to the employees of the Company was 638 thousand shares at an exercise price of $10.31 (in dollars) per share. For the year ended December 31, 2021, the Company's compensation costs arising from the aforementioned share-based payment agreement amounted to $1,780.

(11) Share capital

A. As of December 31, 2022, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was $1,886,180 with a par value of $10 (in dollars) per share.

B. To meet the Company's long-term business development needs, replenish working capital and invest in projects that are beneficial to the Company's business development, the stockholders at their stockholders' meeting on November 13, 2019 adopted a resolution to raise additional cash through private placement. On the same date, the Board of Directors resolved to set the effective date of private placement capital increase on November 27, 2019 at the subscription price of $13.44 (in dollars) per share. The amount of capital raised through the private placement was $1,377,600, which had been registered. The ordinary shares raised through the private placement must follow the Securities and Exchange Act that they will be able to issue and offer publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(12) 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 Act requires that the amount of capital surplus to be capitalised 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. The overdue dividends unclaimed by shareholders shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

C. Movements in the capital surplus are as follows:

	2022			
	Share premium	Employee stock options	Others	Total
At January 1	$ 102,340	$ 25,561	$ 2,795	$ 130,696
Share-based payments	(1,380)	7,064	-	5,684
Employee stock options forfeited	1,068	(1,068)	-	-
Overdue dividends unclaimed by shareholders	-	-	131	131
At December 31	$ 102,028	$ 31,557	$ 2,926	$ 136,511

	2021			
	Share premium	Employee stock options	Others	Total
At January 1	$ 110,454	$ 14,694	$ 2,462	$ 127,610
Capital surplus used to cover accumulated deficit	(4,952)	-	-	(4,952)
Share-based payments	(3,162)	10,867	-	7,705
Overdue dividends reclaimed by shareholders	-	-	(21)	(21)
Overdue dividends unclaimed by shareholders	-	-	337	337
Others	-	-	17	17
At December 31	$ 102,340	$ 25,561	$ 2,795	$ 130,696

(13) Retained earnings (accumulated deficit)

A. 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. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years and current adjustments on unappropriated earnings shall be proposed by the Board of Directors based on actual needs. While, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares.

B. If the Company distributed all or partial of appropriate dividend and bonus, capital surplus or the legal reserve in the form of cash, they should be resolved by a majority vote at a meeting of Board of Directors attended by two-third of the total number of the directors, and be reported to the shareholders. Abovementioned dividends distribution should consider factors of finance, business and operations to appropriate distributable earnings for the period. Cash dividends shall account for at least 10% of the total of cash and stock dividends distributed.

C. 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.

D. 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.

E. On August 20, 2021, the shareholders at their annual meeting approved the proposal for the 2020 deficit compensation to cover deficit of $4,952 by using capital surplus. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 30, 2021.

F. On June 7, 2022, the shareholders at their annual meeting approved the proposal not to distribute earnings for the year of 2021, since the Company had an accumulated deficit. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 9, 2022.

G. On March 9, 2023, the Board of Directors resolved not to distribute earnings for the year of 2022, since the Company had an accumulated deficit.

Information on the Company's deficit compensation as resolved by the shareholders and the Board of Directors are posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(14) Operating revenue

	Year ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 1,145,661	$ 1,692,213

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	Year ended December 31,	
	2022	2021
Revenue from external customer contracts		
Asia	$ 751,296	$ 1,400,466
America	369,572	268,741
Europe	24,785	23,106
Oceania	8	-
	$ 1,145,661	$ 1,692,313

B. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liability – unearned revenue	$ 11,289	$ 20,202	$ 9,886

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

	Year ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 10,331	$ 8,251

(15) Other gains and losses

	Year ended December 31,	
	2022	2021
Gains on disposals of non-current assets classified as held for sale	$ -	$ 20,896
Compensation for losses	-	(15,689)
Gains on financial assets at fair value through profit or loss	39,093	1,209
Foreign exchange losses	(615)	(4,338)
Others	-	190
	$ 38,478	$ 2,268

(16) Expenses by nature

	Year ended December 31,	
	2022	2021
Employee benefit expense	$ 130,588	$ 121,001
Depreciation charges (Note)	16,018	14,558
Amortisation charges on intangible assets	1,069	1,087
	$ 147,675	$ 136,646

Note: Including depreciation charges on property, plant and equipment and right-of-use assets.

(17) Employee benefit expense

	Year ended December 31,	
	2022	2021
Wages and salaries	$ 115,399	$ 107,040
Labour and health insurance fees	7,859	7,037
Pension costs	4,205	3,741
Other personnel expenses	3,125	3,183
	$ 130,588	$ 121,001

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees and not be higher than 2% for directors and supervisors. However, if the Company has accumulated deficit, earnings should first be reserved to cover accumulated deficit.

B. Due to the accumulated deficit, no employees' compensation and directors' and supervisors' remuneration was accrued for the years ended December 31, 2022 and 2021.

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

(18) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31,	
	2022	2021
Current tax:		
Prior year income tax estimation	$ -	$ -
Total current tax	$ -	$ -
Deferred tax:		
Origination and reversal of temporary differences	$ -	$ -
Income tax expense	$ -	$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2022	2021
Tax calculated based on profit (loss) before tax and statutory tax rate	$ 3,261	($ 30,113)
Expenses disallowed by tax regulation	92	8
Temporary differences not recognised as deferred tax assets	(1,382)	97
Taxable loss not recognised as deferred tax assets	588	25,174
Change in assessment of realisation of deferred tax assets	(2,559)	4,834
Income tax expense	$ -	$ -

C. 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	Unrecognised deferred tax assets	Expiry year
2017 Assessed	$ 121,280	$ 96,253	$ 68,518	2027
2018 Assessed	75,299	75,299	75,299	2028
2020 Assessed	44,885	44,885	44,885	2030
2021 Filed	129,909	129,909	129,909	2031
2022 Estimated	2,939	2,939	2,939	2032
	$ 374,312	$ 349,285	$ 321,550	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017 Assessed	$ 121,280	$ 96,253	$ 81,314	2027
2018 Assessed	75,299	75,299	75,299	2028
2020 Filed	44,885	44,885	44,885	2030
2021 Filed	125,870	125,870	125,870	2031
	$ 367,334	$ 342,307	$ 327,368	

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 13,063	$ 17,991

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

(19) Earnings (loss) per share

	Year ended December 31, 2022		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 16,306	188,618	$ 0.09

	Year ended December 31, 2021		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 150,566)	188,618	($ 0.80)

(20) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31,	
	2022	2021
Purchase of property, plant and equipment	$ 11,272	$ 18,906
Add: Opening balance of payable on equipment	2,309	747
Less: Ending balance of payable on equipment	(4,466)	(2,309)
Cash paid during the year	$ 9,115	$ 17,344

	Year ended December 31,	
	2022	2021
Disposals of non-current assets classified as held for sale	$ -	($ 238,698)
Gains on disposals of non-current assets classified as held for sale	-	(20,896)
Net exchange differences	-	(6,739)
Cash received during the year	$ -	($ 266,333)

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Kinpo Electronics Inc. (KPO), which owns 68.9% of the Company's shares.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Kinpo Electronics, Inc.	Parent company
Cal-Comp Electronics & Communications Co., Ltd.	Sister company
Cal-Comp Electronics (Thailand) Public Company Limited	Sister company
SaveCom International Inc.	Other related company
Compal Electronics, Inc. and its subsidiaries	Other related company

(3) Significant related party transactions

A. Operating revenue:

	Year ended December 31,	
	2022	2021
Sales of finished goods and raw materials:		
Other related company	$ -	$ 45,041
Sales of services:		
Other related company	-	1,392
	$ -	$ 46,433

Except for those with no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, all sales to the aforementioned related parties are made at prices available to third parties. The credit terms are 1-6 months to third parties and 2-3 months to related parties.

B. Purchases:

	Year ended December 31,	
	2022	2021
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 961,574	$ 1,694,877
Other related company	-	2,377
	$ 961,574	$ 1,697,254

Except for those with no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, the Group makes purchases from the aforementioned related parties at the prevailing market price. The payment terms are 1-4 months to third parties and 3-4 months to related parties.

C. Other expense:

	Year ended December 31,	
	2022	2021
Human support service fee:		
Sister company		
-Cal-Comp Electronics & Communications Co., Ltd.	$ 4,742	$ -

D. Accounts receivable:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related company	$ -	$ 44,825

The receivables from related parties arise mainly from sale transactions. The receivables are due 60 to 90 days after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

E. Other receivables:

	December 31, 2022	December 31, 2021
Receivables from raw materials purchases on behalf of others:		
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 109,365	$ 44,573

F. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable:		
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 403,476	$ 694,579
	403,476	694,579
Other payables－other:		
Parent company	3	1
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	7,491	2,703
-Others	786	-
	8,280	2,704
	$ 411,756	$ 697,283

(a) Accounts payable arise mainly from purchase transactions and are due 90 to 120 days after the date of purchase. The payables are non-interest bearing.

(b) Receivables and payables arising from purchases on behalf of related parties amounted to $5,135,814 and $1,613,314, respectively, and the net amount is reported as it meets the criteria for derecognition and offsetting of financial assets and financial liabilities.

(4) Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and other short-term employee benefits	$ 21,512	$ 20,800
Post-employment benefits	216	206
	$ 21,728	$ 21,006

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Pledged demand deposits (shown as other current assets)	$ 5,006	$ 2,000	Collateral for bank borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Due to the COVID-19 pandemic, there is a lot of uncertainty in the global economy since 2020. Based on the Company's assessment, the pandemic has no significant impact on the Company in terms of going concern assumption, impairment of assets and related financing risks. The Company continues to expand its customer base and improve its product research and development capabilities to strengthen market competitiveness. However, the Company will continue to closely monitor the subsequent development of the pandemic and assess the impact on the Company.

(2) 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 maximize shareholders' equity by maintaining an optimal capital structure. The Group's key management examines the capital structure which comprise the cost of capital and related risk. In order to maintain the capital structure, the Group may pay dividends, issue new shares, repurchase stock and increase or repay debt.

(3) Financial instruments

A. Financial instruments by category

For information and amounts related to the Group's financial assets, which comprise cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable (including related parties), other receivables (including related parties), other current financial assets, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables and lease liabilities, refer to the consolidated balance sheets and Note 6.

B. Financial risk management policies

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. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group financial position and financial performance.

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 cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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	$ 15,645	30.71	$ 480,458
Financial liabilities			
Monetary items			
USD:NTD	$ 18,293	30.71	$ 561,778

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 29,899	27.68	$ 827,604
Financial liabilities			
Monetary items			
USD:NTD	$ 26,417	27.68	$ 731,223

iii. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Group amounted to $615 and $4,338 for 2022 and 2021, respectively.

(b) Price risk

The Group's investments in equity securities comprise hybrid instrument issued by the foreign enterprise. The prices of hybrid instrument would change due to the change of the future value of investee companies. If the prices of these hybrid instrument 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 $14,682 and $14,554, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(c) Cash flow and fair value Interest rate risk

The short-term loans for short-term capital revolving requirements are mostly at floating rates, their major risks can be offset by the cash position at floating rates.

(d) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks with good credit and financial institutions with sufficient investment grades or above are deemed acceptable for investing. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group assesses expected credit loss on individual significant defaulted accounts receivable, and classifies remaining customers' accounts receivable in accordance with characteristics of customer types. The Group applies different loss rate methodology or provision matrix as basis to estimate expected credit loss on different groups.

iv. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. According to abovementioned consideration and information, the Group does not expect any significant default possibility of accounts receivable.

v. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix and loss rate methodology is as follows:

	Not past due	Up to 90 days	Total
At December 31, 2022			
Expected loss rate	0.10%	0.10%	
Total book value	$ 208,283	$ 61,273	$ 269,556
Loss allowance	($ 209)	($ 61)	($ 270)
At December 31, 2021			
Expected loss rate	0.05%	0.05%	
Total book value	$ 685,970	$ 23,131	$ 709,101
Loss allowance	($ 343)	($ 12)	($ 355)

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ 355	$ 87
Provision for impairment	-	268
Reversal of impairment loss	(85)	-
At December 31	$ 355	$ 355

(e) 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. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities.

As of December 31, 2022 and 2021, the Group's non-derivative financial liabilities (including short-term borrowings, accounts payable, accounts payable to related parties and other payables) will expire within 1 year.

December 31, 2022	Less than 1 year	Over 1 year	Total
Non-derivative financial liabilities			
Lease liability	$ 2,893	$ 2,533	$ 5,426

December 31, 2021	Less than 1 year	Over 1 year	Total
Non-derivative financial liabilities			
Lease liability	$ 3,243	$ 5,426	$ 8,669

(4) 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 financial assets at fair value through profit or loss is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties) and other payables are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,468,178	$ 1,468,178

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,455,382	$ 1,455,382

(b) The fair values of convertible bonds as of December 31, 2022 and 2021 were measured using the binomial model (one of the lattice models) and lattice model, respectively. The main assumptions used are as follows:

	Fair value at December 31, 2022	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,468,178	1.99 years	3.79%	43.26%

	Fair value at December 31, 2021	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,455,382	2.99 years	1.79%	42.31%

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Hybrid instrument	Hybrid instrument
At January 1	$ 1,455,382	$ 1,479,555
Gains recognised in profit or loss	39,093	1,209
Interest received	(26,297)	(25,382)
At December 31	$ 1,468,178	$ 1,455,382

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. The Group's fair value measurements categorised within Level 3 is valued through outsourced appraisal performed by the external valuer.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 1,468,178	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher the long-term income before taxes and weighted average cost of capital, the higher the fair value; The higher the lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	13.62%	
			Lack of marketability discount	20%	

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 1,455,382	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher the long-term income before taxes and weighted average cost of capital, the higher the fair value; The higher the lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	14.60%	
			Lack of marketability discount	20%	

I. The Group has carefully assessed the valuation models and assumptions used by external valuer to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 14,682	($ 14,682)

			December 31, 2021	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 14,554	($ 14,554)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

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 $300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 2.

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

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 4.

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: Refer to table 5.

14. Segment Information

(5) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(6) Reconciliation for segment income (loss)

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. No reconciliation is needed as the Group's reportable segments income (loss) is the income (loss) before tax.

(7) Information on products and services

Revenues from external customers are as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
Consumer Electronics	$	1,144,572	$	1,690,609
Service revenue		1,089		1,704
	$	1,145,661	$	1,692,313

The Group derives revenue from the transfer of goods and services at a point in time.

(8) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is disclosed in Note 6(14).

(9) Major customer information

Major customer information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021		
Client		Revenue	Percentage of operating revenue (%)		Revenue	Percentage of operating revenue (%)
Client F	$	397,869	35%	$	951,122	56%
Client I		347,964	30%		50,037	3%
Client A		151,327	13%		40,497	2%
Client C		55,554	5%		255,440	15%
Client H		12,040	1%		215,769	13%
	$	964,754	84%	$	1,512,865	89%

Castlenet Technology Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		Relationship with the		As of Decemeber 31, 2022				
Securities held by	Marketable securities	securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Castlenet Technology Inc.	SPI. Convertible Bond	None	Non-current financial assets at fair value through profit or loss	-	$ 1,468,178	-	$ 1,468,178	

Castlenet Technology Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note）
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited.	Subsidiary of the Company's parent, Kinpo Electronics Inc.	Purchases	$ 961,574	58%	90-120 days after monthly billings	Available to third parties	90-120 days after monthly billings	($ 403,476)	74%	Note

Note: The abovementioned accounts payable to related parties are mainly comprised of the balance of accounts payable for purchasing finished goods from sister companies.

Castlenet Technology Inc. and Subsidiaries

Information on investees

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment profit (loss) recognised by the Company the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
CastleNet Technology Inc.	Castlenet Technology (BVI) Inc.	British Virgin Islands	Investment holdings	$ 302,692	$ 302,692	8,708	100	$ 40,294	($ 458)	($ 458)	Note

Castlenet Technology Inc. and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital （Note 1）	Investment method （Note 2）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income (loss) of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment profit (loss) recognised by the Company for the year ended December 31, 2022 （Note 3）	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
CastleNet Technology Inc. - Kunshan	Manufacture and design broadband communication products such as modem and sell selfproduced products	$ 230,325 USD 7,500	2	$ 230,325 USD 7,500	$ -	$ -	$ 230,325 USD 7,500	($ 427)	100	($ 427)	$ 33,138	$ -

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
CastleNet Technology Inc. - Kunshan	$ 230,325	$ 230,325	$ 1,120,890

Note 1: The numbers in this table are expressed in New Taiwan Dollars. For the amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate used in financial statements.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through establishing Castlent Technology (BVI) Inc. in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 3: The investment income (loss) was recognised based on the financial statements audited by independent auditors for the year ended December 31, 2022.

Castlenet Technology Inc. and Subsidiaries

Major shareholders information

December 31, 2022

Table 5

Name of major shareholders	Shares: Number of shares held	Shares: Ownership (%)
Kinpo Electronics, Inc.	129,959	68.9%