stock code：6142

CAMEO COMMUNICATIONS, INC.

2021 Annual Report

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CAMEO COMMUNICATIONS, INC.website：http://www.cameo.com.tw
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6. Name of any overseas securities trading agency and search name in the said overseas securities trading agency: None
7. Company Website：http://www.cameo.com.tw

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Letters to Shareholders

Dear Shareholders,

Thanks for your continuous concerns and supports in the past years. Here we reported the financial results for the full year 2021 as well as the brief operating plan for the year 2022.

I. 2021 Operating Results

(1) Implementation Result of the 2021 Business Plan

The consolidated revenue of 2021 was NTD2.49 billion, which was a decrease of 24% year-over-year, compared to NTD3.29 billion of 2020. One of the major reasons was the impact of the transfer of our production from mainland China to Taiwan. The shortage of labors made it more difficult when the handover between two sites was going at that period. Besides, the material shortages caused by the unbalance between demand and supply of the global supply chain, and the long lead time problems of the key components impacted by COVID-19 pandemic, as well as the shipment issues due to the lockdown policies by those countries impacted by pandemic, made it worse to implement the business plan.

The impact caused by transferring the production is getting to be improved as the performance of the new factory in Tainan Taiwan is raised. And the deliveries for those purchase orders become smooth gradually as we keep hiring the labors and pulling in the materials actively. It is sure that there shall be more and more investment on the network infrastructure since the demand of network keep growing as we are entering the "post pandemic era" when the pandemic becomes less impact on vaccinated people's life while the COVID-19 becomes like the flu, as well as people having gotten used to the lifestyle of working from home during the pandemic.

(2) Budget Execution

The company did not disclose the financial forecast for 2021.

(3) Financial Profitability Analysis

Factors	2021	2020
Liabilities to assets ratio（%）	40.45	57.87
Long-term capital to fixed assets ratio （%）	267.97	173.37
Current ratio（%）	326.02	160.93
Quick Ratio（%）	233.76	112.44
Return on assets（%）	8.07	-8.95
Return on equity（%）	15.32	-20.36
Net profit rate（%）	15.68	-13.22
EPS (after fully diluted) (NT$)	1.23	-1.89

(*) Calculated based on the amount of the consolidated financial report audited by CPA of KPMG.

(4)Overview of Research and Development

The new products under development planned are listed as following.

- Enterprise Core Switch
- L2/L3 Stackable Management Core Switch
- Outdoor Wide Temperature Switch
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Network Switch
- SDN Switch
- Cloud Management System
  - Cloud Management Software
  - Cloud Switch
  - Cloud SDWAN Gateway
  - Cloud Wireless Access Point
- AI Network Management Controller
  - AI Network Management Controller
  - AI Controller Based Switch
  - AI Controller Based VPN Gateway
  - AI Controller Based Wireless Access Point

II. Overview of 2022 Business Plan

(1) Operating Policies

1. Keep improving the production quality and efficiency: After the hard working in the past year, we have transferred the purchase orders and the material from the old factory in China and kept tuning for running smoothly gradually at the new factory in Taiwan. We will keep improving and integrating the processes with high flexibility to raise the performance and lower down the cost in order to overcome the challenge of the production cost up.
2. Enhance the cooperation partnership between/ among customers and suppliers: we will cooperate with our customers and suppliers by sharing the market information and the technologies, also trying to cooperate in developing the future technologies and products to satisfy the customers by leveraging our suppliers.
3. Enhance the software R&D capability for high-end technologies: we will keep invest on the new technologies based on current inner R&D resource to provide the high-end products by enhancing software value-added functions which can provide better gross profit significantly than just products with hardware manufactured only. To approach this goal, we will introduce more excellent engineers into our team, and also cooperate with our customers, suppliers for joint development.

(2) Sales Forecast, Basis and Important Production and Sales Policies

1. Estimated sales of the company in 2022

   For the wired products, we plan to finish developing 2.5G/ 5G/ 10G RJ45 PoE++ (802.3bt) network switches, and also put our effort on the development for the stackable L2/L3 software hardware integrated high-end switches. Our goal is to deliver them at the end of this year or early next year for the better gross profit.

   For the wireless products, we will keep investing in high unit price, high value-added enterprise access point, cloud commercial wireless network access point, 5G/LTE wireless routers, in order to enhance the product competition for better profitability.

2. Basis and important production and marketing policies

   We keep improving the production efficiency and introducing the automation to reduce production costs. We will also enhance the cooperation relationship continuously with our suppliers in order to accelerate the process to get the raw material and lower down the cost. We will establish deeper relationship with our customers and enhance the technology capability to provide the competitive products to our customers.

III. Future Development Strategy, Impact of External Competition Environment, Legal Environment and Overall Business Environment

(1) Future development strategies

The main development strategies are as follows:

1. Keep controlling the quality and the cost strictly to raise the production efficiency and the capability to gain.
2. Enhance the cooperation partnership between/ among the customers and suppliers.
3. Keep investing in the advanced technologies to improve the H/W & S/W development capabilities for the high-end products.

(2) The Impact of External Competition Environment, Legal Environment, and Overall Business Environment

1. As the world enters the post pandemic era, people in most of the countries have gotten vaccinated so that the COVID-19 becomes like the flu to exist in our life which makes our economic activities among countries be recovered gradually from locking down. However,

the material shortage issues are still impacting on the achievement of the business. In addition, it would be harder variables to be considered for the trade war among countries under the forming new cold war situation.

2. The lead time is impacted and the shipping cost is going up due to the insufficient global transport capacity and the unresolved congestion issues of the major international trade ports.
3. It would be an impact on the reviving economic activities for the expectations or implementation of raising the interest or reducing the balance sheet by the US FED.

To sum up, on one hand, we believed that the economic will be recovered due to the pandemic easing in 2022; but on the other hand we also face the difficulties of the barriers of the trade, or the cost up issues. In the coming year, we shall take the opportunities coming with the recovery, and also be ready to face the challenges in order to achieve our goals.

Wish all shareholders good health and a safe family!

Chairman：Jerry Chien

CEO： Allen Cheng

Accounting Supervisor：Amy Wang

Chapter 2 Company Profile

I.Date of Incorporation：March 11, 1991

II. Company History

1991	Cameo Communications Inc. was established with NT$ 32,670 thousand. （included technology stocks NT$ 8,190 thousand dollars）
1992	Increase capital for cash NT$62,564 thousand for improving financial status.(included technology stocks NT$ 15,641 thousand.)The paid-in capital amounted NT$ 95,324 thousand.
1993	Increase capital for cash NT$14,675 thousand for improving financial status.（included technology stocks NT$3,668 thousand.） The paid-in capital amounted NT$ 110,000 thousand.
	Ultra Hub AH5000 was launched.
	CAMEO SNMP hub was ranked 2st in test result of Communication Week.
	Integrated Boundary Router HUB launched.
1994	Increase capital for cash NT$62,564 thousand for improving financial status. The paid-in capital amounted NT$ 159,000 thousand. Ultra Hub 1000 was selected best choice in British online professional magazine. Smart Regional Bridge hub was launched.
1995	Cameo obtained international quality management system certification ISO9001 on April, 28. certification of ISO 9001.
1996	Proposal for a capital reduction of NT$39,750 thousand to offset company losses and increase capital $80,000 thousand. The paid-in capital after the capital reduce/increase was NT 199,250 thousand. Cameo acquired Youju Co., Ltd. 98.4% Long-term equity investment from D-LINK CORPORATION for NT$ 68,880 thousand.
1997	In order to reduce management costs and increase the competitiveness of export sales, Cameo merged with Youju Co., Ltd. to bear all its assets, liabilities, employees and business. Mr. Huang Qiz-hen took over as the chairman and general manager of Cameo Communications Inc.
1998	To expand the scale of business and increase the market share, the company issued 15,800 thousand shares and merged with June Kai International Co., Ltd. After the capital increase, the paid-in capital was NT$ 357,250 thousand. Cameo purchased 6th and 7th floors of the "Asia Pacific Economic and Trade Center", No. 28, Zhongxing Road, Xizhi Town, Taipei County as plant for expanding production capacity. Mr. Huang Qiz-hen who resigned as general manager of Cameo was replaced by Mr. Jerry Chien. Cameo developed and mass-produced 10M Ethernet network card, hub and 100M Ethernet hub.
1999	Due to the growing business, the storage site was becoming increasingly crowded. In order to improve the working environment, the first floor space of No. 22 Zhongxing Road was purchased in 1988 as a warehouse after proper planning. Cameo went public on June 28, 1999. Mr. Huang Qizhen stepped down as the chairman of the company and was replaced by Mr. Jian Zhihao. The position of general manager was promoted by Ms. Wang Baoyi, deputy general manager. Cameo completed the development of 10/100M Nway Ethernet network card, dual-speed hub and switch.
2000	In order to repay the loan for the purchase of factory buildings and improve the financial structure, a cash capital increase of NT$ 160,000 thousand was processed, and the capital increase was NT$ 60,777.5 thousand through capitalization of earnings. After the capital increase, the paid-in capital was NT$ 578,027.5 thousand. HomePNA 1.0 and VLAN 10/100M Nway Ethernet was launched.

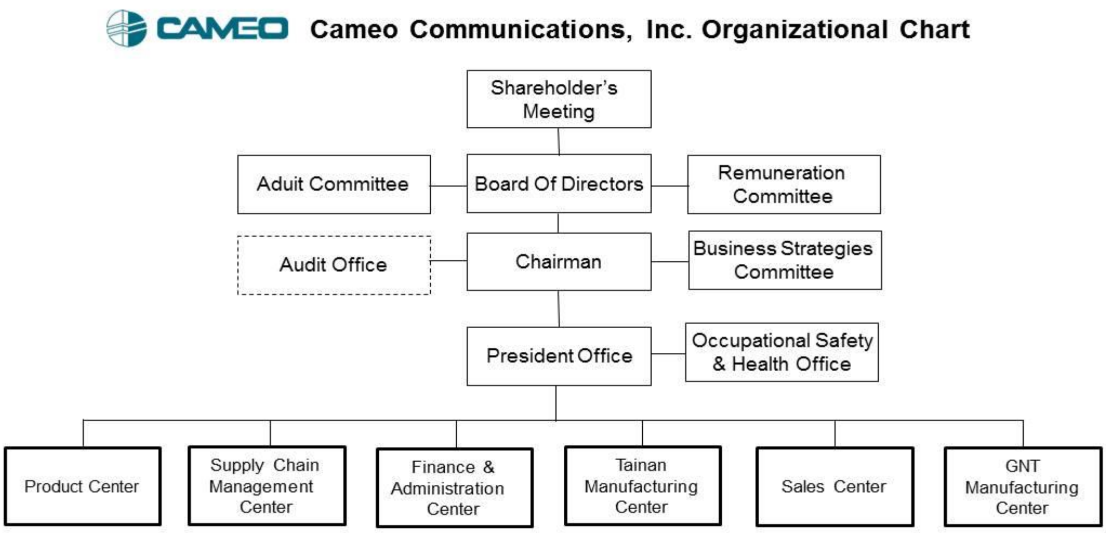
2001	In order to strengthen the R&D team, the 7th floor space of No. 32 and 34 Zhongxing Road was purchased as a R&D laboratory. In May, Cameo applied to the Taipei Exchange for stock trading. In September, the paid-in capital after capital increase was NT$ 674,621.6 thousand through capitalization of earnings. Cameo was approved to trade general stocks in Taipei Exchange.
2002	On January 22, 2002. Cameo listed in Taipei Exchange. In August, head office moved from Hsinchu Science Park to Xizhi City, Taipei County. In September, the capital increase through capitalization of earnings, the paid-in capital amounted to NT$ 902,008.1 thousand. In October, the wireless communication research and development department established.
2003	On August 4, Cameo stock trading transferred from Taipei Exchange to Taiwan Stock Exchange Corporation. The paid-in capital amounted to NT$ 902,008.1 thousand through capitalization of earnings. Gigabit switches product sales rank first in Taiwan.
2004	The paid-in capital amounted to NT$ 1,113,369.6 thousand through capitalization of earnings in October. On October 29, the board of directors approved the merger with Yangqing Electronics Co., Ltd.
2005	On May 13, 1994, board of directors withdrew the merger with Yangqing Electronics Co., Ltd., and adopted stock swap to incorporate Yangqing Electronics Co., Ltd. as a 100% subsidiary. In July, the paid-in capital amounted to NT$ 1,331,248.81 thousand through capitalization of earnings NT$217,879.24 thousand. On December 1 was the record date for Cameo to acquire Yangqing Electronics Co., Ltd.
2006	In April, Cameo Holding Ltd.invested NettechTechnology (Suzhou) Co., Ltd. in China. In September, Cameo participated inTurboComm Tech Inc. private placement with NT$60 million. In October, the paid-in capital amounted to NT$ 1,685,483 thousand through capitalization of earnings NT$204,134.8thousand.
2007	In March, Cameo issued NT$ 800 million unsecured conversion corporate bonds In April, the board of directors approved the dissolution and liquidation of its subsidiary, Yangqing Electronics Co., Ltd. In August, the paid-in capital amounted to NT$ 1,814,612 thousand through capitalization of earnings and employee bonus NT$ 129,129 thousand. On September 20, the board of directors approved the merger with Wide View Technology Co., Ltd., and the record date of the merger was set on October 1.
2008	In September, the paid-in capital amounted to NT$ 2,209,063 thousand through capitalization of earnings, employee bonus and capital surplus NT$ 394,451 thousand. On September 30, the board of directors approved the merger with Kaijin Technology Co., Ltd., and the record date of the merger was November 1.
2009	In September, the paid-in capital amounted to NT$ 2,275,335 thousand through capitalization of earnings and capital surplus NT$ 66,272 thousand. On December 16, the seventh board of directors in 2009 purchased the corporate operating headquarters in Neihu; the purchase price was re-negotiated and changed to 1.483 billion (tax included) on July 12, 2010.
2010	In September, the paid-in capital amounted to NT$ 2,571,129 thousand through capitalization of earnings and capital surplus NT$ 295,794 thousand.
2011	In September, the paid-in capital amounted to NT$ 2,725,397 thousand through capitalization of earnings NT$ 154,268 thousand.
2013	On November 11, the board of directors approved disposing subsidiary Cameo Holding Ltd.

2014	In September, subsidiary Qianjin Investment Co., Ltd. invested SOARNEX TECHNOLOGY CORPORATION.
2015	Through treasury stocks reduction NT$ 43,040 thousand, the paid-in capital reduced to NT$ 2,682,357
2016	In December, the board of directors approved the Tainan factory construction project and signed a long-term factory construction contract with Liming Creation Co., Ltd. The total construction price was 1.088 billion.
2017	In March, the board of directors approved the dissolution and liquidation of Wide View Technology (Shanghai) Co., Ltd. In November, the board of directors approved NT$400 million Tainan plant equipment purchase project.
2018	In August, Tainan factory obtained the license and factory registration certificate. In September, the subsidiary Wide View Technology (Shanghai) Co., Ltd. was dissolved and liquidated.
2019	In March, the board of directors approved of its subsidiary, NettechTechnology (Suzhou) Co., Ltd. sold Suzhou Soarnex Technology Co., Ltd. 100% Investment to its subsidiary, Luis Jo'se Investments Inc. In August, the board of directors approved NT$ 360 million for Tainan plant purchase project. In October, the transfer of the equity of Suzhou Soarnex Technology Co., Ltd. to Luis Jo'se Investments Inc. was completed.
2020	In September, The Extraordinary Shareholders' Meeting approved an interim capital reduction to make up for the loss of NT$ 385,564 thousand. After the capital reduction, the paid-in capital was NT$ 2,296,792 thousand. Record date of the capital reduction was December 30, 2020.
2021	In February, the Company processed 101,100,000 private placement of common stock and the paid-in capital after the capital increase was NT$ 3,307,792 thousand. The delivery date was April 15,2021 In April, it was completed capital reduction and issuance of stocks.

Chapter 3 Corporate Governance Report

I. Organization

（I） Organizational structure：



(II) Responsibilities and functions of major departments：

Board of directors	The chairman of the board is responsible for convening the board of directors, supervising the company's operations, determining the company's important strategies, and planning the company's future business direction and goals.
Audit office	1. Make annual audit plan and perform audit work. 2. Maintain the effectiveness and completeness of the internal audit control system. 3. Establish an internal control risk management system to prevent the company's losses.
President Office	1.Implementing the Company's major resolutions adopted by the Board of Directors, comprehensively managing the Company's operations and future business development plan, as well as guiding and supervising various marketing and sales activities. 2. Planning the Company’s business strategy and vision.
Product Center	1.Responsible for the planning, implementation and supervision of the company's product research and development affairs. 2. Responsible for the implementation of the company's product development related operating procedures and file management. 3. Responsible for the R&D quality control of the company's products. 4. Responsible for the technical support and customer service of the company's products. 5. Responsible for Software and Hardware functional verification of the company's products. 6. Responsible for the industrial and mechanical design of the company's products. 7. Product development-related support services and management, including product engineering support (DFM), product function verification (DFT), product safety regulatory certification and recognition of components (including power supply components). 8. Human resources training and planning for product development related support matters. 9. Product line management, product management and project management of wired and wireless network related products. 10. Work with sales to solve customer-related product needs. 11. Work with R&D department to develop product specifications. 12. Coordinate the cooperation of relevant departments, including materials, production, R&D to promote business-related operations. 13. Fabricate product marketing materials, manuals, software GUI wording and teaching materials. 14. Project development plan, execution and management. 15.Computerized operating system software and hardware planning and management, computerized operating authority control.

Supply Chain Management Center	1. Production and sales planning, production scheduling, material procurement, material management and other production planning operations. 2. Master the company's product production schedule and make it smooth and correct delivery to customers . 3. Warehousing-related operation management, production materials receiving and receiving, work orders are issued and finished products are packed and shipped, materials are properly stored and materials account management. 4. Handle all import and export business in accordance with laws and regulations. 5. Carry out quality control, quality prevention training and audit, production quality control, manufacturer audit and counseling, and customer quality service. 6. Comply with international quality, occupational health and safety, and environmental management system operating specifications.. 7. Carry out quality control, quality prevention training and audit, production quality control, manufacturer audit and counseling, and customer quality service. 8. Compliance with international regulations and instructions such as Hazardous Substances (RoHS), Energy Saving (ErP), Chemical Substance Management (REACH), Waste Electrical and Electronic Products (WEEE) and other international regulations and instructions are followed up and implemented.
Finance & Administration Center.	1.Financial accounting planning, budgeting, financing, cost analysis ,cashier income and expenditure, shareholder rights, stock affairs, taxes and other operations. 2. Human resources related affairs, including recruitment, education training, salary management, employee relations and human budget control. 3. Public safety maintenance and other general administrative maintenance and planning. 4. Intellectual property rights management, regulatory compliance & consultation.

Tainan manufacturing Center	1.To execute production plans and manage their progress to effectively achieve the shipping target. 2.Setup and maintain quality management system to meet international quality, occupational health and safety, environmental management system construction. 3.To maintain quality system includes quality management, quality prevention training and audit, production quality control, manufacturer audit and guidance, customer after-sales RMA repair and customer quality service. 4.Production quality control and improvement, product process control and management. 5.To manage production operations safety and also react and handle abnormal situations. 6.Not only responsible for the production line working normally but also abnormal analysis, continuous improvement when the product is in mass production phase. To make new product can be built smoothly in NPI (New Product Introduction) phase and the advanced production methodologies must be concerned such as automation and re-layout if it is necessary. 7.To setup and manage manufacturing test equipments efficiency and to control retest hours effectiveness. 8.To standardize production technologies and to revise them if it is necessary. 9. Work environment safety and health management and supervision, safe production of zero accidents.
Sales Center.	1.Product Sales. 2.New Technology and Marketing Research. 3.New Product/Project Development and Management. 4.Customer New Product/Project and Sales Management.
GNT manufacturing Center (Note1)	1.Responsible for the production and manufacture of the company's products, and complete the shipment requirements on schedule. 2.Factory layout and work improvement, warehouse management and billing management. 3.Accurately grasp the smooth progress of the company's products when they are imported and shipped. 4.Formulation and revision of production technology standardization.

Note1: GNT manufacturing Center stopped production on Sep, 2021.

II. Information on Directors, President,Vice Presidents,Assistant Vice Presidents,and Heads of Departments and Branches

（I）Director Information：

March 29, 2022

Title	Nationality or place of registration	Name	Gender/ Age	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supe rvisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	Jerry Chien	Male 55	2020.6.15	3	1999.12.10	4,577,898	1.71	3,919,867	1.18	-	-	-	-	National United University Department of Electronic Engineering President,JuneKai International Co., Ltd	Director, Chien Chin Investment Co.Ltd. Director, Cameo International Ltd. Director, Huge Castle LTD Director, Perfect Choice Co., Ltd. Director,Soarnex Technology Coporation Director, NettechTechnology (Suzhou) Co., Ltd. Director,Suzhou Soarnex Technology Co., Ltd.	Representative Director	Jun Yang Investment Co., Ltd.	Note1	-
Director	Republic of China	D-Link Corporation		2020.6.15	3	1999.5.14	21,498,506	8.02	137,532,993	41.58	-	-	-	-	-	-	-	-	-	-

D-Link Corporation Representative Director	Republic of China	Joseph Wang	Male 58	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Law, National Chung Hsing University Leading Lawyer of General Law Firm	Chairman, Kings Asset Management Co., LTD. Chairman, Taiwan Steel Group United Co., Ltd. Chairman,Taiwan Network Group United Co., Ltd Chairman,GLORIA MATERIAL TECHNOLOGY CORP Chairman, S-Tech Corp. Vice chairman, Chun Zu Machinery Industry Co.Ltd. Director, Chun Zu Plant. Director, KMC INTERNATIONAL INC. Director,SOFT-WORLD INTERNATIONAL CORPORATION. Director, Taiwan Styrene Monomer Corporation. Independent Director, Huang Long Development Co.,Ltd. Director, Hi-Ace Trading Co., Ltd. Director, Chun Yu Bio-Tech Co.,Ltd. Director, Chun Yu Investments Co.,Ltd, Supervisor, Chun Yu(DongGuan) Metal Products Co., Ltd. Supervisor, Shanghai Uchee Hardware Products Co.,Ltd Director, Shanghai Chun Zu Machinery Industry Co.Ltd Director, Taiwan Steel Sports Marketing Corporation Chairman, GSMC Guangzhou Chairman, GSMC Tianjin Chairman, GSMC Xian Chairman, GSMC Zhejiang Jiaxing Chairman, Goldway Special Metal Co.,Ltd. (Zhejiang Jiaxing) Chairman, He Yang Investment Co.,Ltd. Chairman, ALLOY TOOL STEEL INC. Chairman, G-YAO ENTERPRISES LTD. Chairman, ALL WIN ENTERPRISES LTD. Chairman, FAITH ENTERPRISES LTD. Chairman,Rongyang Investment Co., Ltd. Chairman, Nano Energy Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Director	Republic of China	JunYang Investment Co., Ltd.		2020.6.15	3	2011.6.10	2,561,000	0.95	5,612,879	1.70	-	-	-	-	-	-	Chairman	Jerry Chien	Note1	-
JunYang Investment Co., Ltd. Representative Director	Republic of China	Joseph Lin	Male 51	2020.6.15	3	2011.6.10	-	-	-	-	-	-	-	-	Master of Business Administration, Stanford University General Manager of Tianli Venture Capital	Independent director, Taiwan Allied Container Terminal Corp. Independent director,Major Power Technology Co.,Ltd.	-	-	-	-
Director	Republic of China	D-Link Investment Co., Ltd.		2020.6.15	3	2020.6.15	350,000	0.13	299,690	0.09	-	-	-	-	-	-	-	-	-	-
D-Link Investment Co., Ltd. Representative Director	Republic of China	Victor Kuo	Male 58	2021.10.7	3	2020.6.15	-	-	-	-	-	-	-	-	Master of Electrical Engineering NTU President of AXUS Microsystems, Inc.	Chairman, D-Link International Pte. Ltd Chairman, Amit Wireless Inc., Legal Representative of Yong Rui Investment Co., Ltd. Legal Representative &CEO, Amigo Technology, Inc.	-	-	-	-
Independent director	Republic of China	Arens Chiang	Male 52	2020.6.15	3	2017.6.16	-	-	-	-	-	-	-	-	Bachelor of Accounting, National Taiwan University CPA,Chienchen Accounting firm Independent director INMAX HOLDING CO., LTD. Assistant of Accounting, National Taiwan University	CPA, Chienchen Accounting firm	-	-	-	-
Independent director	Republic of China	Yu-Chang Lin	Male 61	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Laws, National Taipei University Vice president, MasterLink Securities Corporation	Independent director , Taiwan Styrene Monomer Corporation Independent director , Jia Jie Biomedical Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Independent director	Republic of China	Jeff Hong	Male 58	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Law, National Chung Hsing University Lawyer of Hong Renjie Law Firm	Lawyer of Jeff Hong Law Firm Representative Director ,OFCO Industrial Corporation Independent Director, NewSoft Technology Corporation Supervisor ,Amigo Technology, Inc.	-	-	-	-

(Note1)Chairman of JunYang Investment Co., Ltd.is the spouse of Cameo Chairman Jerry Chien。

(2) Major shareholders of Institutional Shareholders

03/29/2022

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
D-Link Corporation	Sapido Technology Inc.	9.97%
	Yitongyuan investment Co., Ltd.	5.47%
	PU Chu Investment Corporation	2.66%
	E-Top Metal Co., Ltd	1.97%
	Chia Hwa Investment Corporation	1.91%
	Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds	1.23%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	1.22%
	Lee, Chung-Wang	1.12%
	D-link Investment Co., Ltd.	1.00%
	Qianjin Investment Co., Ltd.	0.91%
JunYang Investment Co., Ltd.	Su Yue Ye	40.00%
	Pei Yu Chien	20.00%
	Shao chun Chien	20.00%
	ching yen Chien	20.00%
D-link Investment Co., Ltd.	Taiwan Network Group United Co., Ltd.	100%

(3) Institutional shareholders whose major shareholders are institutions

03/29/2022

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
Sapido Technology Inc.	E-Top Metal Co., Ltd	100%
Yitongyuan investment Co., Ltd.	E-Sheng Steel Co., Ltd	100%
E-Top Metal Co., Ltd	First Capital Holding Corporation	99.99%
D-link Investment Co., Ltd.	Taiwan Network Group United Co., Ltd.	100%
Qianjin Investment Co., Ltd.	Cameo Communications, Inc.	100%

(4.1) Professional qualifications and independence of the Directors

03/29/2022

Qualification / Name	professional qualifications and work experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Jerry Chien	Company business management	He does not directly hold 5% or more of the total issued shares of the company.	0
D-Link Corporation Representative Director Joseph Wang	Lawyer qualifications	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares or are not the top ten shareholding in the name of others.	1
JunYang Investment Co., Ltd. Representative Director Joseph Lin	Finance profession	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares or are not the top ten hareholding in the name of others.	2
D-Link Investment Co., Ltd. Representative Director Victor Kuo	Technology profession	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares or the top ten shareholding in the name of others.	0
Yu-Chang Lin	Securities business experience	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	2
Jeff Hong	Lawyer qualifications	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	1
Arens Chiang	Certified Public Accountant	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0

(4.2) Diversity and independence of the Board of Directors

The Company stipulates in the "corporate governance principles" that the board of directors should consider diversity, including but not limited to the following two standards:
1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background.
As of . As of the end of 2021, there were 7 current directors, 6 directors were aged 50-59 years old, and the rest were over 60 years old. Among them, the independent directors all comply with the regulations on independence of the Securities and Futures Bureau of the Financial Supervisory Commission. The professional qualifications, work experience and diversity of directors, please refer to page 35.

（II）Information regarding President,Vice Presidents,Assistant Vice Presidents, and Heads of Departments and Branches

March 29.2022

Title	Nationality	Name	Gender	Date of appointment	Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
					Number of shares held	percentage	Number of shares held	percentage	Number of shares held	percentage			Title	Name	Relation	
Chief executive officer	Republic of China	Steve Lin	Male	2021.3.24	-	-	-	-	-	-	Bachelor of Communications Engineering National Chiao Tung University President of D-Link Corporation	Chairman,Infinity Communication Technologies, Inc. Chairman of Heli-Ocean Supervisor ,Technology Co.Ltd. YLTLink Technology Corporation	-	-	-	
President	Republic of China	Allen Cheng	Male	2021.11.3	-	-	-	-	-	-	Master of Electrical Engineering NCKU. Chief Software Technology Officer, D-link Corporation Chief Software Technology Officer, Alpha Networks Inc.	Director,SOARNEX TECHNOLOGY CORPORATION President (Suzhou) SOARNEX HOLDING CO.,LTD	-	-	-	
Chief Technology Officer	Republic of China	Juan Tseng	Male	2016.10.6	-	-	100,000	0.03	-	-	Master of Electrical Information, National Central University. BU President, Pegatron Corporation	-	-	-	-	
R&D Center Vice President	Republic of China	Angus Yang	Male	2012.7.11	100,313	0.03	-	-	-	-	Master of Electronics Engineering, NCTU R&D Center Vice President	-	-	-	-	
Financial Administration Center Vice President	Republic of China	Doris Hsieh	Female	2021.5.4	11,000	0.00	-	-	-	-	Master of Finance, University of Illinois at Urbana-Champaign Senior Vice President of HSBC Bank (Taiwan)	Director, Perfet Choice Co., Ltd. Director,SOARNEX TECHNOLOGY CORPORATION Director, Luis Jo'se Investment Inc. Director, Nettech Technology(Suzhou) Co	-	-	-	
Enterprise Operation Center Chief Operating Officer	Republic of China	Victor Lee	Male	2009.11.01	331,557	0.10	-	-	-	-	Master of Business Administration, NCCU Vice President and CFO, Global Sun Tech Co.,Ltd President, Cameo Communications Inc.	-	-	-	-	
Tainan manufacturing Center Vice President	Republic of China	Jeff Kung	Male	2020.11.16	-	-	-	-	-	-	Executive Master of Business Administration, NCTU Vice President, Alpha Networks Inc.	-	-	-	-	
Product management Div. Vice President	Republic of China	Peter Yu	Male	1999.03.01	2,407	0.00	-	-	-	-	Master of Optics and Photonics, National Central University. PM, D-link Corporation.	-	-	-	-	
Quality Management Div. Vice President	Republic of China	David Lee	Male	2020.1.18	-	-	-	-	-	-	Bachelor of Industrial Engineering and Engineering Management National Tsing Hua University AM, Alpha Networks Inc.	-	-	-	-	
Data Center Vice President	Malaysia	CK Lee	Male	2017.04.12	-	-	-	-	-	-	Bachelor of Electrical Engineering, NTU Director, LITE-ON TECHNOLOGY CORP.	-	-	-	-	
GNT manufacturing Center Vice President	Republic of China	Ray mao	Male	2010.05.01	487	0.00	-	-	-	-	Bachelor of Business Administration, Chung Yuan Christian University Director, Neo-Neon Group	Director&President, Nettech Technology(Suzhou) Co.,Ltd.	-	-	-	
Tainan manufacturing Center Assistant Vice President	Republic of China	M Lee	Male	2010.05.01	266	0.00	-	-	-	-	Bachelor of Electronic Engineering, NKUST Factory Director, Cameo Communications Inc.	-	-	-	-	

Title	Nationality	Name	Gender	Date of appointment	Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
					Number of shares held	percentage	Number of shares held	percentage	Number of shares held	percentage			Title	Name	Relation	
Executive Assistant	Republic of China	Phil Ko	Male	2021.3.24	-	-	-	-	-	-	National Chengchi University EMBA D-Link Chief Operating Officer, European Business Group	-	-	-	-	
Corporate governance officer Accounting Supervisor	Republic of China	Amy Wang	Female	2016.04.01	3,156	0.00	1,323	0.00	-	-	Bachelor of Accounting Information, Takming University of Science and Technology.	Director, Perfet Choice Co., Ltd. Supervisor, SOARNEX TECHNOLOGY CORPORATION	-	-	-	

Note 1 : Chief Operating Officer Victor Lee resigned on 2021.5.7 and Financial Administration Div.Vice President Doris Hsieh appointed on 2021.5.4.

Note 2 : President Allen Kuo appointed on 2021.5.4.Chief Technology Officer Juan Tseng resigned on 2021.11.1. Data Center Vice President CK Lee resigned on 2021.11.1.Tainan manufacturing Center Vice President Jeff Kung resigned on 2021.11.15. Quality Management Div. Vice President resigned on 2021.11.15.R&D Center Vice President Angus Yang resigned on 2021.11.19.

Note3 : Product management Div.Vice President Peter Yu resigned on 2021.7.30. Tainan manufacturing Center Assistant Vice President M Lee resigned on 2021.7.30.

Note4: Chief executive officer Steve Lin resigned on 2021.12.31

Note5: The information of shareholdings held by Juan Tseng , Victor Lee, Angus Yang and Peter Yu and M Lee were disclosed as of the removal date.

III.Remuneration paid to Directors, President and Vice Presidents,General Directors,and Independent Directors

1. Remuneration paid to directors (including independent directors)

Unit NT$ Thousands

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant remuneration received by directors who are also employees								Total remuneration (A+B+C+D+E+F+G) as a % of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Jerry Chien	-	-	-	-	-	-	20	20	20 0.0051	20 0.0051	3,034	3,034	-	-	-	-	-	-	3,054 0.7818	3,054 0.7818	-
Director	D-Link Corporation Representative Director Joseph Wang	-	-	-	-	-	-	15	15	15 0.0038	15 0.0038	-	-	-	-	-	-	-	-	15 0.0038	15 0.0038	-
Director	JunYang Investment Co., Ltd. Representative Director Joseph Lin	-	-	-	-	-	-	20	20	20 0.0051	20 0.0051	-	-	-	-	-	-	-	-	20 0.0051	20 0.0051	-
Director	D-Link Investment Co., Ltd. Representative Director Steve Lin(resigned) James Huang(resigned) Victor Kuo	-	-	-	-	-	-	20	20	20 0.0051	20 0.0051	-	-	-	-	-	-	-	-	20 0.0051	20 0.0051	-
Independent Director	Yu-Chang Lin	200	200	-	-	-	-	20	20	220 0.0563	220 0.0563	-	-	-	-	-	-	-	-	220 0.0563	220 0.0563	-
Independent Director	Jeff Hong	200	200	-	-	-	-	20	20	220 0.0563	220 0.0563	-	-	-	-	-	-	-	-	220 0.0563	220 0.0563	-
Independent Director	Arens Chiang	200	200	-	-	-	-	20	20	220 0.0563	220 0.0563	-	-	-	-	-	-	-	-	220 0.0563	220 0.0563	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride.

2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors:None.

Table of Remuneration Ranges for the Directors

Range of remuneration to the Directors	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
Less than NT$ 1,000,000	Jerry Chien、D-Link Coporation Representative Director, Joseph Wang、JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director Victor Kuo,James Huang, Steve Lin、Arens Chiang、Yu-Chang Lin、Jeff Hong	Jerry Chien、D-Link Coporation Representative Director, Joseph Wang、JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director Victor Kuo,James Huang, Steve Lin、Arens Chiang、Yu-Chang Lin、Jeff Hong	D-Link Coporation Representative Director, Joseph Wang 、JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director Victor Kuo, James Huang, Steve Lin、Arens Chiang、Yu-Chang Lin、Jeff Hong	D-Link Coporation Representative Director, Joseph Wang 、JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director Victor Kuo, James Huang, Steve Lin、Arens Chiang、Yu-Chang Lin、Jeff Hong
NT$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)				
NT$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)			Jerry Chien	Jerry Chien
NT$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)				
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)				
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)				
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)				
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)				
NT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)				
NT$100,000,000 and above				
Total	9	9	9	9

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2021.
Note 2:D-Link Investment Co., Ltd. Representative Steve Lin resigned and James Huang succeeded on 2021.3.24. James Huang resigned and Victor Kuo succeeded on 2021.10.7.

2、Remuneration paid to Supervisors

The company has elected all independent directors to form Audit Committee for replacing supervisors on Shareholder meeting on June 16, 2017. The remuneration of the supervisors was no longer paid.

3、Remuneration paid to the President and Vice Presidents

Unit NT$ Thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
Chief executive officer	Steve Lin	29,855	30,321	9,721	9,721	2,312	2,312	-	-	-	-	41,888 10.72%	42,354 10.84%	-
President	Allen Cheng													
Chief Operating Officer	Victor Lee													
Vice President	Doris Hsieh													
Vice President	Juan Tseng													
Vice President	David Lee													
Vice President	Peter Yu													
Vice President	CK Lee													
Vice President	Jeff Kung													
Vice President	Angus Yang													
Vice President	Ray Mao													
Vice President	Phil Ko													

Table of Remuneration Ranges for the President and Vice Presidents

Range of remuneration to the President and Vice Presidents	Name	
	The Company	All companieslisted in thefinancial statements
Less than NT$ 1,000,000	Allen Cheng	Allen Cheng
NT$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)	Phil Ko	Phil Ko
NT$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)	Victor Lee、 Jeff Kung、Ray Mao、David Lee 、Doris Hsieh	Victor Lee、Jeff Kung、 Ray Mao 、David Lee 、Doris Hsieh
NT$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)	Steve Lin、Angus Yang、Juan Tseng、 CK Lee	Steve Lin、Angus Yang、Juan Tseng、 CK Lee
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)	Peter Yu	Peter Yu
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)		
NT$100,000,000 and above		
Total	12	12

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2021.

4、Top Five Managerial Officers with the Highest Remuneration

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
Vice President	Peter Yu	1,270	1,270	5,507	5,507	0	0	-	-	-	-	6,777 1.7348	6,777 1.7348	-
Vice President	Juan Tseng	4,368	4,368	45	45	0	0	-	-	-	-	4,413 1.1296	4,413 1.1296	-
Vice President	Steve Lin	3,472	3,472	9	9	651	651	-	-	-	-	4,132 1.0577	4,132 1.0577	-
Vice President	Angus Yang	2,396	2,396	1,635	1,635	0	0	-	-	-	-	4,031 1.0319	4,031 1.0319	-
Vice President	CK Lee	3,634	3,634	90	90	0	0	-	-	-	-	3,724 0.9533	3,724 0.9533	-

5、Names of managerial officers who receive employee bonus, and distribution of employee bonus

December 31, 2021 (Unit: NT$ thousands)

	Title	Name	Stock	Cash	Total	Ratio of total amount to Net income(%)
Managerial officer	Chief executive officer t	Steve Lin	-	-	-	-%
	President	Allen Cheng				
	Chief Technology Officer	Juan Tseng				
	Chief Operating Officer	Victor Lee				
	Vice President	Doris Hsieh				
	Vice President	Jeff Kung				
	Vice President	Peter Yu				
	Vice President	Angus Yang				
	Vice President	CK Lee				
	Vice President	Ray Mao				
	Vice President	David Lee				
	Assistant Vice President	Phil Ko				
	Assistant Vice President	M Lee				
	Corporate governance officer/Accounting Supervisor	Amy Wang				

（IV）The analysis of the ratio of the total remuneration paid to the Company's Directors,President,and Vice Presidents by the Company and all companies listed in the consolidated statements in the most recent two years to net income, and the relevance between the remuneration payment policy, standard and package, and procedure for determining remuneration and business performance and future risk shall be compared and stated:

Title	Ratio of total remuneration to net income after tax (%) 2021		Ratio of total remuneration to net income after tax (%) 2020	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
Directors	11.69%	11.81%	-5.10%	-6.12%
Supervisors				
President and Vice Presidents				

The remuneration paid to directors and supervisors by the company and all companies listed in the consolidated statements in the most recent two years is appropriated according to the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, no more than 2% shall be taken for directors’ and supervisors’ compensation. The annual earning distribution status is submitted to the Board of Directors for discussion before being sent to the shareholders’ meeting for resolution. There was big difference in the percentage of net income or net loss after tax in 2021 and 2020 due to severance pay and pension to managers. According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride.

The salary structure of the president, executive vice presidents, vice presidents, and technical director is composed by salary, food allowance, duty allowance, and transportation allowance. The difference in salary is determined by the contribution of the position and performance of the individual related to academic background, experience, performance, working years and job title.

The company established the Remuneration Committee on December 23, 2011 with professional and objective status for evaluating the company's directors and managers' compensation policies and systems, and making recommendations to the board of directors for their decision-making reference.

The performance evaluation and salary remuneration of directors and managers under the Remuneration Committee system should refer to the usual level of payment in the industry, and consider the time invested by the individual, the responsibilities, the achievement of personal goals, the performance of other positions, and the salary and remuneration given to employees of the same position in recent years, including the company's short-term and long-term sales goals, the company's financial status, and the relevant to personal performance and company operating performance and future risks etc.

Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration. The proportion of short-term performance compensation for directors and senior managers and the payment time of the variable salary compensation should be determined by considering the characteristics of the industry and the nature of the company's business.

IV、Operation of corporate governance

（I）Operations of the Board of Directors

A total of 6 meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Jerry Chien	6	0	100.0	Elected on 2020.6.15
Director	D-Link Corporation Representative Director Joseph Wang	6	0	100.0	Elected on 2020.6.15
Director	JunYang Investment Co.,Ltd. Representative Director Joseph Lin	6	0	100.0	Elected on 2020.6.15
Director	D-Link Investment Co., Ltd. Representative Director Victor Kuo	1	0	100.0	Elected on 2021.10.7
Director	D-Link Investment Co., Ltd. Representative Director James Huang	4	0	100.0	Elected on 2021.3.24 Resigned on 2021.10.7
Director	D-Link Investment Co., Ltd. Representative Director Steve Lin	1	0	100.0	Elected on 2021.2.2 Resigned on 2021.3.24
Independent Director	Arens Chiang	6	0	100.0	Elected on 2020.6.15
Independent Director	Yu-Chang Lin	6	0	100.0	Elected on 2020.6.15
Independent Director	Jeff Hong	6	0	100.0	Elected on 2020.6.15

Other mentionable items:

I.If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date	Proposal	All independent directors' opinions
The 5th meeting of the 11st term 2021.2.2	1. Approval of private placement of common stock.	Approved by all independent directors
The 6th meeting of the 11st term 2021.3.24	1. Approval of 2020 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2020 deficit compensation proposal. 3. Approval of 2021 business plan. 4. Approval 2020 Internal Control System Statement. 5. Approval of 2020 CPA independence assessment. 6. Approval of 2021 CPA fees. 7. Report on 2021 derivative financial products transactions.	
The 7th meeting of the 11st term 2021.5.4	1. Approval of 2021Q1 consolidated financial statement. 2. Report on 2021 derivative financial products transactions. 3. To approval 2021 Endorsement and Guarantee to subsidiaries. 4. To approve renewal liability insurance for directors and managers 5. Report on Capital Reduction and Compensation Losses and the Implementation of Sound Business Plan. 6. To approve the release of director of non-competition restrictions 7. Approval of appointment of chief financial officer and spokesman.	
The 9th meeting of the 11st term 2021.8.4	1. Approval of 2021 Q2 consolidated financial statement. 2. Report on 2021 derivative financial products transactions. 3. Report on 2021Q2 the Implementation of Sound Business Plan. 4. Approved the amendment to Internal Control System Statement and Internal Audit Implementation Rules.	
The 10th meeting of the 11st term 2021.11.3	1. Approval of 2021 Q3 consolidated financial statement. 2. Report on 2021 derivative financial products transactions. 3. Report on 2021Q3 the Implementation of Sound Business Plan. 4.Report on disposal of subsidiary land use right and the plant of Nettech Tech Co.,Ltd. 5. Approval of 2022 audit plan. 6. Approval of procedures for Internal control self-assessment.	

(2) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II. With regard to the recusal of independent directors from voting due to conflict of interests,the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None.

III. TWSE/TPEx listed companies shall disclose information such as the evaluation cycle and period, scope, method, and items of the Board's self (or peer) evaluation, and fill out the implementation status of evaluation of the Board in Table 2(2).

IV. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent year as well as the assessment of the actions implemented:

The company established an audit committee on June 16, 2017, composed of all independent directors to improve the effectiveness of the board of directors. In order to consolidate corporate governance and enhance the functions of the company's board of directors, the company has formulated the "Board Performance Evaluation Method" on March 26, 2018, and conducts annual performance evaluations to enhance the operational efficiency of the board of directors.

The implementation status of evaluation of the Board of directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2021/1/1~ 2021/12/31	the Board of directors	the Board of directors self-evaluation	1. Degree of participation in company operations. 2. Quality decision making by directors. 3. The component and structure of the board of directors. 4. Directors election and futher education. 5. Internal Control.
Once a year	2021/1/1~ 2021/12/31	Performance evaluation of individual board members	Board member self-evaluation	1.Company goals and tasks responsibilities of the directors 2. Degree of participation in company operations. 3.Relationship and communication 4.Profession and further education of directors 5. Internal Control.
Once a year	2021/1/1~ 2021/12/31	Performance evaluation of individual board members	Board member self-evaluation	1.Participation in the operation of the Company; 2.Awareness of the duties of the audit committee; 3.Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members; 5. Internal control.

The attendance of independent directors of the board of directors in 2021

☺Attend in person ✡By Proxy ✧Not attend

Date / Name	2021.2.2	2021.3.24	2021.5.4	2021.6.10	2021.8.4	2021.11.3
Arens Chiang	☺	☺	☺	☺	☺	☺
Yu-Chang Lin	☺	☺	☺	☺	☺	☺
Jeff Hong	☺	☺	☺	☺	☺	☺

（II）Operation of Audit Committee

1、Audit Committee：

A total of 5 Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Arens Chiang	5	0	100.0	Elected on 2020/6/15
Independent Director	Yu-Chang Lin	5	0	100.0	Elected on 2020/6/15
Independent Director	Jeff Hong	5	0	100.0	Elected on 2020/6/15

Other mentionable items

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

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

Date	Proposal	All members' opinions
The 4th meeting of the 2nd term 2021.2.2	1. Approval of private placement of common stock	Approved by all committee members
The 5th meeting of the 2nd term 2021.3.24	1. Approval of 2020 business report and consolidated financial statement (inclusive parent company only financial statement) 2. Approval of the 2020 deficit compensation proposal 3. Approval of 2020 Internal Control System Statement 4. Approval of 2020 CPA independence assessment 5. Approval of 2021 CPA fees 6. To approve the release of Representative Director of non-competition restrictions 7. Report on 2021derivative financial products transactions	
The 6th meeting of the 2nd term 2021.5.4	1. Approval of 2021 Q1 consolidated financial statement 2. Report on 2021 derivative financial products transactions 3. To approve the release of Representative Director of non-competition restrictions 4. Approval of appointment of chief financial officer and spokesman. 5. To approve renewal liability insurance for directors and managers 6. To approval 2021 Endorsement and Guarantee to subsidiaries	
The 7th meeting of the 2nd term 2021.8.4	1.Approval of 2021 Q2 consolidated financial statement 2.Report on 2021 derivative financial products transactions 3. Approved the amendment to Internal Control System Statement and Internal Audit Implementation Rules	
The8th meeting of the 2nd term 2021.11.3	1. Approval of 2021 Q3 consolidated financial statement 2. Approval of 2022 audit plan 3. Approval of procedures for Internal control self-assessment. 4. Report on 2021 derivative financial products transactions.	

(2) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None.

III.Communication between directors and the internal auditing officer and CPAs (including material issues, audit methods and results relating to the Company's finances and business).

(1) The audit supervisor of the company quarterly reports to the members of the audit committee on the implementation of the audit plan. No major abnormalities were discovered in 2021, and the communication between the independent directors of the company and the internal audit supervisor was good.

(2) CPA quarterly reports to the members of the audit committee on the audit result of financial report and other items required by SEC laws. No major abnormalities were discovered in 2021, and the communication between the independent directors and the CPA was good.

(3)Communication between independent directors and Internal Auditing Officer:

Date	Content of the communication	Result
2021.2.2	Report on 2020 Q4 status of audit implementation	Audit procedure improvement
2021.3.24	Approval 2020 Internal Control System statement	Independent directors have no opinion
2021.5.4	Report on 2021 Q1 status of audit implementation	Independent directors have no opinion
2021.8.4	Report on 2021 Q2 status of audit implementation Approved the amendment to Internal Control System Statement and Internal Audit Implementation Rules- Electronic data processing	Independent directors have no opinion
2021.11.3	Report on 2021 Q3 status of audit implementation	Independent directors have no opinion

Communication between independent directors and CPA:

Date	Content of the communication	Result
2021.3.24	2020 consolidated (individual) financial report audit results Proposal of 2020 CPA fees 2021communication about key audit matters with corporate governance	Approved by all Independent directors Signed 2020 CPA Proposal Independent directors have no opinion
2021.5.4	2021 Q1 consolidated financial report review result	Independent directors have no opinion
2021.8.4	2021 Q2 consolidated financial report review result 2021 Q2 communication about key audit matters with corporate governance	Independent directors have no opinion
2021.11.3	2021 Q3 consolidated financial report review result	Independent directors have no opinion

2、Audit Committee work point:

- Adoption or amendment to an internal control system pursuant to Article 14-1.
- Assessment of the effectiveness of the internal control system.
- Review financial Statement audited by CPA
- A material asset or derivatives transaction
- A material monetary loan, endorsement, or provision of guarantee
- The offering, issuance, or private placement of any equity-type securities
- The hiring or dismissal of an attesting CPA and independent assessment
- The appointment or discharge of a financial, accounting, or internal auditing officer

➢ Review financial Statement audited by CPA

The 2021 business report, financial statements and deficit compensation proposal which were agreed upon the Audit Committee and resolved by the Board, were audited by the CPA of KPMG, and a review report was issued.

➢ Assessment of the effectiveness of the internal control system.

The audit committee assessed the company’s internal control system for the year 2021, including five major aspects: control environment, risk assessment, control operations, information communication and supervision for evaluation of the effectiveness of internal control, as well as whether the design and system of internal control were actually implemented. The committee believes that the company's internal control system is effective and the company will continue to make amendments to improve the internal control system.

（III）Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		Cameo has formulated the Corporate Governance Best-Practice Principles which approved by the board of directors on March 24, 2017. In accordance with the Best-Practice Principles for TWSE/TPEx Listed Companies.	No material deviations
II. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The company has dedicated personnel to deal with shareholder suggestions or disputes and other issues, and if it involves Legal issues will be referred to the company's legal counsel. The company possesses the list of its major shareholders as well as the ultimate owners of those shares shall be disclosed in accordance with regulations.	No material deviations
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has delegated a dedicated person to manage the relevant information about the company's list of its major shareholders as well as the ultimate owners of those shares.	No material deviations
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The company establish and execute the risk management and firewall system within its conglomerate structure in accordance with "Transaction procedures for group companies, specific companies and related parties'' "Supervision Measures for Subsidiaries'', "Procedure for Endorsement and Guarantee" 、"Procedure for	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		lending funds to other parties. " (4) The company stipulated "Procedure of Material internal information".	No material deviations
III. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V V	 V	(1) The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. The board of directors has different professional backgrounds and work areas which improve the company's board diversified policy. Diversity of Board members refers to note1. (2) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. Establishing other functional committees would be considered. (3) The company stipulated "Performance Evaluation Method for the board of directors" on March 26, 2018. It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year. Stock affairs department will evaluate performance of directors and report the result. On February 22, 2022, the performance results of the 2021 board of directors' evaluation submitted to the	No material deviations No material deviations No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		board of directors. The rate of evaluation for the year is about 86%, which is still good. The company will take as a reference for the nomination for reelection of directors. Remuneration paid to directors is currently a fixed pay. (4) The company regularly evaluates the independence of CPAs once a year. 2021 result submitted to the board of directors on February 22, 2022. According to result, Sammel Au CPA and Isabella Lou CPA both meet the standard of independence of CPAs.	No material deviations
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The company has assigned a corporate governance officer concurrently as the accounting supervisor through board of directors on May 4, 2021. According to the "Standard Operating Procedures for Dealing with Directors' Requirements", the company currently appoint corporate governance officer and financial staff part-time to deal with matters related to the board of directors and shareholders meeting, company registration, preparing minutes of the board of directors and shareholders meeting, etc. Information required by directors and supervisors to perform their business and assist them to comply with laws and regulations. Training sessions by corporate governance officer in 2021 refers to note 3.	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a section on the Company's website dedicated to stakeholders, where any questions and suggestions can be communicated with the Company through the channels, and the Company will handle and respond directly as soon as possible.	No material deviations
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Transfer Agency of Horizon Securities Co., Ltd. to handle affairs relevant to the shareholders' meeting.	No material deviations
VII. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The company has set up a company website section to disclose financial business-related information. Investors can also require the company's financial status, business and corporate governance information through Market Observation Post System.	No material deviations
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The company has dedicated personnel to disclose financial information on the company's website and Market Observation Post System.	No material deviations
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as		V	(3) The company has not announced and reported annual financial statements within two months after the end of each fiscal year and reported Q1, Q2, and Q3 financial statements, as well as monthly	Still under evaluation

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
monthly operation results, before the prescribed time limit?			operation results, before the prescribed time limit	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations,supplier relations,stakeholder rights,directors' and supervisors' training records,implementation of risk management policies and risk evaluation measures,implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		Major Information will be disclosed on the company website and Market Observation Post System, which help shareholders to comprehend company's operation and strategy. The directors of the company had a total of 58 hours of training in 2021.The company has purchased liability insurance for directors and important staff, and reported the insurance coverage to the board of directors for approval and then announced it on the Market Observation Post System.	No material deviations
IX.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The company participated in the evaluation of self-assessment of corporate governance of listed companies conducted by the Taiwan Stock Exchange Co., Ltd. The company updated the corporate governance area on website. The company has announced and reported annual financial statements within two months after the end of each fiscal year. The improvement of the above evaluation items was compliance with the regulations of the governance.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

Note1: Diversity of Board members

Diversity items / Name	Basic information					Industry experience/ Professional background				
	Gender	Age		Years acting as an Independent director		Business Management	Securities	Law	Technology	Finance Accounting
		50-60	Over 60	Less than 3 years	3 years to 6 years					
Jerry Chien	Male	V				V			V	
Joseph Wang	Male	V				V		V	V	
Victor Kuo	Male	V				V			V	
Joseph Lin	Male	V				V				V
Arens Chiang	Male	V			V					V
Yu-Chang Lin	Male		V	V			V	V		
Jeff Hong	Male	V		V				V		

Note2 : Content of the CPA's independence and competence assessment.

items	Result	Whether independence or not
1. It wasn't changing for seven years till last audit by CPA.	Yes	Yes
2. No significant financial interest in the client.	Yes	Yes
3. No any inappropriate relationship with the client.	Yes	Yes
4. Accountants should ensure that their assistants are honest, impartial and independent.	Yes	Yes
5.The financial statements of the organization within the first two years of practice shall not be audited.	Yes	Yes
6. CPA may not be represent by others.	Yes	Yes
7. No shares held in the company or related companies.	Yes	Yes
8.No lending funds to the company or related companies.	Yes	Yes

9. No joint investment or benefit-sharing relationship with the company or related companies.	Yes	Yes
10. No fixed salary is paid or no taking position in the company or related companies.	Yes	Yes
11. Not involve the decision-making by management of the company or related companies to make decisions.	Yes	Yes
12. Not operating other businesses that may lose their independence.	Yes	Yes
13. No spouse, direct blood relative, direct in-law relationship, or second relative of the company's management staff.	Yes	Yes
14. No commissions related to the business have been received.	Yes	Yes
15. Until now, no punishment has been imposed or the principle of independence has been compromised.	Yes	Yes

Note3：Training sessions by corporate governance officer in 2021

Institution of training	Name of the training session	Period of training	Hours of training	Total hours of training
Accounting Research and Development Foundation	Consolidated Financial Statement Preparation Practice Seminar	2021/07/21~2021/07/21	6	18
Accounting Research and Development Foundation	How to Analyze Key Financial Information of Enterprises and Strengthen Crisis Early Warning Ability	2021/10/12~2021/10/12	6	
Taiwan Digital Governance Association	Directors and Supervisors Responsibilities and Risk Management	2021/09/15~2021/09/15	3	
Securities and Futures Institute	Insider equity transaction legal compliance promotion briefing meeting in 2021	2021/10/15~2021/10/15	3	

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

(1)、 Information on the members of the Remuneration Committee

Qualification / Name	professional qualifications and work experience	Independence criteria	Number of other public companies where the individual concurrently serves as an Remuneration Committee Member
Yu-Chang Lin	Securities business experience	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	2
Jeff Hong	Lawyer qualifications	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	1
Arens Chiang	Certified Public Accountant	He isn't an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0

(2)、Duties of Remuneration Committee Member

This committee should faithfully perform the following duties with the good attention:

1、Regularly review the organizational procedures of the Remuneration Committee and propose amendments.

2、Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.

3、Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual remuneration.

(3)、Operation of the Remuneration Committee

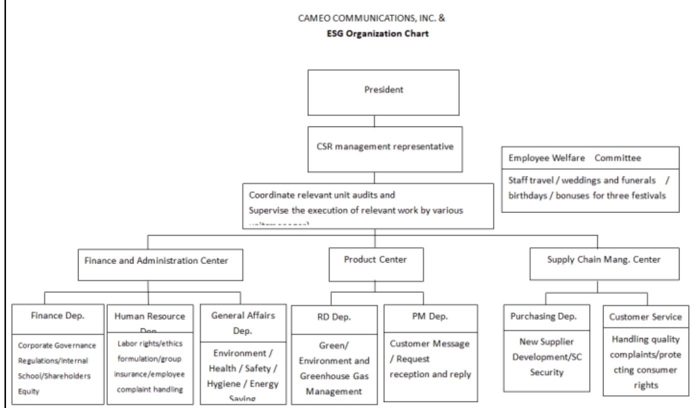
There are 3 members in the Remuneration Committee. Duration of the current term of service: August 4, 2020, until June 14, 2023

A total of 3 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairperson	Arens Chaing	3	0	100%	Appointed on 2020.8.4
member	Yu-Chang Lin	3	0	100%	Appointed on 2020.8.4
member	Jeff Hong	3	0	100%	Appointed on 2020.8.4
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

Date	Proposal	All members' opinions
The 2nd meeting of the 4th term 2021.3.24	1.2020 salary information report for full-time employees of supervisors and non-supervisors 2. Review and ratify 2020 the year-end performance salary distribution of managers 3. Review the range of remuneration which applicable for managers by the Remuneration Committee 4. Remuneration proposal for the appointment of the CEO and the special assistant	Approved by all committee members
The 3rd meeting of the 4th term 2021.11.3	1. Remuneration proposal for president 2. Employees status report	
The 4th meeting of the 4th term 2021.12.15	1. Review 2021 the year-end performance salary distribution of managers 2. Review the proposal of title and grade salary table	

（V）Environment Social governance (ESG), Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
I. Does the company set up a dedicated (part-time) unit to promote Environment Social governance (ESG), and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	V		Part-time jobs are held by various departments of the company, and the ESG report is updated every year. The organization chart looks like this:  	No material deviation.
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		CAMEO Company and its stakeholders are all handled in accordance with the "Transaction Procedures for Related Persons of Group Enterprises and Specific Companies". Identify stakeholders based on relevance, including employees, shareholders, customers, suppliers, etc., which can be used as a reference for formulating corporate social	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			responsibility policies and plans in the future through daily two-way interaction or communication with the company through various channels. The company has established the "Corporate Social Responsibility Management Manual", which covers employee policies (employee protection & human rights), ethics, health and safety, environment, etc., and keeps track of improvements. Factory employees implement social responsibility education and training: A. Newly recruited employees conduct CSR education and training; B. On-the-job staff education and training once a year	
III. Environmental issues (I)Has the company established an appropriate environmental management system according to its industrial characteristics?	V		(I) CAMEO has passed ISO 14001 environmental management at the factory and has developed a sustainable environment. The operating conditions are as follows: 1. The company promotes green procurement measures, and the raw materials and components of the products must comply with regulations prohibiting the use of hazardous substances, such as RoHS requirements. Suppliers need to upload RoHS Reports, REACH data and MSDS (Material Safety	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		Data Sheet) on the company website http://gpmap.cameo.com.tw. 2. And at the factory end, use XRF (X-ray Fluorescence) testing equipment to perform hazardous material feed detection; in the product development stage, make dismantling reports according to customer needs to achieve 3R (Reuse, Recycle, Recovery) goals to meet WEEE[Waste electrical and electronic equipment] related directives to reduce environmental load. 3. The certificate of ISO 14001 Environmental Management System was awarded by the Verified Unit (SGS) on 2021.11.30, valid until 2024.11.29. (II) 1.The company promotes garbage classification, recycling of waste electronic materials and environmentally friendly paper, etc., to recycle available resources and reduce the impact on environmental pollution. 2.Currently, it is supervised by the general affairs department on a part-time basis, and the cleaning company is outsourced to perform environmental cleaning work, and	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			all employees work together to maintain the environment. 3. The company promotes paperless e-work in the office, turns off lights during lunch breaks to reduce energy waste and use, installs water-saving devices in the tap water system, uses power-saving electric light devices, and partitions switch devices for power and air-conditioning systems, and strives to save energy and reduce carbon. Greenhouse gas reduction and other measures.	
(III) Does the company assess the current and future potential risks and opportunities of climate change for the company, and take measures to address climate-related issues?	V		(III) The company pays attention to the impact of climate change on its operating activities. The product design conforms to the EU ErP energy-saving directive. The company's office buildings are all set to use T5 lamps to comply with the company's energy conservation and carbon reduction and greenhouse gas reduction policies. In view of the increasingly serious problem of global warming, the company is not behind in the issue of environmental protection concerns, starting from the internal body of the enterprise, from garbage classification, kitchen waste recycling, office paperless, energy saving, and even electricity saving , The design of the water-saving device is an attempt	No material deviation.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implantation status (Note1)</th><th rowspan="2">Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary(Note2)</th></tr>
<tr><td>(IV) Has the company counted the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management policies?</td><td>V</td><td></td><td>to contribute to Taiwan's environment.
(IV) The company has actively evaluated and planned the statistics of greenhouse gas emissions, water consumption and total weight of waste to reduce the impact on natural resources and reduce environmental pollution. It also plans to conduct quantitative statistical disclosure of environmental information, such as the use of renewable energy, water resources and various raw materials.
Tainan factory company self-examination<table><tr><td>Year</td><td>total carbon emissions /KG</td></tr><tr><td>2021</td><td>3,874,207</td></tr><tr><td>2020</td><td>3,802,644</td></tr></table><table><tr><td>Year</td><td>water consumption</td></tr><tr><td>2021</td><td>28,068</td></tr><tr><td>2020</td><td>39,919</td></tr></table><table><tr><td>Year</td><td>total weight of waste</td></tr><tr><td>2021</td><td>15,365</td></tr><tr><td>2020</td><td>16,083</td></tr></table></td><td>No material deviation.</td></tr>
<tr><td>IV. Social issues
(I) Does the company formulate relevant management policies and procedures in accordance with relevant laws and</td><td>V</td><td></td><td>(I) According to the Labor Standards Law and related labor laws and regulations, timely revise the management system rules</td><td>No material deviation.</td></tr>
</table>

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
international human rights conventions?			and labor conditions that are superior to the Labor Standards Law; the company's suppliers all require corporate social responsibility and EICC (Electronic Industry Code of Conduct Commitment)	
(II) Does the company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee compensation?	V		(II) 1. Employee benefits: Based on taking care of the basic needs of employees, we provide employees with labor insurance, health insurance, group insurance, marriage, funeral and childbirth, hospital condolences, birthday gifts, annual gifts and other benefits. 2. Formulate performance evaluation management methods. The company implements performance evaluation every six months to one year, and promotes in July every year according to the performance evaluation evaluation; formulates work rules for employees, and clearly defines an effective reward and punishment system.	No material deviation.
(III) Does the company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	V		(III) 1.According to the provisions of the Occupational Safety and Health Law, the work environment measurement shall be	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			carried out on a regular basis every six months. At the factory side, it is certified by ARES to ISO 45001 every year, and it is valid until 2024-11-29. 2. New employee education and training implement labor safety and hygiene training. Conduct fire safety lectures and drills every six months.	
(IV) Does the company establish an effective career development training program for employees?	V		(IV) There is on-the-job training and training system for employees to develop their career capabilities and assist them in exploring functional development.	No material deviation.
(V) Does the company follow relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services?	V		(V) The company's main business model is the customers of ODM, OEM and EMS brand owners, so there are provisions in each contract to protect the rights and interests of customers. Quality, Service, Customer Satisfaction In line with the company's commitment to timely and effective quality management skills and perfect services, to ensure that the quality management system meets the requirements and effectiveness and continues to improve to meet customer needs. The company has passed the ISO9001 certification. In addition to the evaluation of the	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			third-party certification body, it has international credibility and enhances the corporate image. With the implementation of this system, a complete written system, procedures and organization can be established, which can not only leave the enterprise technology. Document assets, when necessary, will become a model of operation communication, making internal communication easier to grasp, and improving management efficiency, effectiveness and work quality due to the establishment of a management system to maintain the stability and safety of product output. Safe to use. Through the management operating system, the company fully follows the RoHS specification in process and material management, and implements "source management". Purchasing personnel proposes the specification of the RoHS directive for suppliers, requiring suppliers to self-control, self-test, sign a RoHS guarantee, and To be audited to ensure that the materials and processes used by the company can meet the relevant specifications and customer requirements.	
(VI) Has the company formulated a supplier management policy,	V		(VI) The company will comply with all regulations and	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			international standards for products and services specified by customers. The company will require suppliers to provide various quality and environmental management guarantees. When performing regular audits, check for records that affect the environment and society. The company will require all suppliers to sign off on the Corporate Social Responsibility-Code of Conduct (CSR-CoC) Commitment Letter, which contains relevant clauses when violating environmental and social policies..	
V. Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the company, such as sustainability reports? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?	V		The company has compiled a corporate social responsibility report with reference to the internationally accepted reporting standards, and published it on the public information observatory and the company's website. The corporate social responsibility report has been published on the official website of CAMEO Company http://www.cameo.com.tw/investor.action You can see it: 1. Corporate Social Responsibility Report CSR Report 2. CSR Code of Conduct 3. Continuity Business Management	No material deviation.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implantation status (Note1)</th><th rowspan="2">Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary(Note2)</th></tr>
<tr><td colspan="5">VI. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the prescribed code:
In order to improve the management of corporate social responsibility and strengthen corporate governance, the company has formulated the "Code of Practice for Corporate Social Responsibility" in accordance with the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies" in 2019. There is no major difference in the current operation.</td></tr>
<tr><td colspan="5">VII. Other important information to help understand the implementation of promoting sustainable development:
The annual CSR operation status report can be found on the official website of CAMEO Company http://www.cameo.com.tw/.</td></tr>
</table>

（VI）Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"：

Items	Implantation status (Note1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
I. Formulating ethical corporate management policies and programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies? (II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Has the Company specified in its prevention programs the operating procedures, guidelines,punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V V V		(I) The company estabished the " Corporate Integrity Management Principle" and "Code of Corporate Ethics" at the "Important Rules of Corporate Governance" area of the of the public website. (II) The company’s standard "Labor Contract" and its annex "Integrity and Confidentiality Promise Letters" stipulates the obligations and ethics related to integrity, and confidentiality in addition, The compamy formulates "employee work rules" and set up complaints mailbox receiving employee ‘s opinion. 1. mailbox mail：declare@cameo.com.tw 2. TEL：77363619、0962090135。 3. receving department：Human Resource deparment (II) Standard "Labor Contract" Article 11: Intellectual Property Rights, Article 12: Confidentiality Obligation, Article 13: Non-competition, and its annex “Integrity and Confidentiality Promise Letters", are preventive measures for business activities with high risk of dishonesty.	No material deviations
II. Implementing ethical corporate management (I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct? (II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and	V V		(I) Suppliers sign purchase contracts (including integrity obligations), integrity commitments, and supplier corporate social responsibility codes of conduct commitments. (II) In order to improve the management of integrity , human resources is currently responsible	No material deviations

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?			for policy advocacy and personnel pre-employment education and training. The implementation of ethical corporate management performs by each department. The board of directors of the company shall perform the duty of care of good managers. The audit office shall conduct inspections from time to time and report to the board of directors to supervise and prevent dishonest behavior, and review its implementation effectiveness with continuous improvement to ensure the implementation of the integrity management policy.	
(III) Has the Company establish edpolicies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	V		(III) The company has formulated the"Code of Corporate Ethics"、『Labor Contract』and its annex "Integrity and Confidentiality Promise Letters" to prevent conflicts of Interest, and provide appropriate statement channels through e-mail and telephone lines.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) In order to implement integrity management, the company has established internal control systems, accounting systems and other internal regulations, and has taken into consideration the "Code of Integrity Management of Listed OTC Companies" as the basis for implementing integrity management. In addition, the audit office will conduct irregular inspections and report to the board of directors to prevent violations of integrity.	
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	V		(V) The company declares the integrity management philosophy to each department and makes a written promise of integrity. When new employees report for duty , they will sign"Labor Contract" and "Integrity and Confidentiality Promise Letters" ,declaring the integrity of commitment at the same time .	

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V V	 V	(I) Whistleblowing channels： 1. mailbox mail：declare@cameo.com.tw 2. TEL：77363619、0962090135。 3. receving department：Human Resource deparment。 (II) Establish a process for receving reports and added fidential warnings to related operating procedures. (III) Procedure will be discussed.	No material deviations
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System?	V		The company has disclosed " Corporate Integrity Management Principle" and "Code of Corporate Ethics" relvant to integrity management under"Important Rules of Corporate Governance"area on the website. (https://www.cameo.com.tw/home/company/company-management/)	No material deviations
V.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation :No difference.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). None.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

(VII) If the Company has established the corporate governance best practice principles and other relevant regulations, the means to search for these regulations shall be disclosed:

The board of directors has approved the formulation of the corporate governance best principle .Please visit MOPS (http://mops.twse.com.tw/mops/web/index) or the official website of the Company. (http://www.cameo.com.tw/home/company/company-management/)

(VIII) Other important information to enhance the understanding of the implementation of corporategovernance at the Company：None

（IX） Disclosures Required for the Implementation of the Internal Control System：

1. Statement on Internal Control System

Cameo Communications Inc.

Statement on Internal Control System Date：March 16,2022

According to the results of the Company's self-assessment, the Company's statement pertaining to the internal control system in 2021 is as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition,the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the aforementioned audit findings, the Company holds that as of December 31, 2021., its internal control procedures(including the procedures to monitor subsidiaries),effectiveness and efficiency of operations, reliability, timeliness,transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the contents above will entail legal liability under Articles 20, 32,171,and 174 of the Securities and Exchange Act.

VII. This Statement has been passed at the Board of Directors meeting on March 16,2022, with none of the eight attending Directors expressing objectives; all Directors affirmed the content of this Statement.

Cameo Communications Inc.

Chairman：Jerry Chien

President：Allen Cheng

2. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.

(X) Penalties imposed on the Corporation and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent year up to the publication date of this annual report: None.

(XI) Major resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year up to the publication date of this annual report

Date	Type of meeting	Major resolutions
2021.2.2	Board of Directors	1. Approval of private placement common stock pricing matters 2. Proposal for application for 2020 financial credit line
2021.3.24	Board of Directors	1. Approval of 2020 business report and consolidated financial statement(inclusive parent company only financial statement) 2. Approval of the 2020 deficit compensation proposal 3. Approval of the 2021 business plan 4. Approved matters related to the convening of the 2021 General Shareholders' Meeting 5. Approved the period and location where the company's regular shareholders' meeting of 2021 accepted proposals 6. Approval 2020 Internal Control System Statement 7. Approval of 2020 CPA independence assessment 8. Proposal for application for 2021 financial credit line 9. Approval of 2021 CPA’s fees 10. Approved the amendment to"Article of Incorporation" 11. Approval of appointment of the CEO of the company 12. Proposed to establish a "business strategy committee"
2021.5.4	Board of Directors	1. Approval of 2021 Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. To approve the release of director of non-competition restrictions 4. To issue proposals related to the convening of the 2021 General Shareholders' Meeting 5. Approval of appointment of chief financial officer and spokesman 6. Approval of appointment of chief corporate governance officer 7. Proposal for application for 2021 financial credit line 8. Approval of appointment of president
2021.6.10	Board of Directors	1. Approved matters related to postponed convening of the 2021 General Shareholders' Meeting
2021.7.5	Shareholders' Meeting	1. Approval of 2020 business report and consolidated financial statement (inclusive parent company only financial statement) 2. Approval of the 2020 deficit compensation proposal 3.Approved the amendment to"Article of Incorporation" 4. Approved the release of non-competition restrictions for Directors
	Implantation status	All resolutions were passed. Registration has been completed and disclosed on the MOPs and company website Approved the release of non-competition restrictions on D-Link Investment Co., Ltd. Representative Director
2021.8.4	Board of Directors	1. Approval of 2021 Q2 consolidated financial statement 2. Report on 2021Q2 the Implementation of Sound Business Plan 3. Approved the amendment to Internal Control System Statement and Internal Audit Implementation Rules
2021.11.3	Board of Directors	1. Approval of 2021 Q3 consolidated financial statement 2. Report on 2021Q3 the Implementation of Sound Business Plan 3. Approval of 2022 audit plan 4. Approval of appointment of president
2022.2.22	Board of Directors	1. Approval of the 2022 business plan 2. Approved matters related to the convening of the 2022 General Shareholders' Meeting

		3. Approved the period and location where the company's regular shareholders' meeting of 2022 accepted proposals. 4. Approval of 2021 CPA independence assessment 5. Proposal for application for 2022 financial credit line 6. Approval of 2022 CPA’s fees 7. Approved toChange in Shareholder ServicesAgent 8. Approved the amendment to"Article of Incorporation" 9.Approved the amendment to" Procedures for Asset Acquisition & Disposal"
2022.3.16	Board of Directors	1. Approval of 2021 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2021 deficit compensation proposal 3. Approval 2021 Internal Control System Statement
2022.4.12	Board of Directors	1. Approved the amendment to"Article of Incorporation"
2022.5.3	Board of Directors	1. Approval of 2022 Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. Proposal for application for 2022 financial credit line

(XII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which are Made by Directors and are Documented or Issued through Written Statements, In the Most Recent Year Up to the Publication Date of This Annual Report: None.

(XIII) Any resignation or dismissal of the Company's Chairman, President, accounting supervisor, financial executive, Audit Supervisor, and research and development executive in the most recent year up to the publication date of this report:

Tiltle	Name	Appointment Date	Date of Resignation or Dismissal	Reasons for resignation or dismissal
President	Steve Lin	2021.5.4	2021.11.3	Job adjustment
President	Juan Tseng	2016.10.6	2021.5.4	Job adjustment
Chief Technology Officer	Juan Tseng	2021.5.4	2021.11.1	resigned
Financial executive	Victor Lee	2009.11.1	2021.5.4	Job adjustment
Vice President	Angus Yang	2012.7.11	2021.11.19	resigned
Vice President	Jeff Kung	2020.11.16	2021.11.15	resigned
Vice President	David Lee	2021.1.18	2021.11.15	resigned
Vice President	CK Lee	2017.4.12	2021.11.1	resigned
Vice President	Peter Yu	1999.3.1	2021.7.30	resigned
Vice President	Phil Ko	2021.3.24	2022.4.29	resigned
Assistant manager	M Lee	2010.5.1	2021.7.30	Resigned

V. Certified Public Accountant Professional Fees

(I) Amount of audit and non-audit fees paid to CPAs, accounting firm and its affiliated companies, and content of non-audit services

Certified Public Accountant Professional Fees **Unit: NT$ thousands**

Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-Audit fee	Total	Remark
KPMG	Samuel Au	Isabella Lou	2021/1/1~2021/12/31	2,290	90	2,380	Note1

Note1: The report of transfer price is 90 thousands.

(II) Where the accounting firm was replaced, and the audit fees for the year when replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and the reasons for paying such an amount shall be disclosed: None.

(III)Where the audit fees for the year were reduced by more than 15% compared to the previous year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed: None.

VI. Replacement of CPAs: None

VII. The Corporation's Chairman, CEO, or any managerial officer in charge of finance or accounting matters who has held a position at the accounting firm of its CPAs or at an affiliated company in the most recent year: None

VIII. Changes in Shareholdings of Directors, Managerial Officers, and Major Shareholders

(1)Transfer of shares and changes in equity pledge relating to the directors, managers and primary shareholders:

Unit:shares

Title	Name	2021		Up tp March 29,2022	
		Change in Quantity of Shareholding	Change in Quantity of Pledged Shares	Change in Quantity of Shareholding	Change in Quantity of Pledged Shares
Chairman	Jerry Chien	(658,031)	-	-	-
Director	D-Link Coporation	90,989,848	-	-	-
D-Link Coporation Representative Director	Joseph Wang	-	-	-	-
Director	D-Link Investment Co., Ltd.	-	-	-	-
D-Link Investment Co., Ltd. Representative Director	Victor Kuo	-	-	-	-
Director	JunYang Investment Co., Ltd.	3,051,879	-	-	-
JunYang Investment Co., Ltd. Representative Director	Joseph Lin	-	-	-	-
Independent Director	Arens Chiang	-	-	-	-
Independent Director	Yu-Chang, Lin	-	-	-	-
Independent Director	Jeff Hong	-	-	-	-
Chief executive officer	Steve Lin	-	-	-	-
President	Allen Cheng	-	-	-	-
Vice President	Doris Hsieh	11,000	-	-	-
Vice President	Victor Lee	(55,659)	-	-	-
Vice President	Juan Tseng	-	-	-	-
Vice President	CK Lee	-	-	-	-
Vice President	Angus Yang	(69,107)	-	-	-
Vice President	Peter Yu	(405)	-	-	-
Vice President	Jeff Kung	-	-	-	-
Vice President	David Lee	-	-	-	-
Vice President	Ray Mao	(82)	-	-	-
Executive Assistant	Phil Ko	-	-	-	-
Assistant Vice President	M Lee	(1,213)	-	-	-
Accounting Supervisor	Amy Wang	(530)	-	-	

Note: The company reduced 38,556 thousand shares and issued 101,100 thousand privately placed common shares. The base date for stock exchange is April 14, 2021.

Note1: The information of shareholdings held by Victor Lee, Angus Yang and Peter Yu and M Lee were disclosed as of the removal date.

(2)Stock transfer with related party: ：None

(3)Stock Pledged with related party: None

IX. Relationship among the Top 10 Shareholders

March 29, 2022

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
D-Link Corporation	137,532,993	41.58	-	-	-	-	Joseph Wang	Director of D-Link	
Representative: Victor Kuo	-	-	-	-	-	-	-	-	
Fubon Sec in Custody for Fubon HK Investment Account	12,400,887	3.75	-	-	-	-	-	-	
JunYang Investment Co., Ltd.	5,612,879	1.70	-	-	-	-	Jerry Chien	The representative is within the first degree of kinship.	
Representative: Su Yue Ye	-	-	3,919,867	1.18	-	-	Jerry Chien	Spouse	
Jerry Chien	3,919,867	1.18	-	-	-	-	JunYang Investment Co., Ltd.	The representative is within the first degree of kinship.	
HORIZON SECURITIES CO., LTD.	3,000,000	0.91	-	-	-	-	-	-	
Representative: Jiang, Ke-Chyn	-	-	-	-	-	-	-	-	
Chen bo sheng	2,427,000	0.73	-	-	-	-	-	-	
Liau shu yi	2,171,884	0.66	-	-	-	-	-	-	
Taiyu Investment Co., Ltd.	1,982,000	0.60	-	-	-	-	-	-	
Representative: Yan, Ching-Li	-	-	-	-	-	-	-	-	
May Lin	1,631,733	0.49	-	-	-	-	-	-	
S-Tech Corp	1,484,000	0.45	-	-	-	-	-	-	
Representative: Joseph Wang	-	-	-	-	-	-	D-Link Corporation	Director	

X.Ownership of Shares in Affiliated Enterprises

Unit: shares/ %；December 31, 2021

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Qianjin Investment Co., Ltd.	27,000,000	100%	-	-	27,000,000	100%
HUGE CASTLE LTD.	38,397,718	100%	-	-	38,397,718	100%
CAMEO INTERNATIONAL LTD.	-	-	1	100%	1	100%
PERFECT CHOICE CO.,LTD.	-	-	2,700,000	100%	2,700,000	100%
Nettech Technology Suzhou Co.,Ltd	-	-	-	100%	-	100%
LUIS JO'SE INVESTMENTS INC.	-	-	1,362,680	100%	1,362,680	100%
SOARNEX Technology Corporation.	-	-	2,400,000	100%	2,400,000	100%
SOARNEX HOLDING CO.,LTD.	-	-	1	100%	1	100%
(Suzhou) SOARNEX HOLDING CO.,LTD.	-	-	-	100%	-	100%

Chapter 4 Capital and Shares

I.Capital and Shares

(I) Source of shares

Unit: Thousand shares; NT$ Thousand;

Month/ Year	Issue Price	Authorized capital		Capital Stock		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increase by assets other than cash	Other
Mar.1991	10	3,276	32,760	3,276	32,760	Established 24,570	Technology Stock 8,190	Note1
Dec.1991	10	11,000	110,000	9,532	95,324	Capital Increase 46,923	Technology Stock 15,641	Note 2
Jan. 1993	13.5	11,000	110,000	11,000	110,000	Capital Increase 11,007	Technology Stock 3,669	Note 3
May,1994	16	19,000	190,000	15,900	159,000	Capital Increase 49,000		Note 4
Nov.1996	10	19,925	199,250	19,925	199,250	Capital Reduction 39,750 Capital Increase 80,000		Note 5
Oct.1998	10	50,000	500,000	35,725	357,250	Merge Increase	Merge Increase 158,000	Note 6
Jun.2000	28	75,000	750,000	57,803	578,027	Capital Increase 160,000 Capital Increase from retaind earnings 53,588 Capital increase from employee bonus 7,190		Note 7
Sep.2001	10	75,000	750,000	67,462	674,622	Capital Increase from retaind earnings 86,704 Capital increase from employee bonus 9,890		Note 8
Aug.2002	10	135,000	1,350,000	90,201	902,008	Capital Increase from retaind earnings 202,386 Capital increase from employee bonus 25,000		Note 9
Aug.2003	10	135,000	1,350,000	108,937	1,089,370	Capital Increase from retaind earnings 162,361 Capital increase from employee bonus 25,000		Note 10
Oct.2004	10	135,000	1,350,000	111,337	1,113,370	Capital increase from employee bonus 24,000		Note 11
Aug.2005	10	135,000	1,350,000	133,125	1,331,249	Capital Increase from retaind earnings 181,479 Capital increase from employee bonus 36,400		Note 12
Dec.2005	10	188,000	1,880,000	148,135	1,481,348	Acquisition capital increase	Acquisition capital increase 150,099	Note 13
Oct. 2006	10	188,000	1,880,000	168,548	1,685,483	Capital Increase from retaind earnings 148,135 Capital increase from employee bonus 56,000		Note 14
Oct.2007	10	250,000	2,500,000	181,461	1,814,612	Capital Increase from retaind earnings and capital surplus 101,129 Capital increase from employee bonus 28,000		Note 15
Oct.2008	10元	250,000	2,500,000	220,906	2,209,063	Capital Increase from retaind earnings and capital surplus 333,888 Capital increase from employee bonus 60,563		Note 16
Sep.2009	10	250,000	2,500,000	227,534	2,275,335	Capital Increase from retaind earnings 66,272		Note 17
Sep.2010	10	300,000	3,000,000	257,113	2,571,129	Capital Increase from retaind earnings and capital surplus 295,794		Note 18
Sep.2011	10	300,000	3,000,000	272,540	2,725,397	Capital Increase from retaind earnings 154,268		Note 19
Sep.2015	10	300,000	3,000,000	268,236	2,682,357	Reduction of treasury shares 43,040		Note 20
Oct.2020	10	400,000	4,000,000	229,679	2,296,792	Reduction for offset losses 385,564		Note 21
Mar.2021	8.19	400,000	4,000,000	330,779	3,307,792	Issued private placement of common stock $828,009		Note 22

Note 1: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 00091.
Note 2: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 14862.
Note 3: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (82) 00375.
Note 4: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (83) 05303.
Note 5: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (85) 17144.
Note 6: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (87) 021224.
Note 7: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 32519 dated April 20, 2000.
Note 8: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 148545 dated July 26, 2001.
Note 9: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0910138255 dated July 10, 2002.
Note10: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0920133034 dated July 22, 2003.
Note11: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0930128417 dated June 28, 2004.
Note12: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0930128417 dated July 7, 2005.
Note13: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate - (I) 0940141675 dated October 3, 2005.
Note14:Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0950136282 dated August 16, 2006.
Note15: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0960036107 dated July 12, 2007.
Note16: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0970034418 dated July 9, 2008.
Note17:Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0980034033 dated July 8, 2009.
Note18: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-0990036388 dated July 13, 2010.
Note 19: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1000031361 dated July 6, 2011.
Note20:Approved by the Ministry of Economics as per letter with Ref. No. 10401189730.
Note21: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1090370259 dated October 21, 2020.
Note22:Approved by the Ministry of Economics as per letter with Ref. No. 11001034010.

Unit：Shares

Type of shares	Authorized capital stock			Remark
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Common stock	229,679,215 Privately 101,100,000	69,220,785	400,000,000	

Note: Issued Shares are listed stocks.

(II)Shareholders structure

Unit：Shares；Persons as of March 29, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	89	22,839	55	22,985
Shareholding	0	3,006,000	148,822,547	161,834,206	17,116,462	330,779,215
Percentage	0%	0.91%	45.00%	48.93%	5.16%	100.00%

(III) Shareholding Distribution Status

March 29, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 to 999	10,992	1,960,213	0.59%
1,000 to 5,000	7,298	17,078,384	5.16%
5,001 to 10,000	2,102	15,921,140	4.81%
10,001 to 15,000	751	9,365,096	2.83%
15,001 to 20,000	494	8,974,003	2.71%
20,001 to 30,000	490	12,491,021	3.78%
30,001 to 40,000	207	7,317,675	2.21%
40,001 to 50,000	131	6,074,160	1.84%
50,001 to 100,000	284	20,732,155	6.27%
100,001 to 200,000	142	20,053,511	6.06%
200,001 to 400,000	48	13,300,856	4.02%
400,001 to 600,000	18	9,082,253	2.75%
600,001 to 800,000	9	6,346,604	1.92%
800,001 to 1,000,000	3	2,664,625	0.81%
1,000,001 more	16	179,417,519	54.24%
Total	22,985	330,779,215	100.00%

(IV) List of Major Shareholders

March 29, 2022

Shares / Shareholder's Name	Shareholding	Percentage
D-Link Coporation	137,532,993	41.58%
Fubon Sec in Custody for Fubon HK Investment Account	12,400,887	3.75%
JunYang Investment Co., Ltd.	5,612,879	1.70%
Jerry Chien	3,919,867	1.18%
HORIZON SECURITIES CO., LTD.	3,000,000	0.91%
Chen bo sheng	2,427,000	0.73%
Liau shu yi	2,171,884	0.66%
Taiyu Investment Co., Ltd.	1,982,000	0.60%
May Lin	1,631,733	0.49%
S-Tech Corp	1,484,000	0.45%

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

			2021	2020	2022.1.1~ 2022.3.31
Market Price per Share	Highest		19.85	10.80	11.45
	Lowest		7.66	3.95	8.06
	Average		11.80	7.82	9.755
Net Worth per Share	Before Distribution		9.46	8.57	9.37
	After Distribution		9.46	8.57	9.37
Earnings per Share	Weighted Average Shares (thousand shares)	Before Adjustments	330,779	229,680	330,779
		After Adjustments			
	Earnings per Share	Before Adjustments	1.23	(1.89)	(0.20)
		After Adjustments	1.23	(1.89)	(0.20)
Dividends per Share	Cash Dividends		-	-	-
	Free allotment	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/earnings ratio	Before Adjustments	9.59	(4.14)	(48.775)
		After Adjustments	9.59	(4.14)	(48.775)
	Price / Dividend Ratio		-	-	-
	Cash Dividend Yield Rate		-	-	-

Note 1: The Company’s 2021 loss appropriation proposal was approved by the resolution of the board of directors at 2022.3.16, which is not yet to be recognized by the shareholders meeting.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Implementation Status

1、Dividend Policy：

If there is a surplus in the company's annual final accounts, tax shall be withholding to cover previous losses, and if there is still a surplus, it shall be assigned in the following order:

(1)The withdrawal of 10% is a statutory surplus reserve, but this is not the case when the statutory surplus has reached the amount of capital received by the Company.

(2)Special surplus accumulations may be included or transferred in accordance with the relevant ordinances and the operation of the company.

(3)After deducting the previous balances, the board of directors shall propose a distribution motion for the balance and the cumulative uneared surplus, which shall be submitted to the shareholders' meeting for distribution by resolution. However, the cash dividend shall not be less than 10% of each dividend paid to shareholders.

2、Proposed Distribution of Dividend：

The company 2021 net incomeNT$390,653,466, Deficit yet to be compensated – at the end of 2020 NT$229,208,234,Changes in Actuarial profit and loss NT$1,757,000, Accumulated losses when the private placement price was lower than the face value of the stock NT

$182,991,000, Total Deficit yet to be compensated NT$19,788,768.The Company does not distribute dividends in the current year.

（VII）Impact of stock dividends proposed by the Shareholders' Meeting on the Corporation's business performance and earnings per share (EPS): Not applicable.

（VIII）Compensation to employees and directors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

   According to Article 18 of the Articles of Incorporation of the Company: Remuneration for employees, directors and supervisors shall be distributed in the following ways：

   Based on the profit of the year, the Company shall appropriate 3%~10% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to directors. However, profits must first be taken to offset against cumulative losses if any. The object of payment of stock or cash by the former employee shall include employees of a subordinate company who meet certain conditions, which shall be determined by the board of directors.

2. Accounting procedures for discrepancies between the estimated and actual distributed amount of remuneration in the form of shares to the Company's employees and Directors in this period:

   (1) Accounting procedures for the estimated amount of remuneration in the form of shares to the Company's employees and Directors: Since the Company proposed to offset deficit by net income in 2021, the remuneration to employees, Directors, and supervisors were not estimated.

   (2) Accounting procedures for discrepancies between the actual amount distributed and the estimated amount: Listed as profit or loss for the current period.

3. Employee compensation proposal adopted by the Board of Directors

   (1) Amount of remuneration distributed to employees and Directors in the form of cash or stock:

   The Company's Board of Directors resolved on March 16, 2022 that no remuneration to employees, directors, and supervisors.

   (2) The amount of any employee remuneration distributed in stocks, and the amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial report: None.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including number and amount of shares distributed, as well as share price) and the recognized amount of remuneration to employees and Directors in the previous fiscal year, the amount, causes,and treatment of such discrepancy shall be stated:

Unit：NT$

	2020		
	Actual amount	Recognized amunt	Diff
Employee compensation (cash)	0	0	-
remuneration to Directors	0	0	-

（IX）Repurchase of the Company's treasury stock: None

II. Corporate Bonds：None

III.Preferred Shares: None

IV.Overseas Depository Receipts：None

V. Employee Stock Option：None

VI. New Restricted Employee Shares：None

VII.New Shares Issuance in Connection with Mergers and Acquisitions：None

VIII.Financing Plans and Implementation：The purpose of issuing private stock is to enrich working capital. As of December 31, 2021, the actual cumulative amount spent was NT$828,009,000, with a proportion of 100%.

Chapter 5 Business Overview

I. Business Content：

（I）Business Scope

1. Business Description:
   - Research、development、manufacturing、and selling networking products, including wired communication products, wireless communication products, broadband products, and their accessories
   - Export and Import trade business of the above products
   - Telecommunications Regulation RF Equipment Manufacturing
   - Telecommunications Regulation RF Equipment Import

2. Product Revenue Proportion：

Unit: NT$ Thousands

Product Category	2021 Revenue	Proportion
Wired communication products	1,499,620	60.18%
Wireless communication products	793,158	31.83%
Others	199,129	7.99%

3. Current Products(Services)：

Major Product Category	Products
Wired Communication Product（Ethernet Switch & Router）	▶ Data Center Switch ▶ Enterprise 40G/100G/200G Switch ▶ L2/L3 Management 10G/2.5G/GE Switch ▶ WebSmart/Metro 10G/2.5G/GE Switch ▶ Un-Management 2.5G/GE Switch ▶ PoE/PoE+/PoE++ 10G/2.5G/GE Switch ▶ VPN/ Firewall Router ▶ Cloud Management Service
Wireless Communication Product（WLAN Access Point & Router）	▶ WiFi 5/WiFi 6 WLAN Access Point/Router ▶ WiFi 5/WiFi 6 WLAN Mesh System ▶ WiFi 5/WiFi 6 WLAN Enterprise Access Point ▶ WiFi 5/WiFi 6 WLAN Outdoor Access Point ▶ WiFi 5/WiFi 6 WLAN VPN/Firewall router
Broadband Product (Router & Modem)	▶ xDSL Wireless Router (xDSL Wireless IAD, w/ VoIP) ▶ Cable Modem (DOCSIS 3.0 Cable Modem/EMTA) ▶ LTE Wireless Router (LTE Wireless IAD, w/ VoIP) ▶ 5G Wireless Router (5G/LTE Wireless IAD, w/ VoLTE)
Others	▶ Optical Fiber Media Converter (Media Converter,100G/40G Media Repeater, Fanout 100G to 4x25G media module) ▶ PLC related products. ▶ MoCA related products. ▶ HPNA related products ▶ GPON related products ▶ G.hn related products

4. New products (services) planned for development

- Enterprise Core Switch
- L2/L3 Stackable Management Core Switch
- Outdoor Wide Temperature Switch
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Switch
- SDN Switch
- Cloud Management System
  - Cloud Management Software
  - Cloud Switch
  - Cloud SDN Gateway
  - Cloud Wireless Access Point
- AI Controller Based Management System
  - AI Network Management Controller
  - AI Controller Based Switch
  - AI Controller Based VPN Gateway
  - AI Controller Based Wireless Access Point

（II） Marketing Overview

1. Marketing state and vision:

Our main network communication products are wired and wireless network cards, switch, wireless Access points and routers, so we belong to the computer network industry. According to the classification of the Institute for Information Industry, Computer Network Industry covers two categories: Local Area Network and Wide Area Network：

- Local Area Network (LAN)

Local Area Network (LAN) means that within a small area (such as home, office, factory, campus, etc.), through cable and switch equipment connect PCs、workstations、terminal、printers and other peripheral equipment with each other to do communication、distributed processing, and distributed resource sharing. Ethernet is the mainstream of LAN.

① Ethernet

Ethernet devices mainly include Network Interface Card (NIC)、Hub、and Switch. The router is the connection device between local area network (LAN) and the wide area network (WAN). LAN switch includes "Layer 2 Switch" that forward

L2 packets, and “Layer 3 switch” that route Layer 3 IP packets over the Layer 2 switch.

In addition, according to the product stackable capability, there are two types: Chassis Switch and Stackable Switch. The price of Layer3 switch is cheaper than that of routers, Layer3 switch has gradually and continuously replaced the router. Furthermore, Layer 2 switches can connect departments within a floor, and Layer 3 switches can connect departments across floors so that they are widely deployed in the enterprise.

For the telecom operators, the market continues to expand as a result of the construction and strengthening of the basic environment because of the increase in the number of users of enterprise Ethernet services.

For enterprise users, the demand is expected to expand due to the introduction of new applications such as Internet and wide area network (WAN) service connections、VoIP and the establishment of new networks,. LAN Switch continue to develop high-speed、high density、network quality optimization. The increasing demand of network power over Ethernet, enhanced information security control causes various manufacturers to actively develop Ethernet Switches with PoE (Power Over Ethernet)、QoS(Quality Of Service)、Authentication (IEEE802.1x) function、Safety functions and additional functions. Since this kind of products whose prices have fallen drastically, suppliers will cooperate with each other in the future to actively provide solutions that utilize additional functions.

Since the increasing demand for cloud management systems, along with the development of the high speed Ethernet Switch, the management Ethernet switches are gradually popular. Because of the outbreak of new crown pneumonia in 2020, the demand for digital information exchanging is accelerating the shift to the Internet cloud. The Market predicts that by 2021 80% of enterprise will begin to use cloud-centric technology architectures and applications. The traditional basic network management is also gradually transferred to the cloud management service platform. With the dynamic information from management switch, the cloud provides safe and reliable high-performance bandwidth management and analysis then intelligently and automatically adjusts the Enterprise network management

In recent years, with the rapid development of 5G Networks, edge computing has become more important. In addition to the construction of large-scale data centers, it has driven the demand and development of enterprise-level data centers. In order to meet the huge demand of network transmission in the new generation of data centers, high-performance and high bandwidth switch have been continuously expanded to 40G, 100G, 200G and 400G to meet the strict requirement of cloud computing for high speed and stable network bandwidth. The bandwidth demand of terminal switches is expected to increase from GE to 2.5G/10G, driving replacement in the enterprise marketing.

With the trend of the cloud service development, global telecommunications equipment manufacturers, through the OCP Alliance, have decided to build data center switches with open hardware design architecture and open operating systems. global telecommunications equipment manufacturers and information vendors including Big Switch、Broadcom、Cumulus Networks、Facebook、Intel、VMware、Open Daylight、Open Network Foundation（ONF）,etc. also assist the development of software-defined networking (SDN). Data Center White box switches with SDN and open operation systems (such as SONiC proposed by Microsoft) gradually grow in data center network market. Since AT&T starts to plan new data centers using open networks, it declares that the hardware specifications in the data center are also standardized. In the 5G era, telecom companies will therefore process a large amount of user data requiring faster data response. It is essential to actively develop relevant technical products in response to the global trends such as the high speed optical fiber generation and 5G networks in the device plan of the data center network.

② WiFi

802.11, which is IEEE standard for WiFi, series devices mainly include wireless NIC (WLAN Network Interface Card)、AP (WLAN Access Point) and Router(WLAN Router).

According to statistics, since 20218, 802.11ac WiFi 5 has gradually replaced the traditional 802.11a/b/g/n market demand and entered a mature stage; with the gradual development of 5G, the demand for bandwidth by many applications has greatly increased, which turn drives WiFi 6 market demand, according to the research of the Institute of Industrial Intelligence (MIC) of the Information Policy Association, it is expected that in 2021, the penetration rate of WiFi 6 products will exceed 50%, becoming the mainstream of the market. 802.11ax WIFI 6 technology is a substantial upgrade of previous generations of technologies. The key technologies include OFDMA, MU-MIMO, 1024 QAM, BSS coloring, TWT, etc. It can improve the transmission speed and improve the performance of multiple terminal devices using the wireless network at the same time. It can provide a better coordination rule for the intensive use of numbers equipment, which is beneficial to the further development of the IoT industry in the future.

After the outbreak, working from home and teleconferencing drive demand for wireless demand strongly. Along with the popularity and price down of WiFi 6 wireless products, it enhanced families and companies' willing to replace WIFI products, and expecting to have another wave of growth for WiFi 6 market.

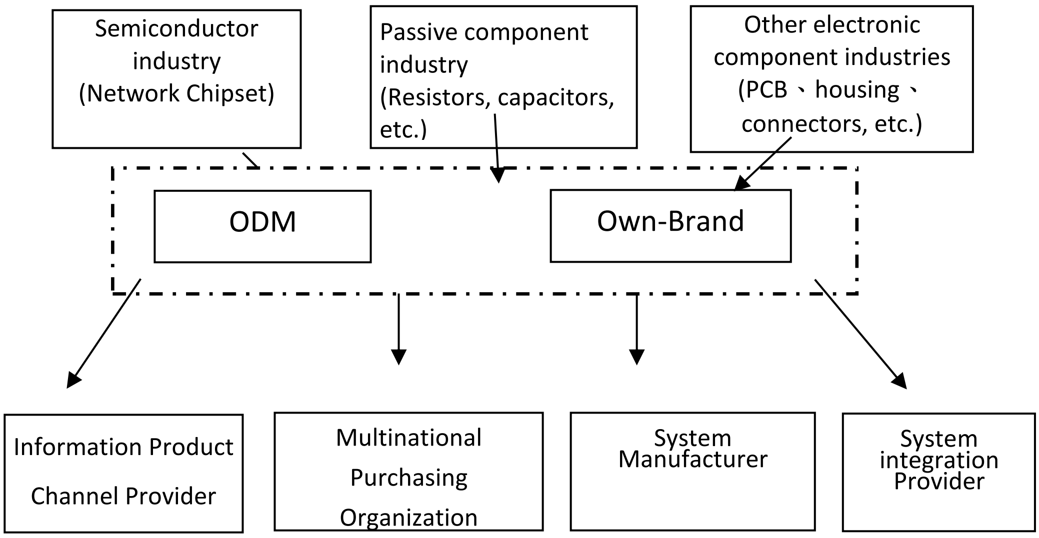
- Wide Area Network (WAN)

A wide area (broadband) network is a network that connects geographically users to each other through public communication equipment. The current broadband access technologies mainly include DSL、Cable and FTTH(Fiber to the Home). In the network transmission architecture, there are network applications and technologies of mainly Core, Metro, and Access. DSL and Cable are cost-effective, easy installation, and wider network coverage, they become the most widely deployed broadband access technology currently. In recent years, 4G LTE/5G technology has continued to develop to not only replace home voice services, but also gradually to replace home broadband data networks because of its high-speed data transmission. 5G technology became popular in 2020 and It is expected that there will be further changes afterward.

2. The interrelationship among the upstream, middlestream and downstream of the network industry.

Cameo belongs to the local area network equipment industry of the computer network industry. The upstream of this industry is the semiconductor industry (network chipset), the passive component industry (resistors, capacitors, etc.), and other electronic component industries (such as PCB, housing, connectors, etc.). The downstream of this industry is communication product distributers, multinational procurement organizations (IPO), computer system manufacturers and system integrators (see the table below). Cameo's main business is the ODM production of local area network and wide area network equipment for OEM customers.

Interrelationship among the Upstream/ Midstream /Downstream of LAN industry



3. Trend of product development

(1) Domestic manufacturers have gradually mastered WiFi key technologies and start to develop high-end products now.

Domestic manufactures who continuously invest in researching and development with the rise of other industries fully grasp the key technologies of WiFi products. Along with WiFi 6 products getting popular, except the 2x2 11ax entry level product line, the leading chipset vendors also develop 11ax SoC chipset, 4x4 MU-MIMO high end RF chipset and also extend to WiFi 6E product segment. Besides home user marketing, system integrators also develop enterprise wireless networking aggressively. The high-end technology specification and stable performance product gain high profit for product. While 802.11be (WIFI 7) standard is finalizing, new chipset will be launched in the end of 2022, the wireless network will be announced the coming of 7th generation age.

(2) Online interactive services and multimedia applications drive demand for broadband network

Recently, ICP, ISP and other operators have done alliances or joint ventures to provide online interactive services and audio-visual multimedia applications and expect to upgrade 4K/8K video service. The next Metaverse theme will drive AR/VR/MR/XR service applications. Under the mutual cooperation of mobile internet, fixed network or cable TV operators, it cooperates with the develop of various new technologies include 5G networking, WiFi6/7, XGS PON, 2.5G/10G Switch .etc. Broadband networks are expected to be led into another wave of growth. No matter WAN or local network equipment manufacturers, the wave of changing new equipment and products will also be expected.

(3) School and businesses networks.

After remote learning and teleconferences become normal, Campuses and enterprise will urgently require the network to be high-bandwidth, low latency and more capacity for simultaneous accessing. Both 5G network and WiFi 6 can meet this kind of requirements and can work together for different scenario. The cloud-managed or controller-managed WiFi 6 wireless network system, with manageable switches and software-defined VPN gateways are expected to be the best choice for schools and enterprises.

(4) SOHO network products are warmed by the rise of small LAN

The demand for setting up small LAN mainly comes from the following two trends:

First, the growing trend that families own two or more personal computers at a time, and the promotion of IOT issues such as smart homes and smart home appliances, are the reason why small-size networks are more frequently built, in recent years.

Second, as small or home studio (SOHO, small office/Home office) are rapidly increasing as the popularity of e-commerce and online sales, increase of SOHO companies. In order to meet this demand, it makes SOHO network demand increase gradually. Provided a complete integration solution with software management system and artificial intelligence technology allows users to easily manage an intelligent network system.

4. Competitive Situation

From Cameo's products and business model perspective, it has become almost complete. From products perspective, it includes Ethernet SOHO/ SMB/ Enterprise/ Data Center Switch, SOHO/Enterprise WiFi AP/ Router, and Broadband Router. Cameo is one of the few that can provide customers with the service of one Stop Shopping and highly integrated products. From business model perspective, it includes original design manufacturer (ODM), hardware only original design manufacturer (HW ODM), electronics manufacturing services (EMS) and cloud management value-added services for the Cameo’s related products. The evolution of network Technology is very fast. Except to double connection speed, brand new application service also requests networking quality. Providing complete networking product and ensure the features and quality of integration solution, enhance RD energy of software add-on value service can ensure Netcom sustainable business

（III）Technology and Research Overview

1、R&D expenditure in the last two years Unit: NT$ Thousands

Year	2021	2022Q1
Research and development expenses	250,560	45,424
Net Operating Revenue	2,491,907	622,396
Percentage (%)	10.05%	7.30%

2、Successfully developed technology or product before the date of publication of the annual report in the most recent year

Year	Development result
2021	▸ Cloud Management System ▸ Cloud Based Smart Switch ▸ Cloud Based WiFi6 Access Point ▸ 10G Smart Switch/Dumb Switch ▸ 24/48 Ports L3 Stacking Managed Switch ▸ Controller Based Smart Switch/WiFi 6 Enterprise AP ▸ WiFi 6 Mesh R2 System

(IV) Long-term and short-term business development plan

1、Short-term business development plan

(1) Marketing strategy

- For existing customers, continue to strengthen services and provide a full product line of wired and wireless products; actively develop new customers with integrated products.
- Establish after-sales service to provide customers the professional consultation and maintenance of various products.

(2) Production policy

- Enhance capacity utilization and yield rate to continuously reduce costs.
- Strengthen inventory management to optimize inventory and reduce the risk of downtime.

(3) Product development

- Expand 2.5G Switch product line
- Expand WiFi 6 AP/ Router product line

(4) Operating scale

- Cooperate with suppliers with the professional technology to joint develop products for achieving Time-to-Market.
- Through market segmentation to achieve a higher market share in a specific application market for increasing purchase bargaining power and having more favorable payment time.

(5) Financial management

- Effectively manage working capital to increase interest income.
- Properly use hedging tools to reduce exchange risks and avoid exchange losses.

2、Long-term business development plan

(1) Marketing strategy

- Fully acquire professional certifications from various regions to enhance the image of the product quality.
- Actively cultivate professional sales, improve international marketing capabilities, and strive for orders from major international branding customers.

(2) Production policy

- Continuously improve producing process and professionally train operator, and establish the production operation process (SOP) in line with international major factory certification.
- Plan to purchase related machinery and equipment to enhance the automation of the production line.

(3) Product development

- Integrate our own technology and develop products with highly integrated functions.
- Develop networking products compliant with the industry standard .

(4) Operating scale

- Continue to reduce expense ratios to increase profits.
- Strengthen the relationship with customers and suppliers to establish higher barriers to entry.

(5) Financial management

- Establish diversified domestic and foreign financing channels, and improve the financial structure through the combination of financial products and reduce the cost of funds
- Strengthen financial planning capabilities to reduce operational risk and improve competitiveness.

II. Market, Production and Sales overview.

（I）Market Analysis ：

1、Sales region and ratio of main products

Unit: NT$ Thousands

Year \ Sales Regions		Taiwan	APAC	US	EU	Others
2021	Amount	155,520	1,277,400	358,366	613,434	87,187
	(%)	6.24%	51.26%	14.38%	24.62%	3.50%

2、The future supply and demand situation and growth of the market：

As Internet services become more widespread and the demand for social software and e-commerce is becoming more and more intense, the bandwidth and speed of network services have increased to offer the broadband service. Therefore, SOHO and home networks must also increase the speed. The demand for WIFI6 AP is becoming more and more popular. Currently, enterprises and campuses are gradually upgrading the uplink bandwidth of Ethernet switches from 1Gbps to 2.5Gbps. The 10G technology has become more sophisticated in recent years and the price of Per Port has been adjusted by price and volume factors. 10Gbps switches have been slowly showing positive growth year by year. The current demand for volume lies in the bandwidth upgrade of terminal devices, such as PCs or personal connection devices. The upgrade of the network card to 2.5G or 10G will once again trigger the fuse of the 2.5G/5G and 10G of the network equipment. According to Gartner's statistics on global Netcom market shipment information in recent years, it is also obvious that 2.5Gbps and 10Gbps products will be the key to the growth of the Ethernet market in the next three years.

In recent years the market has been affected by the Covid-19 epidemic, the SINO-US trade War, and even the shortage of parts and components, shipping congestion and other problems but this has also led the business opportunities such as teleconference, remote education and work from home. The urgent need to speed and traffic has accelerated the speed of network equipment upgrades. Making the growth of WiFi 6 wireless networks, 2.5G/10G switches better than expectation. According to MIC statistics, WiFi 6 products will exceed 50% in 2021. Becoming the mainstream in market, and will rapidly evolve the next generation specification WiFi 6E and WiFi 7 in the future.

With the Sino-US trade war and supply chain issues, as more and more manufacturers move factories and expand production capacity, some of them also return to Taiwan to set up factories, the problem is gradually solved, and the normal supply conditions as previous years should be getting back in 2022.

Switch revenue accounts for about 75% of the company’s overall revenue. Therefore, switch products will be main driving force for company’s growth in the future, and with the maturity of 2.5G network technology, it will become major player in new product development and new markets, and source of funding for development.

For reacting to the future market trends, Cameo will strengthen the research and development of the products in the following figure in order to get stable and sustained growth in the future.

		Market share ratio	
		High	Low
Market growth rate	High	Stars High Ports GE Switch 2.5G Low Ports Switch 802.11ax AP/ Router	Opp. 10G Switch 2.5G High Ports Switch Data Center Switch Enterprise Switch HW ODM Enterprise AP Outdoor AP Cloud Based Switch/AP/Gateway
	Low	Cash Cows 5/8 Ports GE Switch 802.11ac AP/Router	

3、Competitive niche

(1) Professional ODM business

Cameo focuses on professional ODM business and does not operate its own brand. Therefore, it greatly reduces marketing costs and risks, and can fully devote resources to provide best customer solutions and satisfactory after-sales service.

(2) A complete wired and wireless product line

Since Cameo engages the retail business for a long time, it has competitive advantage over the consumer network products. Because the product lines include wired, wireless and the integrated products, Cameo is an excellent strategic partner with customers and chip suppliers.

(3) Excellent R&D team

Because of the short life cycle of network products, Cameo has been accelerating to grasp the new product technology as always. Whenever customers intend to place ODM orders, Cameo can offer very short design and mass production lead time to win the orders.

(4) High cooperation with suppliers

Based on the principle of mutual benefit, Cameo has always maintained a harmonious cooperative relationship with upstream suppliers. Therefore, we have relatively stable raw material sources and processing capacity to ensure the normal product delivery and improve the capacity utilization.

4、Advantage and disadvantage factors on the development vision and the corresponding solutions:

(1) Advantage factors

①Product lines become more complete, helping to deepen relationships with customers and suppliers. Switches, wireless access devices, VPN routers and other series of products can provide cloud management or controller management functions and have helped customers to obtain long-term use by Japanese Telecom operators which is conductive to the expansion of other related businesses.

② Broadband is becoming more popular and application requirements are becoming more diversified. The demand of high speed transmission for audio and visual application is gradually increasing. Cameo has invested WiFi6 AP/Router and 2.5GE/10GE switch for a long time.

(2) Disadvantage factors

① Although application demand continues to increase, the ratification of relevant specifications is time-consuming and rapid conversion. Therefore, when the new and legacy specifications are converted, the average sales unit price will continue to decline, and products of legacy specifications are at risk of falling prices and increasing inventory.

② There is shortage of network communication software engineering, and it is not easy to cultivate. Diversified develop of new applications and multiple choices make it difficult for Netcom industry to find engineer.

(3) Solutions

① Products with integrated technologies and higher prices are added to slow down the continued declination of average selling unit prices. In addition, inventory management continues to be strengthened to cope with the risk of falling prices and inventory increasing for products with legacy specifications.

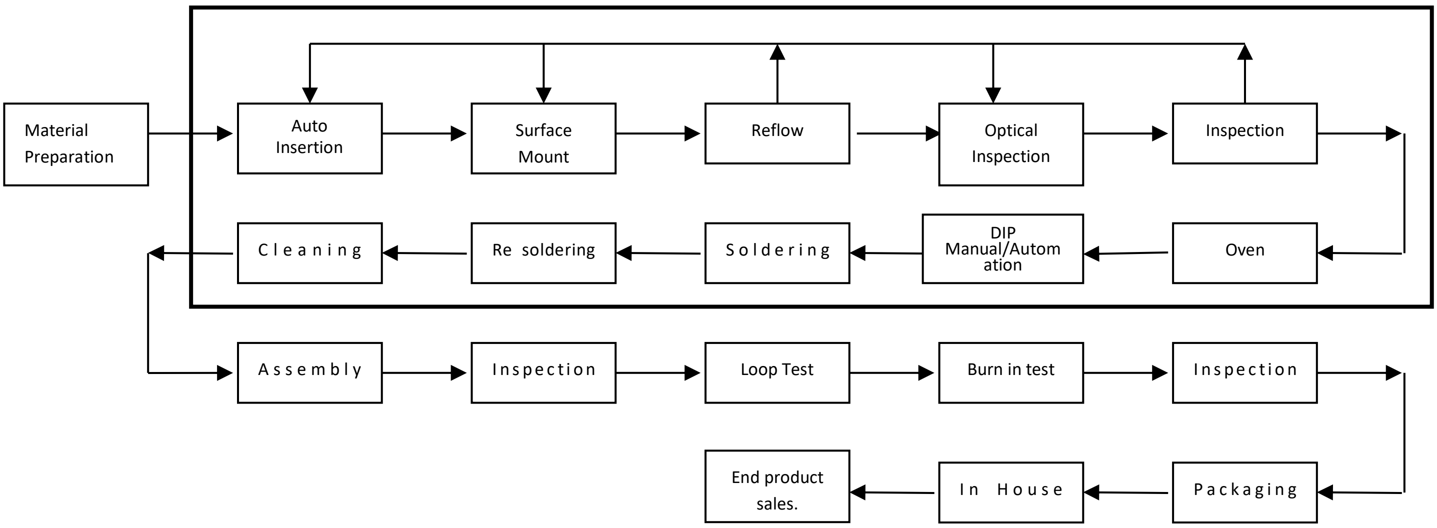
② Add additional software functions to products and keep close to new technologies and needs of the market. Establish a good working environment and welfare encourage innovation and attract young student’s interest in research and develop

(II) Key applications and production processes of the main products

1、Key applications of the main products：

Main Product Category	Application
Switch & Router	▶ The main transmission equipment for data exchange ▶ Broadband network equipment that provides computer and Internet connection
WLAN Access Point & Router	▶ Through wireless transmission technology to form wireless local area network (WLAN) transmission equipment.
Others	▶ Various wired and wireless technology transmission interface conversion ▶ Cloud Network Management Service

2、Production process of main products



(III) Supply of primary raw materials：

The main raw materials of the company's products are POWER (power supply), IC (integrated circuits), printed circuit boards (PCB) and mechanical materials, etc. The main suppliers are specific domestic and foreign manufacturers, all of which are long-term cooperative manufacturers and the product supply was normal. However, due to the shortage of upstream supply and the impact of the COVID-19, there are still some shortages of materials or prolonged delivery.

(IV) Information on major suppliers and clients：

1. Information of important suppliers and clients in the most recent two years:

Unit: NT$ Thousands

Item	2020				2021				Up to 2022.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	D-Link	1,437,759	44	Affiliated companies of the Company	D-Link	1,042,856	42	Affiliated companies of the Company	D-Link	297,523	48	Affiliated companies of the Company
2	AV.	958,856	29	-	AV.	604,980	24	-	AV	156,848	25	-
3	MM	328,584	10	-	AL	304,909	12	-	AL	71,176	11	
4	AL	320,371	10		AL	320,371	10					
	Others	245,690	7		Others	539,162	22		Others	96,849	16	
	Net Sales	3,291,260	100		Net Sales	2,491,907	100		Net Sales	622,396	100	

Analysis of changes: The major clients for the two periods did not change much, so analysis is not conducted.

2、Major purchasers in the last two years

Unit: NT$ Thousands

Item	2020				2021				Up to 2022.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	MT009	286,986	10	-	MT009	211,025	10	-	FV002	62,041	11	-
	Others	2,277,378	90		Others	1,884,085	90		Others	504,161	89	
	Net Purchase	2,564,364	100		Net Purchase	2,095,110	100		Net Purchase	566,202	100	

Analysis of changes: Depending on the company's customer demand for products, the materials supply will change accordingly.

(V) Production in the Last Two Years

Unit: NT$ thousands

Year / Production volume and value / Major Products	2020			2021		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Wired communication products	1,620	1,620	2,275,139	1,016	1,016	1,285,445
Wireless communication products	1,256	1,256	1,189,498	705	705	747,606
Others	647	647	74,518	183	183	21,056
Total	3,523	3,523	3,539,155	1,904	1,904	2,054,107

(VI) Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Year / Sales volume and value / Major Products	2020				2021			
	Local		Export		Local		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wired communication products	32	37,397	1,413	1,925,495	22	32,014	1,026	1,467,606
Wireless communication products	11	13,563	1,207	1,216,067	1	1,375	704	791,783
Others	628	79,189	79,930	19,549	598	33,116	10,498	166,013
Total	671	130,149	82,550	3,161,111	621	66,505	12,228	2,425,402

III.Human Resource

Ratio of Employees in the Last Two Years up to the Printing Date of this Annual Report.

Year		2020	2021	Up to 2022.3.31
Number of employees	Direct Labor	453	310	313
	Indirect Labor	407	278	270
	Total	860	588	583
Average age		36.99	38.42	38.57
Average year of service (years)		4.3	5.3	5.4
Education distribution ratio (%)	Ph.D.	0.12%	0.17%	0.17%
	Master	8.14%	6.63%	6.69%
	Bachelor	61.05%	64.12%	64.32%
	High school	28.95%	27.21%	27.10%
	Below high school	1.74%	1.87%	1.72%

IV.Environmental Protection Expenditures

The total amount of losses (including compensation) and penalties caused environment pollution in the most recent year up to the printing date of this annual report: None.

V. Labor Relations Management

(I)Welfare Measures for Employees

1. In addition to providing various benefits and insurance in accordance with the Labor Standards Act, each department purchases books and periodicals as needed, sets up

reading rooms, and handles various education training for employees to enrich themselves., and specifies the rate of distribution of remuneration for employees in the articles of association.

Implement the ideals of employees as shareholders, encourage participation in opinions, unity and cooperation, and enter the company's business through joint operations.

When the company issues new shares, a certain percentage of shares shall be reserved by employees in accordance with the provisions of the Company Act.

2. The company established the Employee Welfare Committee in accordance with the law to select welfare committee members to handle employee welfare matters. The source of the welfare funds is 1.5% of the capital allocated at the time of establishment and capital increase, and 0.1% of the monthly turnover.

   The welfare committee sets the annual plan and budget, and regularly holds welfare committee meetings to discuss, make decisions and organize various welfare activities, and announce the income and expenditure of welfare funds.

3. Colleagues will be insured for group insurance upon arrival, and family members will be allowed to add insurance at their own expense.
4. Conduct regular health checkups and arrange for physicians to provide staff consultation on the results of the health checkup.
5. Set up a nursing room for employees to use.
6. The company appoints visually impaired masseurs as regular employees and provides staff massage services, take care of disabled employee and fulfill corporate social responsibilities.

(II) Further studies and Training for Employees

In order to improve the company's operating efficiency, enhance employees' work knowledge and skills, and improve their work efficiency and quality, with a view to integrating training with training, the company has formulated employee education and training methods, which are applicable to all employees in the company's formal establishment.

Employees of the company should accept various training courses arranged by the company at any time to absorb new knowledge, enhance professional capabilities, and enhance service efficiency.

The attendance status of employees participating in training, the performance during training, and the effectiveness and assessment after training can be regarded as the reference basis for employee promotion, rotation and change.

(III) Retirement system and its implementation

The company has established employee retirement management measures in accordance with the Labor Standards Act, and the retirement of employees is handled in accordance with the relevant retirement regulations and the retirement management measures issued by the company.

Since July 1, 2005, the company has cooperated with the implementation of the New Labor Retirement System Labor Pension Act. The Company grants 6 % per month according to the Monthly Appropriation Scale of the Labor Pension issued by the Bureau of Labor, the Company appropriate 6% of the worker’s monthly wage to his/her personal pension fund account.

The company's applicable regulations in accordance with the Labor Standards Act and Labor Pension Regulations are as follows:

1. Retirement application:

A worker may apply for voluntary retirement under any of the following conditions:

(For those who choose to apply the Labor Pension Act, follow the same Regulations and regulations)

(1) the worker has worked for twenty-five years.

(2) the worker attains the age of fifty-five and has worked for fifteen years.

(3) the worker attains the age of sixty and has worked for ten years.

2. Mandatory retirement:

(1) the worker attains the age of sixty-five.

(2) the worker is unable to perform his/ her duties because of physical and mental disabilities.

3. Preferential retirement:

Fifth Five-Year Plan: Refers to those with a total of 55 years of service and age (only applicable to employees who worked before 2005/6/30, and the base calculation basis is the old service years of the Labor Standards Act.)

(IV) Agreements between labor and management and various employee rights protection measures:

In accordance with the Regulations for Implementing Labor-Management Meeting, the company elected five labor-management representatives at the labor-management conference on October 16, 2000, and appointed five management representatives. The labor-management Meeting was established on November 3 of the same year as a channel for coordination and communication between labor and management to promote interaction and harmony between labor and management.

(V) In the most recent year and as of the publication date of the annual report, the losses suffered due to labor disputes, and the estimated amount and corresponding measures that may occur at present and in the future are disclosed: The Company has no major dispute on labor relation or labor agreement in the latest year and up to the printing date of this Annual Report.

VI.Important Contracts: None.

Chapter 6 Financial Highlights

I. Condensed Balance Sheet, Statement of Comprehensive Income in the Most Recent Five Years

(I) Consolidated Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item \ Year		Most Recent Five-Year Financial Information					As of March31,2022
		2017	2018	2019	2020	2021	
Current Assets		3,211,390	2,637,458	2,689,327	2,599,874	3,335,854	3,565,373
Property,plant,and equipment		1,021,443	1,689,572	1,795,368	1,763,854	1,579,963	1,552,492
Intangible assets		23,652	23,109	22,809	24,625	17,521	15,224
Other assets		163,056	198,032	242,431	285,304	323,687	298,192
Total asset value		4,419,541	4,548,171	4,749,935	4,673,657	5,257,025	5,431,281
Current liabilities	Before distribution	1,524,732	1,654,901	1,727,024	1,615,539	1,023,214	1,210,725
	After distribution	1,524,732	1,654,901	1,727,024	1,615,539	1,023,214	Note2
Non-current liabilities		55	224,759	720,082	1,089,242	1,103,460	1,121,874
Total liabilities	Before distribution	1,524,787	1,879,660	2,447,106	2,704,781	2,126,674	2,332,599
	After distribution	1,524,787	1,879,660	2,447,106	2,704,781	2,126,674	Note2
Equity attributable to shareholders of the parent		2,894,754	2,668,511	2,302,829	1,968,876	3,130,351	3,098,682
Share capital		2,682,357	2,682,357	2,682,357	2,296,792	3,307,792	3,307,792
Capital surplus		415,638	415,638	415,638	0	0	0
Retained earnings	Before distribution	(191,668)	(232,963)	(573,913)	(229,208)	(19,789)	(85,351)
	After distribution	(191,668)	(232,963)	(573,913)	(229,208)	(19,789)	Note2
Other equity interest		(11,573)	(196,521)	(221,253)	(98,708)	(157,652)	(123,759)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	2,894,754	2,668,511	2,302,829	1,968,876	3,130,351	3,098,682
	After distribution	2,894,754	2,668,511	2,302,829	1,968,876	3,130,351	Note2

Note1:The financial information as of March 31, 2022 was reviewed by CPA.

Note2: Loss appropriation proposal for 2021 was approved by the board of directors on March 16, 2022 which has not yet been resolved at the general shareholders' meeting.

Consolidated Condensed Income Statement-Based on IFRS

Unit: NT$ Thousands

Item \ Year	Most Recent Five-Year Financial Information					As of March31,2022
	2017	2018	2019	2020	2021	
Operating revenue	3,339,858	3,202,178	3,393,006	3,291,260	2,491,907	622,396
Gross profit	391,649	266,428	225,833	75,098	30,206	14,740
Income from operations	(207,317)	(318,365)	(381,431)	(503,091)	(631,517)	(80,086)
Non-operating income and expenses	1,889	98,781	42,248	68,116	1,172,332	14,524
Net income before tax	(205,428)	(219,584)	(339,183)	(434,975)	540,815	(65,562)
Net income from continuing operations	(205,429)	(220,698)	(339,135)	(434,942)	390,653	(65,562)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	(205,429)	(220,698)	(339,135)	(434,942)	390,653	(65,562)
Other comprehensive income (loss) (net value after tax)	(16,552)	(5,545)	(26,547)	100,989	(57,187)	33,893
Total comprehensive income	(221,981)	(226,243)	(365,682)	(333,953)	333,466	(31,669)
Net income attributable to shareholders of the parent	(205,429)	(220,698)	(339,135)	(434,942)	390,653	(62,562)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	(221,981)	(226,243)	(365,682)	(333,953)	333,466	(31,669)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share(dollar)	(0.77)	(0.82)	(1.48)*	(1.89)	1.23	(0.20)

Note1: The financial information as of March 31, 2022 was reviewed by CPA.

*after adjustment

（II）Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item / Year		Most Recent Five-Year Financial Information				
		2017	2018	2019	2020	2021
Current Assets		1,938,225	1,740,724	1,920,536	1,877,436	1,693,179
Property,plant,and equipment		818,849	1,539,717	1,687,501	1,679,721	1,578,182
Intangible assets		20,886	21,627	21,337	23,913	17,250
Other assets		1,180,194	1,127,082	1,129,178	1,034,599	1,802,133
Total asset value		3,958,154	4,429,150	4,758,552	4,615,669	5,090,744
Current liabilities	Before distribution	1,063,400	1,760,639	1,735,684	1,557,594	910,763
	After distribution	1,063,400	1,760,639	1,735,684	1,557,594	910,763
Non-current liabilities		0	0	720,039	1,089,199	1,049,630
Total liabilities	Before distribution	1,063,400	1,760,639	2,455,723	2,646,793	1,960,393
	After distribution	1,063,400	1,760,639	2,455,723	2,646,793	1,960,393
Equity attributable to shareholders of the parent		2,894,754	2,668,511	2,302,829	1,968,876	3,130,351
Share capital		2,682,357	2,682,357	2,682,357	2,296,792	3,307,792
Capital surplus		415,638	415,638	415,638	0	0
Retained earnings	Before distribution	(191,668)	(232,963)	(573,913)	(229,208)	(19,789)
	After distribution	(191,668)	(232,963)	(573,913)	(229,208)	(19,789)
Other equity interest		(11,573)	(196,521)	(221,253)	(98,708)	(157,652)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,894,754	2,668,511	2,302,829	1,968,876	3,130,351
	After distribution	2,894,754	2,668,511	2,302,829	1,968,876	3,130,351

Note1: The financial information as of March 31, 2022 was reviewed by CPA.

Note2: Loss appropriation proposal for 2021 was approved by the board of directors on March 16, 2022 which has not yet been resolved at the general shareholders' meeting.

Condensed Income Statement-Based on IFRS Unit: NT$ Thousands

Year / Item	Most Recent Five-Year Financial Information				
	2017	2018	2019	2020	2021
Operating revenue	3,307,623	3,150,077	3,362,184	3,275,514	2,479,234
Gross profit	331,972	256,775	115,301	128,790	67,060
Income from operations	(115,841)	(182,628)	(358,519)	(346,399)	(365,501)
Non-operating income and expenses	(89,588)	(38,070)	19,384	(88,543)	758,250
Net income before tax	(205,429)	(220,698)	(339,135)	(434,942)	392,749
Net income from continuing operations	(205,429)	(220,698)	(339,135)	(434,942)	392,749
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	(205,429)	(220,698)	(339,135)	(434,942)	390,653
Other comprehensive income (loss) (net value after tax)	(16,552)	(5,545)	(26,547)	100,989	(57,187)
Total comprehensive income	(221,981)	(226,243)	(365,682)	(333,953)	333,466
Net income attributable to shareholders of the parent	(205,429)	(220,698)	(339,135)	(434,942)	390,653
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	(221,981)	(226,243)	(365,682)	(333,953)	333,466
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share(NTS)	(0.77)	(0.82)	(1.48)*	(1.89)	1.23

*after adjustment

（III）Information on CPAs for the most recent five years and the audit opinion

Year	Name of CPA	Audit opinion
2017	Samuel Au and Michelle Wang	Unqualified opinion
2018	Samuel Au and Michelle Wang	Unqualified opinion
2019	Samuel Au and Isabella Lou	Unqualified opinion
2020	Samuel Au and Isabella Lou	Unqualified opinion
2021	Samuel Au and Isabella Lou	Unqualified opinion
2022Q1	Samuel Au and Isabella Lou	qualified review opinion

II.Financial Analyses for the Past Five Fiscal Years

Consolidated Financial Analysis – Based on IFRS

Item（Note 3） / Year（Note1）		Most Recent Five-Year Financial Information					As of March31, 2022
		2017	2018	2019	2020	2021	
Financial structure %	Ratio of liabilities to assets	34.50	41.33	51.52	57.87	40.45	42.95
	Ratio of long-term capital to Property, plant, and equipment	283.40	171.24	167.25	173.37	267.97	271.86
Solvency %	Current ratio	210.62	159.37	155.72	160.93	326.02	294.48
	Quick ratio	175.73	106.84	113.50	112.44	233.76	204.23
	Times interest earned ratio	(9.99)	(14.14)	(19.45)	(25.36)	44.70	(16.27)
Operating ability	Receivables turnover rate (times)	4.85	4.60	4.04	3.77	3.54	4.38
	Average days for cash receipts	75.25	79.34	90.34	96.81	103.10	83.33
	Inventory turnover rate (times)	6.11	4.53	4.28	4.68	3.12	2.60
	Payables turnover rate (times)	3.46	3.43	3.76	4.30	3.96	4.01
	Average days for sale of goods	59.73	80.57	85.28	77.99	116.98	140.38
	Turnover rate for property, Plant,and equipment (times)	3.27	1.90	1.89	1.87	1.58	1.60
	Total assets turnover rate (times)	0.76	0.70	0.71	0.70	0.47	0.46
Profitability	Return on asset (%)	(4.20)	(4.66)	(7.01)	(8.95)	8.07	(4.68)
	Return on equity (%)	(6.67)	(7.93)	(13.64)	(20.36)	15.32	(8.42)
	Ratio of income before tax to paid-in capital (%)	(7.66)	(8.19)	(12.64)	(18.94)	16.35	(7.93)
	Net profit ratio (%)	(6.15)	(6.89)	(10.00)	(13.22)	15.68	(10.53)
	Earnings per share (NT$)	(0.77)	(0.82)	(1.26)	(1.89)	1.23	(0.20)
Cash flow	Cash flow ratio (%)	8.80	(42.19)	(5.03)	(29.75)	(34.01)	(16.08)
	Cash flow adequacy ratio (%)	61.91	(28.45)	(25.18)	(40.71)	(65.59)	(93.81)
	Cash re-investment ratio (%)	3.25	(17.59)	(2.19)	(11.72)	(7.52)	(1.04)
Leverage	Operating leverage	0.39	0.61	0.37	0.54	0.60	0.11
	Financial leverage	0.92	0.96	0.96	0.97	0.98	0.95

Analysis of financial ratio difference for the last two years

1. Liability to asset ratio：The decrease was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics (increase in current assets) and repayments of borrowings.
2. Ratio of long-term capital to property, plant, and equipment：The increase in total equity was mainly due to capital increase by cash.
3. Current ratio and quick ratio：The increase was mainly due to the increase in current assets.
4. Times interest earned ratio：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.
5. Inventory turnover rate (times) and average days for sale of goods：It was mainly due to the lack of raw materials, resulting in a long preparation cycle.
6. Cash flow adequacy ratio：It was mainly due to increase in net cash flows used in operating activities.
7. Cash re-investment ratio：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics (Increase in current assets and business capital), and decrease in gross amount of property, plant, and equipment.

Note1: The financial information as of March 31, 2021 was reviewed by CPA.

Condensed Financial Analysis – Based on IFRS

Item (Note 3)	Year (Note1)	2017	2018	2019	2020	2021
		Financial analysis for the past five fiscal years				
Financial structure %	Ratio of liabilities to assets	26.87	39.75	51.61	57.34	38.51
	Ratio of long-term capital to Property, plant, and equipment	353.51	173.31	177.95	182.06	264.86
Solvency %	Current ratio	182.27	98.87	110.65	120.53	185.91
	Quick ratio	176.75	82.14	84.95	81.42	82.54
	Times interest earned ratio	(22.75)	(54.02)	(33.01)	(27.09)	33.26
Operating ability	Receivables turnover rate (times)	4.87	4.74	4.18	3.85	3.57
	Average days for cash receipts	74.94	77.00	87.32	94.80	102.24
	Inventory turnover rate (times)	60.28	19.69	9.95	6.73	3.41
	Payables turnover rate (times)	3.11	3.13	3.25	4.00	3.79
	Average days for sale of goods	6.05	18.53	36.68	54.23	107.03
	Turnover rate for property, Plant,and equipment (times)	4.04	2.05	1.99	1.95	1.57
	Total assets turnover rate (times)	0.84	0.71	0.71	0.71	0.49
Profitability	Return on asset (%)	(4.54)	(5.19)	(7.21)	(9.02)	8.25
	Return on equity (%)	(6.67)	(7.93)	(13.64)	(20.36)	15.32
	Ratio of income before tax to paid-in capital (%)	(7.66)	(8.23)	(12.64)	(18.94)	11.87
	Net profit ratio (%)	(6.21)	(7.01)	(10.09)	(13.28)	15.76
	Earnings per share (NT$)	(0.77)	(0.82)	(1.48)	(1.89)	1.23
Cash flow	Cash flow ratio (%)	(22.22)	(2.93)	(38.89)	(30.85)	(32.53)
	Cash flow adequacy ratio (%)	97.79	(21.72)	(32.43)	(34.15)	(69.59)
	Cash re-investment ratio (%)	(7.14)	(1.71)	(19.78)	(13.52)	(6.32)
Leverage	Operating leverage	0.42	0.65	0.53	0.47	0.46
	Financial leverage	0.93	0.98	0.97	0.96	0.97

Analysis of financial ratio difference for the last two years

1. Liability to asset ratio：It was mainly due to the company recognized gains on investment and repayments of borrowings.
2. Ratio of long-term capital to property, plant, and equipment：The increase in total equity was mainly due to capital increase by cash.
3. Current ratio：The increase was mainly due to the decrease in current liabilities by repayments of borrowings.
4. Times interest earned ratio：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.
5. Inventory turnover rate (times) and average days for sale of goods：It was mainly due to the lack of raw materials, resulting in a long preparation cycle.
6. Property, plant, and equipment turnover ratio and total asset turnover ratio：It was mainly due to the decrease in revenue.
7. Profitability：It was mainly due to the company recognized gains on investment.
8. Cash flow adequacy ratio：It was mainly due to increase in net cash flows used in operating activities.
9. Cash re-investment ratio：It was mainly due to the company recognized gains on investment (increase in long-term investments and business capital).

The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure

(1) Liability to asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total net equity + Non-current liabilities)/Net property, plant, and equipment.

2. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.

(3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.

3. Business capability

(1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).

(2) Average collection days = 365/Receivables turnover rate.

(3) Inventory turnover = Sales expense/Average inventory value.

(4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).

(5) Average sales days = 365/Inventory turnover ratio.

(6) Property, plant, and equipment turnover ratio = Net sale/Average net property, plant, and equipment.

(7) Total asset turnover ratio = Net sales/Average total property, plant, and equipment.

4. Profitability

(1) Return on assets = [Gain (Loss) after tax + Interest expenses x (1 - interest rates)l/Average total asset value.

(2) Return on stockholders' equity = Net income (loss)/Average total equity.

(3) Net profit rate = Net gain (loss) after tax/Net sales.

(4) Earnings per share = (Net income (loss) attributable to owners of the parent company - preferred stock dividend)/Weighted average number of shares outstanding.

5. Cash flow volume

(1) Cash flow ratio = Net cash from business activities/Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.

(3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of property, plant, and equipment+ Long-term investments + Other non-current assets + Business capital).

6. Leverage

(1) Operating leverage ratio= (Net operating revenue - variable operating costs and expenses)/operating income

(2) Degree of financial leverage (DFL) = Operating profit/(Operating profit - Interest expenses).

III.Audit Committee’s Audit Report on the 2021 Financial Report

Cameo Communications Inc.

Audit Committee’s Review Report

The 2021 business report, financial statements, and deficit appropriation proposal, which were resolved by the Board, were audited by the CPAs Samuel Au and Isabella Lou of KPMG, and a review report was issued.

These have been reviewed and determined to be correct and accurate by the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, hereby submit this Report.

Best regards

2022 General Shareholders' Meeting of Cameo Communications Inc.

Convener of the Audit Committee: Arens Chiang

March 16, 2022

IV. Financial Report for the Most Recent Year

Please refer to pages 159 to 223 of this annual report.

V. Individual Financial Report Audited by CPAs for the Most Recent Year

Please refer to pages 100 to 158 of this annual report.

VI.Impact of Financial Difficulties of the Company and Affiliated Companies on the Financial Position of the Company in the Most Recent Year, up to the Printing Date of this Annual Report: None.

Chapter 7 Financial Status, Operation Results and Risk Management

I. Financial Position- Comparison Analysis

Unit: NT$ Thousands

Year / Item	2021	2020	Difference	
			Amount	%
Current assets	3,335,854	2,599,874	735,980	28.31%
Property,plant, and equipment	1,579,963	1,763,854	(183,891)	(10.43)%
Intangible assets	17,521	24,625	(7,104)	(28.85)%
Other assets	323,687	285,304	42,873	17.68%
Total asset value	5,257,025	4,673,657	38,383	0.82%
Current liabilities	1,023,214	1,615,539	(592,325)	(36.66)%
Non-current liabilities	1,103,177	1,089,199	13,978	1.28%
Other liabilities	283	43	240	558.14
Total liabilities	2,126,674	2,704,781	(578,107)	(21.37)%
Share capital	3,307,792	2,296,792	1,011,000	44.02%
Capital surplus	-	-	-	-%
Retained earnings	(19,789)	(229,208)	209,419	91.37%
Equity-Other	(157,652)	(98,708)	(58,944)	(59.72)%
Total equity	3,130,351	1,968,876	1,161,475	58.99%

Analysis of changes in increase/decrease ratio exceeding 20%:

(I) Increase in Current assets：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.

(II) Decrease in Current liabilities and total liabilities：It was mainly due to repayments of borrowings.

(III) Increase in Share capital：It was mainly due to Capital increase by cash.

(IV) Increase in Retained earnings：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.

(V) Decrease in Equity-Other：It was mainly due to change in the stock evaluation of subsidiary's investment and the refund of the capital reduction.

(VI) Increase in Total equity：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics and capital increase by cash.

II. Financial Performance

(I) Financial performance comparison/analysis table

Unit: NT$ Thousands

Year / Item	2021	2020	Increase /Decrease	Change ratio (%)
Net operating revenue	2,491,907	3,291,260	(799,353)	(24.29)%
Operating costs	2,461,701	3,216,162	(754,461)	(23.46)%
Gross profit	30,206	75,098	(44,892)	(59.78)%
Operating expenses	661,723	578,189	83,534	14.45%
Net operating income (loss)	(631,517)	(503,091)	(128,426)	(25.52)%
Non-operating income and expenses	1,172,332	68,116	1,104,216	1621.08%
Net profit before tax (loss) from continuing operations	540,815	(434,975)	975,790	224.33%
Income tax expenses	150,162	(33)	150,195	4551.36%
Net income (loss) in this period	390,653	(434,942)	825,595	189.82%

(I) Analysis of changes in increase/decrease ratio exceeding 20%

1. Decrease in Net operating revenue and operating costs and gross profit：The decrease was mainly due to the poor product mix and insufficient capacity utilization owing to the shortage of materials due to COVID-19.
2. Decrease in net operating income (loss)：It was mainly due to the decrease in revenue, and employee-related increase in administrative expenses.
3. Increase in Non-operating income and expenses：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.
4. Increase in Net profit before tax (loss) from continuing operations and net income (loss) in this period：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.
5. Increase in Income tax expenses：It was mainly due to gains on disposals of property, plant and equipment form NETTECH Electronics.

(II) Expected sales volume and its basis, potential impact on the Company's future financial operations, and response plans thereof:：

Please refer to "Letter to Shareholders" from pages 1 to 4.

III. Cash Flow

(I) Change in cash flow in the most recent fiscal year

Item \ Year	2021	2020	Increase (decrease) ratio %
Cash flow ratio (%)	(34.01)	(29.75)	(14.32)%
Cash flow adequacy ratio (%)	(65.59)	(40.71)	(61.12)%
Cash re-investment ratio (%)	(7.52)	(11.72)	35.84%

Analysis of changes in increase/decrease ratio exceeding 20%:

1. Cash flow adequacy ratio decreased due to the decrease in net cash flows used in operating activities in 2020 and 2021.
2. Cash re-investment ratio increased due to gains on disposals of property, plant and equipment.

(II)Improvement plan for insufficient liquidity and Cash liquidity analysis for the coming year (2022)

Unit: NT$ Thousands

Beginning Cash Balance	Cash flow from opeating activities all year	Cash flow from Investing/ Financing activities all year	Cash surplus (Insufficient) amount	Measures for insufficient cash	
				Investing plan	Financing plan
1,658,832	(36,012)	(21,485)	1,601,335	-	-

(1) Analysis of for the coming year

operating activities：Net cash flows used in operating activities was 36,012 thousand mainly due to the increase in trade payables.

Investing activities：Net cash flows used in investing activities was 13,692 thousand due to acquisition of equipment.

Financing activities：Net cash flows used in financing activities was 7,793 thousand due to repayments of long-term repayment.

(2) Improvement plan for insufficient liquidity and Cash liquidity analysis：None.

IV. Material Expenditure for the Most Recent Fiscal Year and its Impact on the Company's Finances and Operations

(I) Review and analysis of major capital expenditures and their sources of funds

The Company has no other major capital expenditures in the most recent year.

(II) Expected benefits

1. The purchase of equipment can expect increasing the production and sales, value and gross profit. The Company purchase automatic system, warehouse and testing equipment to achieve manufacturing industry 4.0.to improve efficiency and increase output to offset the impact on future increasing wages.
2. Other benefits：None

V.The Company's Investment Policy for the Most Recent Fiscal Year, and the Main Reasons for the Profits/Losses Generated Thereby, the Improvement Plan, and Investment Plans for the Coming Year

(I)Investment policy for the Most Recent Fiscal Year：To meet requirements, The Company focuses on long-term holding

(II)Analysis of profit by investment：The Company recognized gains on investments in the amount of NT$711,185 thousands for the year 2021. The main reason for the gain is disposal of right-of-use assets of Nettech Technology Co., Ltd.

(III) Investment and improvement plans for the coming year:

1 Improvement plans for deficit：The company recognized gains on investment in 2021 that planned to be repatriated to the parent company layer by layer and improve the production and operation in Taiwan.

2. Investment and improvement plans for the coming year:：

The company is committed to improving production efficiency to reduce production costs. It will help lean manufacturing and improve production competitiveness. We will establish deep relationship with suppliers to raise competitiveness of material price, invest in future product research and development, expand target markets and develop key customers in order to improve the company's operating performance.

VI.Risks that Shall be Assessed in the Most Recent Year and up to the Printing Date of this Annual Report

(I) Impacts of interest rate, fluctuation in exchange rate, and inflation on corporate gains and losses and future response measures:

Rate- Generally speaking, changes in interest rates affect the cost of capital obtained by business owners. The ratio of interest revenue and interest expense to net operating income of the company in the year of 2021 was 0.44% and 0.50%; The ratio of interest revenue and interest expense to net operating income of the company in the year of 2020 was 0.39% and 0.50%;The ratio is not high. According to the past ratio of interest revenue/ expense to net operating income, the overall impact of interest rate changes on the company's profit and loss is still limited.

However, if interest expenses increase due to the need to lend funds from banks for operations, the impact of interest rate changes on the company's profit and loss will also increase. The company will continue previous financial policies, strictly control the level of liabilities, and take necessary measures (such as early repayment) to prevent changes in interest rates from adversely affecting the company's profit and loss.

exchange rate- The company export sales accounted for 93.76% of its net operating revenue in 2021. The rise and fall of the US dollar exchange rate will have an impact on the company's finances owing to most of the export goods are reported in US dollars price. The company has always adopted a financial policy that strictly controls the level of foreign currency.

The ratio of net exchange losses to net operating revenue in 2021 was 0.33%. The ratio of net exchange losses to net operating revenue in 2020 was 0.80%.

In the future, the company will also gather exchange rate information at any time to predict exchange rate trends and reduce the adverse effects of exchange rate on the company's profit and loss.

Inflation - According to statistics from Directorate-General of Budget Accounting and

Statistics Executive Yuan, the annual increase rate of consumer prices (CPI) was 1.96% in 2021; Annual Changes in Wholesale Price Index was 9.44％. The company will continue to work on cost reduction and pay attention to changes in the relevant economic environment and market to avoid adverse effects.

(II) Policies on high-risk, high-leverage investments, loans to other parties, endorsements, guarantees, and derivatives trading, are the main reasons for the profits or losses generated thereby, and future response measures to be undertaken:

The company avoids investing in high-risk and high-leverage investments for pursuing stable business operation. The company has not engaged in high-risk, high-leverage investments in the most recent year. Otherwise, there was no profit and loss due to provide lending funds and endorsement guarantees to 100% holding subsidiaries.

Derivative financial transactions have been implemented in accordance with relevant laws and regulations to improve the basis of finance and operation. The company's derivative financial transactions are aimed at avoiding foreign exchange risks, and regularly report implementation and profit and loss to the board of directors. The above-mentioned relevant information is disclosed monthly on MOPS for investors' reference.

(III) Future R&D projects and R&D expenditure to be invested:

New products (services) planned for development

- Enterprise Core Switch
- L2/L3 Stackable Management Core Switch
- Outdoor Wide Temperature Switch
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Switch
- SDN Switch
- Cloud Management System
- Cloud Management Software
- Cloud Switch
- Cloud SDN Gateway
- Cloud Wireless Access Point
- AI Controller Based Management System
- AI Network Management Controller
- AI Controller Based Switch
- AI Controller Based VPN Gateway
- AI Controller Based Wireless Access Point
- The estimated R&D expenditure for 2022 is NT$ 20 million.

(IV) Impact of changes of important domestic and international policies and laws on the Company's finance and business, and response measures:

Industries that are easily affected by important domestic and foreign policies and legal changes include finance (affected by exchange rate and interest rate policies), petrochemicals (such as joint production reductions by oil-producing countries), raw materials (such as steel import tariffs) and textiles (such as textile import quota restrictions)) and other traditional industries. The company manufacturing communication products are less likely affected. There was no major impact of changes of important domestic and international policies and laws on the Company's finance and business in the Most Recent Year and up to the Printing Date of this Annual Report.

However, the company's products are currently mainly exported. The sales volume in the Asia-Pacific and Europe and the United States accounts for more than 90% of the net operating revenue. If the domestic export policy or law or the import policy or law of the two regions changes, may still have a certain impact on the company's finances or business. The company will continue to pay attention to important domestic and foreign policies and legal changes, and consult experts in a timely manner to control possible risks.

(V) Impact of changes in technology and industry on the Company's finance and business, and response measures:

The company belongs to the field of network technology, and the industry dynamics change rapidly. With rapid growth of network technology or major changes in product development, the company's finances and business may be greatly affected by the inability to grasp the technology development or product trend in real time. Therefore, the company adopts continuous investment in research and development and pays attention to the trend of the industry, and grasps them through interaction with customers. So far, technical capabilities can meet customer needs, and network technology has not seen a leaping growth in recent years. There was no major impact of changes in technology and industry on the Company's finance and business, and response measures.

(VI) Impact of changes of corporate images on crisis management and response measures:

There was no event for damaging corporate images in the Most Recent Year and up to the Printing Date of this Annual Report.

However, once an accident that affects the corporate image occurs, it may have a major impact on the company's financial business. Therefore, the company would continuously declare corporate governance standards, consult expert in a timely manner and follow their recommendations to reduce the probability of these risks and the impact on the company's financial business.

(VII) Projected benefits and possible risks in engaging in mergers or acquisitions and response measures:

The company has not conducted mergers and acquisitions in the most recent year and up to the Printing Date of this Annual Report. There is no acquisition of equity in the market, and no merger is under negotiation.

(VIII) Projected benefits and possible risks in expanding plants and response measures: None.

According to a resolution passed by the Company Board of Directors on December 16, 2016,the construction of the new building of the headquarter in the Tainan Technology Industrial Park was undertaken by Lee Ming Construction Co., Ltd., with a contract price totaling NT$1,088,000 thousand (including tax), which has been reclassified to buildings and construction and depreciated since its completion in early 2019.

(IX) Risks posed by concentrated procurement and sales and response measures:

1、Purchase Risks

The purchase items include IC, PCB, finished and semi-finished wireless products and others. In addition to finished and semi-finished products, the rest are available for replacement at any time by many manufacturers. The company’s supplier of finished and semi-finished products for wireless network products-Nettech Technology (Suzhou) Co., Ltd which has been entrusted to produce finished products and then repurchases through CAMEO International Ltd. since October 2011,100% owned by the company as an affiliated company. Most of the production capacity was transferred back to the company’s Tainan factory to produce.Therefore the supply of materials is stable; there should be no significant concentration risk of purchases.

2、Sales Risks

Except for D-Link Group, the sales proportions of the remaining major customers of the company in 2021 and 2020 were 24% and 29% respectively. While the proportion of sales to D-Link in 2021 and 2019 was 42% and 44% respectively. The sales clients have been scattered in Asia, America and Europe, there should be no risk of excessive concentration.

(X) The impact on the Company, and risks arising from major exchange or transfer of shares by Directors or major shareholders with over 10% of shareholdings, and the response measures:

The company’s 2020 shareholders’ meeting was elected for the eleventh term of directors, but the result didn’t have great influence on business operation. There was no major exchange or transfer of shares by Directors or major shareholders with over 10% of shareholdings in 2021.

(XI) Effects of risks relating to and countermeasures to the changes in management rights

If the change in management right is not agreed or accepted by the original management team, it may have an impact on the company's business strategy or personnel. Although the personnel of the company's management team has minor adjustment, but there should be no significant impact on the company's daily operations.

(XII) For litigation or non-litigation cases, major litigations, non-litigations, or administrative litigations that have been confirmed or are still in trial, in which the Company and its directors, President, substantive person in charge, major shareholders with a shareholding ratio of more than 10%, or subordinate companies are involved shall be specified. Where the results may affect the shareholders' equity, their disputed facts, the amount of the subject matter, the date of litigation, the main parties involved in the litigation, and the handling situation as of the printing date of this annual report shall be disclosed:None

(XIII) Other material risks and response measures:

1. Information Security risk

(1) **Information Security Policy:**

As new technology advances, it brings civilization and convenience to mankind, but also brings side effects that make information security threats pervasive. In order to maintain the sustainability of the Company's operations, we comply with relevant laws and regulations and protect our information assets (including software, hardware, personnel and services) to ensure the confidentiality, integrity and availability of information assets, and to strengthen the information and communication security system. We have established the Information Security Policy as the standard and guideline for information security management to effectively and reasonably reduce the risk of the Company's operations.

(2) The Scope of Information Security Promotion:

This policy applies to the security management of all employees and all relevant information assets of the company.

(3) Information security is based on the following measures:

A. Education and training used by the company's various systems
B. Daily system backup
C. Set up the user permission table of each system
D. Set up a firewall with Trend Micro's antivirus software to filter and defend against viruses
E. Information Machine Room Workday Log
F. System Recovery
G. The company will commission an external professional audit every year

(4) Faced with ever-changing technology, we have established regular security protection technology upgrades to address new external threats and internal weaknesses, and implemented various information security education and training to reduce information security risks.

VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I.Relevant Information of the Company's Affiliates

A、Affiliated company profile

1、Organization structure of affiliated companies

unit: In Thousands shares/dollars

Cameo Communications Inc.

- HUGE CASTLE LTD.
  shareholding：100%
  shares：38,398
  investment amount：US$38,398
  - PERFECT CHOICE CO.,LTD.
    shareholding：100%
    shares：2,700
    investment amount：US$24,653
    - Nettech Technology (Suzhou) Co.,Ltd
      shareholding：100%
      investment amount：US$ 24,653
  - Luis Jo'se Investments Inc.
    shareholding：100%
    shares：1,362
    investment amount：USD1,362
    - (Suzhou) SOARNEX TECHNOLOGY CO.,LTD
      shareholding：100%
      investment amount：：CNY$ 5,000
  - CAMEO INTERNATIONAL LTD.
    shareholding：100%
    shares：0.001
    investment amount：US$0.001
- Qianjin Investment Co., Ltd.
  shareholding：100%
  shares：27,000
  investment amount：NT$270,000
  - SOARNEX TECHNOLOGY CORPORATION
    shareholding：100%
    shares：2,400
    investment amount：NT$24,000
    - SOARNEX HOLDING CO.,LTD
      shareholding：100%
      shares：0.001
      investment amount：US$0.001

2、Basic Information of affiliated companies

Unit: NT$ Thousands 2021/12/31

Name	Date of incorporation	Address	Actual paid-in capital	Primary business
Qianjin Investment Co., Ltd.	2008.02.18	10F., No. 70, Lequn 3rd Rd., Zhongshan Dist., Taipei City 104, Taiwan	270,000	Investment holding
HUGE CASTLE LTD.	2006.07.05	Maystar Chambers, P.O.Box 3269t, Apia, Samoa	1,162,507	Investment holding
CAMEO INTERNATIONAL LTD.	2011.03.18	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	0.03	Import and export trade
Cameo Technology Development (Shenzhen) Co., Ltd.	2002.08.21	West side,10F ,High-tech Industrial Development Park, Nanshan District, Shenzhen,China	- (Note1)	R&D for communications technology and products
PERFECT CHOICE CO.,LTD.	2001.01.03	Level3,Alexander House,35 Cybercity,Ebene,Mauritius	788,294	Investment holding and trading
Nettech Technology (Suzhou) Co.,Ltd	2002.03.18	Room 713, Building 3, Yangcheng Lake International Science and Technology Pioneer Park, 116 Chengyang Road	811,770	Production, processing, and sale of electronic communications equipment
Luis Jo’se Investment Inc.	2001.01.12	Coastal Building, Wickham’s Cay II,P.O Box 2221,Road Town, Tortola , British Virgin Islands.	43,673	Investment holding
Wide View Technology Inc.	2004.01.09	The Second Floor of 3 Parts, NO1. Building,No.79,Aona Road,Pilot Free Trade Zone,Shanghai, China	- (Note2)	production, and sale of electronic components
SOARNEX TECHNOLOGY CORPORATION	2014.09.25	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	24,000	International trade
SOARNEX HOLDING CO.,LTD	2015.03.31	TMF Chambers, P.O. Box 3269,Apia,Samoa	0.03	Investment holding
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	2017.4.12	Room 706-707, 711-712,713, Building 3, Yangcheng Lake International Science and Technology Pioneer Park, 116 Chengyang Road	22,064	Software development and software services for computer information systems

3、Shareholders in common of the Company and its subsidiaries with deemed controland subordination :None.

4、Directors, supervisors, and presidents of affiliates

Unit: shares/dollars Dec,31,2021

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
Qianjin Investment Co., Ltd.	Director	Jerry Chien	27,000,000	100%
HUGE CASTLE LTD.	Director	Jerry Chien	38,397,718	100%
CAMEO INTERNATIONAL LTD.	Director	Jerry Chien	1	100%
PERFECT CHOICE CO.,LTD.	Director Director Director	Jerry Chien Doris Hsieh Amy Wang	2,700,000	100%
Nettech Technology (Suzhou) Co.,Ltd	Director Director president	Jerry Chien Doris Hsieh Ray Mao	PERFECT CHOICE CO.,LTD. Contribution USD 24,653,145	100%
Luis Jo’se Investment Inc.	Director	Doris Hsieh	1,362,680	100%
SOARNEX TECHNOLOGY CORPORATION	Director Director Director supervisor	Jerry Chien Allen Cheng Doris Hsieh Amy Wang	2,400,000	100%
SOARNEX HOLDING CO.,LTD	Director	Jerry Chien	1	100%
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	Director president	Jerry Chien Allen Cheng	Luis Jo’se Investment Inc. Contribution RMB 5,000,000	100%

B、Business operation profile：

(In Thousands of New Taiwan Dollars)

Name	Capital	Total Asssets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Income (after tax)	EPS
Qianjin Investment Co., Ltd.	270,000	142,130	50	142,080	0	(110)	1,938	0.07
CAMEO INTERNATIONAL LTD.	0.03	4,088	0	4,088	432,112	(44)	(131)	(131)
Cameo Technology Development (Shenzhen) Co., Ltd.	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)
Perfect Choice Co.,Ltd	788,294	1,525,563	100,922	1,424,641	0	(54,852)	705,186	261.18
Nettech Technology (Suzhou) Co.,Ltd	811,770	1,572,023	107,946	1,464,077	575,981	(225,744)	657,519	-
HUGE CASTLE LIMITED	1,162,507	1,462,713	20,515	1,442,198	0	(341)	709,247	18.47
Luis Jo'se Investments Inc.	43,673	33,314	5	33,309	0	(108)	4,231	3.11
Wide View Technology Inc.	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
SOARNEX TECHNOLOGY CORPORATION	24,000	2,241	1	2,240	0	(5)	(10)	(0.004)
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	22,064	21,789	5,123	16,666	57,913	3,507	4,540	-

Note1：Cameo Technolog Developement (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note2：WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

II.Consolidated financial statements of affiliated companies：Please refers to page 159 to 223.

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.
Company name: Cameo Communications, Inc.
Chairman: Jerry Chien
Date: March 16, 2022

III. The relation report：N/A。

II. Private Placement Securities in the Most Recent Years：

<table>
<tr><td>Item</td><td colspan="5">2020 1st Private Placement Issue Date: April 15, 2021.(Delivery date)</td></tr>
<tr><td>Securities under private placement</td><td colspan="5">Common stock</td></tr>
<tr><td>Date of resolution and approved quantity</td><td colspan="5">Date of share meeting: September 21, 2020.
The total amount of private placement of common stock is no more than 150,000,000 shares,which the board of directors authorized to be issued once within a year.</td></tr>
<tr><td>Basis and rationale for price setting</td><td colspan="5">The pricing of the private common stock is determined in accordance with the"Directions for Public Companies Conducting Private Placements of Securities", The price per share of private placement would be not lower than 80% of the reference price.The reference price shall be the higher of the following two calculations:
a. The simple average closing price of the common stock of the TWSE listed or TPEx listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
b. The simple average closing price of the common stock of the TWSE listed or TPEx listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</td></tr>
<tr><td>Selection method of specified parties</td><td colspan="5">In accordance with Article 43-6 of the Securities and Exchange Act.</td></tr>
<tr><td>Reasons for private placement</td><td colspan="5">If the funds are raised by publicly raised securities, it may not be easy to obtain the required funds in a short period of time. Taking the timeliness and convenience of raising funds into considerdation, the Company conduct private placement to raise funds from specific people in order to strengthen the financial structure and enrich operations funds.</td></tr>
<tr><td>Date of payment and completion</td><td colspan="5">February 9, 2021.</td></tr>
<tr><td rowspan="3">Information on contributing parties</td><td>Target</td><td>Eligibility</td><td>Quantity Purchased</td><td>Relationship with the Company</td><td>Participation in Company Operations</td></tr>
<tr><td>D-Link Corporation</td><td>Article43-6, paragraph 1,of the Securities And Exchange Act</td><td>97,680,000</td><td>Director</td><td>Director</td></tr>
<tr><td>JunYang Investment Co., Ltd.</td><td>Article 43-6, paragraph 1,of the Securities and Exchange Act</td><td>3,420,000</td><td>Director</td><td>Director</td></tr>
<tr><td>Actual purchase (or conversion) price</td><td colspan="5">NT$ 8.19 per share.</td></tr>
<tr><td>Difference between the actual purchase (or conversion) price and the reference price</td><td colspan="5">The actual private placement price NT$8.19 is 80.6% of the reference price NT$10.23.</td></tr>
<tr><td>Impact of private placement on shareholders' equity (ex. causing an increase in accumulated losses)</td><td colspan="5">The method for setting the price of common stock of private placement is in accordance with the laws and regulations of the competent authority.In order to increase the willingness to subscribe since the closing price of common stock of the company is currently lower than the par value of the stock, the actual private placement price is lower than that of the stock to cause the company to incur cumulative losses is reasonable. The company will take capital reduction, surplus or capital reserve to make up for losses into consideration depending operations.</td></tr>
</table>

Use of funds from private placement and progress of proposed plans	completed in 2021 Q4.
Effectiveness of private placement	Private placement of common stock is to enrich working capital, which is expected to strengthen financial structure and enhance operations, and have positive effect on shareholders' equity

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year : None.

IV. Other supplementary matters: None.

V. Any event that results in substantial impact upon shareholders' equity or prices of the Corporation's securities as prescribed by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this annual report: None.

Independent Auditors' Report

To the Board of Directors of Cameo Communications, Inc.:

Opinion

We have audited the financial statements of Cameo Communications, Inc.("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(n) and Note 6(r) for accounting policy and detailed disclosure of revenue, respectively.

   Description of key audit matter:

   Cameo Communications, Inc. is a listed company primarily engaged in the manufacture and sale of wired and wireless communications products. As one of important items of the financial statements, the amount and movements in operating revenue may impact the understanding of the financial statements as a whole. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the financial report.

   How the matter was addressed in our audit:

   The principal auditing procedures for the above key audit matters included the relevant controls of testing related to the sales and payment collection cycles; checking and reconciliating the sales system information and the general ledger; comparing the movements of the top ten customers in the current and previous years as well as analyzing the changes in the revenue with respect to each product and the price thereof to assess if there were material anomalies; conducting a sampling of sales transactions in the periods before and after the balance sheet date and checking the relevant certificates to assess whether or not the timing and amount of the recognition of the operating revenue were in accordance with pertinent accounting standards.

2. Valuation of inventories

   For the accounting policies for valuation of inventories, please refer to Note 4(g); for accounting estimates of inventory valuation, please refer to Note 5; for disclosures regarding inventories, please refer to Note 6(e).

   Description of key audit matter:

   The major business activities of the Company are the sale of wireless and wired communications products, with ODM, its core competitiveness, coupled with OEM, to establish a business model. Electronic products may experience price declines due to horizontal competition and advancing technology, and the amount of inventories will influence the understanding of the financial statements as a whole. Therefore, the testing of inventory valuation was determined to be one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Company’s recognition of inventory write-downs and obsolescence loss were carried out according to the Company’s policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report, with a focus on inventories that had a longer inventory age, so as to understand the sales thereof subsequent and to assess the measurement basis adopted for their net realizable values.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 financial statements.

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2022

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 262,475	5	285,969	6
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	4,930	-
1170	Trade receivables, net (notes 6(c) and 6(r))	281,858	6	585,514	13
1180	Trade receivables due from related parties, net (notes 6(c), 6(r) and 7)	177,612	4	344,161	7
1200	Other receivables (note 6(d))	24,499	-	28,551	1
1210	Other receivables due from related parties (notes 6(d) and 7)	4,929	-	18,230	-
1220	Current tax assets	399	-	814	-
1310	Inventories, net (note 6(e))	875,115	17	538,655	12
1470	Other current assets	66,292	1	70,612	2
		1,693,179	33	1,877,436	41
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(f))	1,584,189	31	931,713	20
1600	Property, plant and equipment (notes 6(g) and 8)	1,578,182	31	1,679,721	36
1755	Right-of-use assets (note 6(h))	110,031	2	16,876	-
1780	Intangible assets (note 6(i))	17,250	-	23,913	1
1840	Deferred tax assets (note 6(o))	44,994	1	-	-
1975	Net defined benefit assets, non-current (note 6(n))	26,480	1	19,171	-
1990	Other non-current assets (notes 6(a) and 8)	36,439	1	66,839	2
		3,397,565	67	2,738,233	59
	Total assets	$ 5,090,744	100	4,615,669	100

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 92,340	2	412,407	9
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	298	-	2,684	-
2170	Trade payables	518,799	10	481,207	10
2180	Trade payables to related parties (note 7)	-	-	272,724	6
2200	Other payables	144,980	3	190,808	4
2220	Other payables to related parties (note 7)	44,597	1	123,685	3
2250	Current provisions (note 6(m))	4,808	-	-	-
2280	Current lease liabilities (note 6(l))	23,163	-	17,200	-
2305	Other current liabilities	46,660	1	56,879	1
2320	Long-term borrowings, current portion (note 6(k) and 8)	35,118	1	-	-
		910,763	18	1,557,594	33
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(k) and 8)	917,335	18	1,089,199	24
2570	Deferred tax liabilities (note 6(o))	44,994	1	-	-
2580	Non-current lease liabilities (note 6(l))	87,061	2	-	-
2600	Other non current liabilities	240	-	-	-
		1,049,630	21	1,089,199	24
	Total liabilities	1,960,393	39	2,646,793	57
	Equity capital (note 6(p)):				
3110	Ordinary shares	3,307,792	64	2,296,792	50
3300	Retained earnings	(19,789)	-	(229,208)	(5)
3400	Other equity	(157,652)	(3)	(98,708)	(2)
	Total equity	3,130,351	61	1,968,876	43
	Total liabilities and equity	$ 5,090,744	100	4,615,669	100

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	Operating revenue (notes 6(r) and 7)	$ 2,479,234	100	3,275,514	100
5000	Operating costs (notes 6(e), 6(g), 6(h), 6(i), 6(n), 7 and 12)	2,412,174	97	3,146,724	96
5900	**Gross profit**	67,060	3	128,790	4
5910	Unrealized profit (loss) from sales	223	-	(211)	-
	Gross profit from operations	67,283	3	128,579	4
6000	**Operating expenses (notes 6(c), 6(g), 6(h), 6(i), 6(n), 7 and 12):**				
6100	Selling expenses	114,774	5	104,736	3
6200	Administrative expenses	121,508	5	106,912	4
6300	Research and development expenses	196,502	8	263,396	8
6450	Expected credit impairment gain	-	-	(66)	-
		432,784	18	474,978	15
6900	**Net operating loss**	(365,501)	(15)	(346,399)	(11)
7000	**Non-operating income and expenses (notes 6(f), 6(l), 6(t) and 7):**				
7050	Finance costs	(12,173)	-	(15,484)	-
7100	Interest income	785	-	4,044	-
7190	Other income	58,557	2	99,480	3
7210	Gains on disposal of property, plant and equipment	676	-	1,680	-
7230	Foreign exchange losses	(629)	-	(15,141)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	(151)	-	4,863	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	711,185	28	(166,892)	(5)
7590	Other loss	-	-	(1,093)	-
		785,250	30	(88,543)	(2)
7900	**Loss from continuing operations before tax**	392,749	15	(434,942)	(13)
7950	Less: Income tax expenses (note 6(o))	2,960	-	-	-
	Profit (Loss)	390,653	14	(434,942)	(13)
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified to profit or loss (note 6(n))**				
8311	Gains on remeasurements of defined benefit plans	1,752	-	452	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(61,546)	(2)	99,643	3
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	(59,789)	(2)	100,095	3
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	2,602	-	894	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	2,602	-	894	-
8300	**Total other comprehensive income**	(57,187)	(2)	100,989	3
	Total comprehensive income	**$ 333,466**	**13**	**(333,953)**	**(10)**
	Basic earnings per share (note 6(q))				
9750	Basic earnings (loss) per share	**$**	**1.23**		**(1.89)**

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Accumulated deficits	Retained earnings: Retained Earnings	Other equity: Exchange differences on translation of foreign financial statements	Other equity: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other equity: Total other equity	Total equity
Balance at January 1, 2020	$ 2,682,357	415,638	15,824	(589,737)	(573,913)	(65,198)	(156,055)	(221,253)	2,302,829
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(15,824)	15,824	-	-	-	-	-
Other changes in capital surplus:									
Capital surplus used to offset accumulated deficits	-	(415,638)	-	415,638	415,638	-	-	-	-
Loss for the year ended December 31, 2020	-	-	-	(434,942)	(434,942)	-	-	-	(434,942)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	452	452	894	99,643	100,537	100,989
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(434,490)	(434,490)	894	99,643	100,537	(333,953)
Capital reduction to offset accumulated deficits	(385,565)	-	-	385,565	385,565	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(22,008)	(22,008)	-	22,008	22,008	-
Balance at December 31, 2020	2,296,792	-	-	(229,208)	(229,208)	(64,304)	(34,404)	(98,708)	1,968,876
Profit for the year ended December 31, 2021	-	-	-	390,653	390,653	-	-	-	390,653
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	1,757	1,757	2,602	(61,546)	(58,944)	(57,187)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	392,410	392,410	2,602	(61,546)	(58,944)	333,466
Capital increase by cash	1,011,000	-	-	(182,991)	(182,991)	-	-	-	828,009
Balance at December 31, 2021	**$ 3,307,792**	**-**	**-**	**(19,789)**	**(19,789)**	**(61,702)**	**(95,950)**	**(157,652)**	**3,130,351**

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from (used in) operating activities:			
Profit (loss) before tax	$	392,749	(434,942)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		145,190	136,632
Amortization expense		12,239	12,050
Gain on reversal of expected credit impairment loss		-	(66)
Net profit (loss) on financial assets or liabilities at fair value through profit or loss		151	(4,863)
Interest expense		12,173	15,484
Interest income		(785)	(4,044)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		(711,185)	166,892
Gain (loss) from disposal of property, plant and equipment		(676)	1,680
Others		(235)	530
Total adjustments to reconcile profit (loss)		(543,128)	324,295
Changes in operating assets and liabilities:			
Decrease in on financial assets at fair value through profit or loss mandatorily measured at fair value		7,398	5,468
Decrease (increase) in notes and trade receivables		303,656	(199,196)
Decrease in trade receivables due from related parties		166,549	43,324
Decrease (increase) in other receivables		17,326	(5,625)
Increase in inventories		(336,460)	(142,494)
Increase in net defined benefit assets		(5,552)	(105)
Decrease (increase) in other operating assets		4,320	(20,387)
Total changes in operating assets		157,237	(319,015)
Decrease in financial liabilities held for trading		(5,005)	(2,851)
Increase in trade payables		37,592	167,657
Decrease in trade payables to related parties		(272,724)	(231,848)
Decrease (increase) in other payables		(44,168)	35,867
Decrease in other operating liabilities		(5,411)	(8,392)
Total changes in operating liabilities		(289,716)	(39,567)
Total changes in operating assets and liabilities, net		(132,479)	(358,582)
Total adjustments		(675,607)	(34,287)
Cash outflow generated from operations		(282,858)	(469,229)
Interest received		812	4,048
Interest paid		(12,553)	(15,084)
Income taxes paid		(1,681)	(196)
Net cash flows used in operating activities		(296,280)	(480,461)
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(20,300)	(236,179)
Proceeds from disposal of property, plant and equipment		676	(1,680)
Increase in refundable deposits		208	953
Acquisition of intangible assets		(5,576)	(14,626)
Decrease (increase) in other non-current assets		30,192	(4,387)
Net cash flows from (used in) investing activities		5,200	(255,919)
Cash flows from (used in) financing activities:			
Decrease (increase) in short-term borrowings		(320,067)	12,407
Proceeds from long-term borrowings		35,297	389,199
Repayments of long term borrowings		(172,043)	-
Increase in guarantee deposit		240	-
Decrease in other payables to related parties		(78,983)	(11,330)
Payment of lease liabilities		(24,867)	(26,892)
Capital increase by cash		828,009	-
Net cash flows from financing activities		267,586	363,384
Net decrease in cash and cash equivalents		(23,494)	(372,996)
Cash and cash equivalents at beginning of period		285,969	658,965
Cash and cash equivalents at end of period	$	262,475	285,969

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

Cameo Communications, Inc. ("the Company") was incorporated on March 11, 1991, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issue by the Board of Directors on March 16, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"
- Amendments to IFRS 16 "COVID 19 Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these financial statements are set out as below. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the

Regulations").

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes

of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated.All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in

other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains

substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the financial statement, are equal to those in the consolidated financial statements.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings and construction	5~50 years
2)	Machinery and equipment	2~8 years
3)	Office and other facilities	2~6 years

4) Lease improvements 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including in-substance fixed payments:
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company has elected not to recognize right-of-use assets and lease liabilities of dormitories and photocopying equipment that have a lease term of 12 months or less, or leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents	1~10 years
2)	Computer software and others	1~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts its non-financial assets (other than inventories, contract assets, deferred tax assets and the defined benefit assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the situation where the products have been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

There were no critical judgments in applying the accounting policies that had significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. Since the net realizable value is measured based on the estimated selling price of the Group under normal operations, there is uncertainty in valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	**December 31, 2020**
Foreign currencies on hand and petty cash	$ 1,198	1,356
Check and demand deposits	214,201	284,613
Time deposits	19,380	-
Cash equivalents	27,696	-
	$ 262,475	658,965

As of December 31, 2021 and 2020, the Company’s restricted time deposits recognized as other non-current assets amounted to $30,000 and $53,371, respectively. Please refer to Note 8 for details.

Please refer to Note 6(u) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details on financial assets and liabilities at fair value through profit or loss were as follows:

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ -	4,930
Held for trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 298	2,684

Please refer to note 6(t) for exposures to credit risk and currency risk.

(ii) Non-hedging derivative financial instruments

The Company uses derivative instruments to hedge foreign currency risk the Company is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2021		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial liabilities:			
Forward exchange contracts	CNY55,610/ USD2,000	NTD/USD	January 8, 2022

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial assets:			
Forward exchange contracts	CNY31,049/ USD4,590	CNY/USD	January 5, 2021 to February 8, 2021
Derivative financial liabilities:			
Forward exchange contracts	TWD116,486/ USD4,050	TWD/USD	January 7, 2021

(c) Notes and trade receivables (including related parties)

	December 31, 2021	December 31, 2020
Trade receivables－measured at amortized cost	$ 459,470	929,675

The Company applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on notes and trade receivables were as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 455,861	0%	-
1~30 days past due	2,984	0%	-
31~60 days past due	625	0%	-
	$ 459,470		-

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 919,935	0%	-
1~30 days past due	9,740	0%	-
	$ 929,675		-

The movement in the allowance for notes and trade receivables were as follows:

	2021	2020
Balance at January 1	$ -	5,615
Impairment losses reversed	-	(66)
Reclassification	-	(5,549)
Balance at December 31	$ -	-

(d) Other receivables (including related parties)

	December 31, 2021	December 31, 2020
Other receivables	$ 42,981	60,334
Less: loss allowance	(13,553)	(13,553)
	$ 29,428	46,781

The movement in the allowance for other receivables were as follows:

		2021	2020
Balance at January 1	$	13,553	8,004
Reclassification		-	5,549
Balance at December 31	$	13,553	13,553

(e) Inventories

		December 31, 2021	December 31, 2020
Raw materials	$	628,167	311,402
Work in progress and semi-finished goods		175,163	129,593
Finished goods		71,785	97,660
	$	875,115	538,655

(i) Operating cost:

		2020	2020
Sale of inventories	$	2,196,440	2,969,178
Write-down of inventories		(2,486)	11,299
Loss on disposal of inventory		13,490	1,419
Loss (gain) on physical inventory		(210)	(128)
Unallocated production overheads		204,940	164,956
	$	2,412,174	3,146,724

(ii) The net realization value of inventory was lower than the cost due to the sale and disposal of inventory write-downs on 2021, resulting in a rollover to loss allowance.

(iii) As of December 31, 2021 and 2020, the Company did not provide any inventories as collateral for its loans.

(f) Investment accounted for using equity method

A summary of the Company’ s financial information for equity accounted investees in reporting date is as follows:

		December 31, 2021	December 31, 2020
Subsidiaries	$	1,584,189	931,713

(i) Subsidiaries please refer to consolidated financial statements for the year ended December 31, 2021.

(ii) The share of loss of subsidiaries accounted for using equity method amounted $711,185 and $166,892 for the years ended December 31, 2021 and 2020, respectively.

(iii) In view of the increase in China's operating and production costs, in order to save expenses, and in line with the Taiwan authorities' Taiwan investment policy of Taiwan businessmen returning to Taiwan, the Group purchased land in Tainan Science and Technology Industrial Zone in May 2016 and built a factory (hereinafter referred to as Tainan factory), which was completed in 2019, and gradually transferred the production activities of NETTECH TECHNOLOGY (Suzhou) Co., Ltd. (hereinafter referred to as NETTECH Electronics), a production base in the mainland region, to the Tainan factory, and gradually produced a comprehensive production effect. A resolution was approved in the Board of Director's meeting held on July 30,2020, NETTECH Electronics permanently suspended production from September,2021 and only some of the administrative staff were left to deal with the subsequent closure of the factory. NETTECH Electronics disposed of the relevant land use rights, property, plant and equipment on October 29, 2021 and disposed of the price $1,175,599, with a disposition benefit of $1,115,815.

(iv) As of December 31, 2021 and 2020, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

(g) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Construction in progress and testing equipment	Total
Cost or deemed cost:								
Balance at January 1, 2021	$ 362,839	1,149,132	596,007	3,440	57,978	23,921	-	2,193,317
Additions	-	389	10,803	1,456	6,267	-	-	18,915
Disposal and derecognition	-	-	(14,893)	-	(139)	-	-	(15,032)
Transferred into (out)	-	-	(472)	-	472	-	-	-
Balance at December 31, 2021	$ 362,839	1,149,521	591,445	4,896	64,578	23,921	-	2,197,200
Balance at January 1, 2020	$ 362,839	1,136,803	545,403	110	50,791	23,921	6,918	2,126,785
Additions	-	6,071	85,707	3,330	7,687	-	-	102,795
Disposal and derecognition	-	-	(35,603)	-	-	-	-	(35,603)
Transferred into (out)	-	6,258	500	-	(500)	-	(6,918)	(660)
Balance at December 31, 2020	$ 362,839	1,149,132	596,007	3,440	57,978	23,921	-	2,193,317
Depreciation and impairments loss:								
Balance at January 1, 2021	$ -	87,118	367,053	1,059	38,091	20,275	-	513,596
Depreciation	-	37,908	67,606	1,004	10,294	3,642	-	120,454
Disposal and derecognition	-	-	(14,893)	-	(139)	-	-	(15,032)
Transferred into (out)	-	-	-	-	-	-	-	-
Balance at December 31, 2021	$ -	125,026	419,766	2,063	48,246	23,917	-	619,018
Balance at January 1, 2020	$ -	49,836	346,054	-	27,903	15,491	-	439,284
Depreciation	-	37,282	56,592	1,059	10,198	4,784	-	109,915
Disposal and derecognition	-	-	(35,603)	-	-	-	-	(35,603)
Transferred into (out)	-	-	10	-	(10)	-	-	-
Balance at December 31, 2020	$ -	87,118	367,053	1,059	38,091	20,275	-	513,596

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Construction in progress and testing equipment	Total
Carrying amount:								
Balance at December 31, 2021	$ 362,839	1,024,495	171,679	2,833	16,332	4	-	1,578,182
Balance at January 1, 2020	$ 362,839	1,086,967	199,349	110	22,888	8,430	6,918	1,687,501
Balance at December 31, 2020	$ 362,839	1,062,014	228,954	2,381	19,887	3,646	-	1,679,721

(i) In view of the increase in China's operating and production costs, in order to save expenses, and in line with the Taiwan authorities' Taiwan investment policy of Taiwan businessmen returning to Taiwan, the Company purchased land in Tainan Science and Technology Industrial Zone in May 2016 and built a factory (hereinafter referred to as Tainan factory), which was completed in 2019, and gradually transferred the production activities of NETTECH TECHNOLOGY (Suzhou) Co., Ltd. (hereinafter referred to as NETTECH Electronics), a production base in the mainland region, to the Tainan factory, and gradually produced a comprehensive production effect.

(ii) The Company, pursuant to IAS 36 – Impairment of Assets, conducted an impairment assessment on the reporting date, and the assessment for 2021 and 2020 showed indicators of impairment, for which no impairment loss was recognized after performing an impairment test.

(iii) As of December 31, 2021 and 2020, the property, plant, and equipment of the Company had been pledged as collateral for long term borrowings; please refer to Note 8.

(h) Right-of-use assets

(i) The movements in cost and depreciation of leased land, buildings and construction, and transportation equipment of the Company were as follows:

	Buildings and construction	Transportation equipment	Total
Cost:			
Balance at January 1, 2021	$ 64,608	1,963	66,571
Increase	117,891	-	117,891
Decrease	(64,608)	(1,963)	(66,571)
Balance at December 31, 2021	$ 117,891	-	117,891
Balance at January 1, 2020	75,773	1,963	77,736
Decrease	(11,165)	-	(11,165)
Balance at December 31, 2020	$ 64,608	1,963	66,571
Accumulated depreciation and impairment losses:			
Balance at January 1, 2021	$ 48,386	1,309	49,695
Depreciation	24,082	654	24,736
Decrease	(64,608)	(1,963)	(66,571)
Balance at December 31, 2021	7,860	-	7,860
Balance at January 1, 2020	28,304	654	28,958
Depreciation	26,062	655	26,717
Decrease	(5,980)	-	(5,980)
Balance at December 31, 2020	48,386	1,309	49,695

		Buildings and construction	Transportation equipment	Total
Carrying amount:				
Balance at December 31, 2021	$	110,031	-	110,031
Balance at December 31, 2020	$	16,222	654	16,876
Balance at January 1, 2020	$	47,469	1,309	48,778

(ii) The increase in the Company's right-to-use assets in the current period is mainly due to the re-signing of a new lease contract at the expiration of the original lease contract as an office premises, and the lease period is from September 2021 to August 2026. Please refer to Note 6(l) for details.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2021 and 2020, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2021	$	4,899	183,258	188,157
Additions		391	5,185	5,576
Derecognition		-	(4,307)	(4,307)
Balance at December 31, 2021	$	5,290	184,136	189,426
Balance at January 1, 2020	$	31,615	169,965	201,580
Additions		454	14,172	14,626
Derecognition		(27,170)	(879)	(28,049)
Balance at December 31, 2020	$	4,899	183,258	188,157
Amortization:				
Balance at January 1, 2021	$	4,127	160,117	164,244
Amortization		518	11,721	12,239
Derecognition		-	(4,307)	(4,307)
Balance at December 31, 2021	$	4,645	167,531	172,176
Balance at January 1, 2020	$	30,727	149,516	180,243
Amortization		570	11,480	12,050
Derecognition		(27,170)	(879)	(28,049)
Balance at December 31, 2020	$	4,127	160,117	164,244
Carrying amount:				
Balance at December 31, 2021	$	645	16,605	17,250
Balance at January 1, 2020	$	888	20,449	21,337
Balance at December 31, 2020	$	772	23,141	23,913

(i) The amortization of intangible assets for the year ended December 31, 2021 and 2020, are included in the consolidated statement of comprehensive income:

	2021	2020
Operating Cost	$ 3,450	3,148
Operating Expenses	8,789	8,902

(ii) As of December 31, 2021 and 2020, none of the Company’s intangible assets was pledged as collateral.

(j) Short-term borrowings

	December 31, 2021	December 31, 2020
Letters of credit	$ 92,340	412,407
Unused credit lines	$ 505,990	249,493
Range of interest rates	0.9%	0.93%~1.27%

For information on the Company’s interest risk, foreign currency risk, and liquidity risk, please refer to Note 6(u)

(k) Long-term borrowings

The Company’s long-term borrowings details, conditions, and provisions were as follows:

	December 31, 2021			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	0.85%~1.13%	July 2022~ February 2035	$ 952,453
Less: current portion				(35,118)
Total				$ 917,335
Unused credit lines				$ 44,547

	December 31, 2020			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	0.85%~1.13%	February 2035	$ 1,000,000
		1.55%	October 2025	89,199
Total				$ 1,089,199
Unused credit lines				$ 110,801

(i) The proceeds from loan-term borrowings for 2021 was $35,297; and a repayment of $172,043 has been made..

(ii) The proceeds from loan term borrowings for 2020 was $389,199; the maturity of the $700,000 long term borrowings due in February 2021 has been extended to February 2035.

(iii) Information about the Company's risk exposure associated with interest rate, foreign currency, and liquidity is included in Note 6(u).

(iv) Please see Note 8 for the Company's property pledged as collateral to secure the long-term bank loans.

(l) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 23,163	17,200
Non-current	$ 87,061	-

For the maturity analysis, please refer to Note 6(t).

The amounts recognized in profit or loss were as follow:

	2021	2020
Interest expense on lease liabilities	$ 506	508
Expenses relating to short-term leases	$ 937	1,291
Cost of low-value leased assets	$ 386	589

The amounts recognized in the statement of cash flows for the Company was as follows:

	2021	2020
Total cash outflow for leases	$ 26,696	29,280

(i) Real estate leases

The Company leases land and buildings for its plant and office space. The leases of land and office space typically run for 50 years and 5 years, respectively. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

The Company leased transportation equipment with leased terms of two to three years. In some cases, the Company has options to purchase the assets at the end of the leased period.

The Company also leased photocopying equipment and dormitories with leased periods of three to four years and two to three months, respectively. These leases are short-term and leases of low value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

	Warranty
Balance at January 1, 2021	$ -
Increase in provision for the current period	5,220
Reversal of provision for the current period	(412)
Balance at December 31, 2021	$ 4,808

The Company's provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services. The Company expected that most of the cost would occur within 1 year after sales.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 38,954	59,874
Fair value of plan assets	(65,434)	(79,045)
Net defined benefit liabilities (Assets)	$ (26,480)	(19,171)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $65,434 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligations at January 1	$	59,874	58,455
Current service cost and interest cost		447	658
Actuarial (gain) loss arising from financial assumptions		(7,798)	1,937
Benefits paid		(13,569)	(1,176)
Defined benefit obligations at December 31	**$**	**38,954**	**59,874**

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets at January 1	$	79,045	77,069
Interest income		488	763
Remeasurements of net defined benefit assets			
-Return on plan assets (excluding current interest)		(530)	2,389
Benefits paid		(13,569)	(1,176)
Fair value of plan assets at December 31	**$**	**65,434**	**79,045**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current service cost	$	(5,432)	81
Net interest of net assets for defined benefit assets		(120)	(186)
	$	**(5,552)**	**(105)**
Direct labor	$	(1,721)	-
Operating cost		(777)	(58)
Selling expense		(777)	(11)
Administrative expenses		(666)	(8)
Research and development expenses		(1,611)	(28)
	$	**(5,552)**	**(105)**

5) Remeasurement values of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements in net defined benefit assets recognized in other comprehensive income were as follows:

		2021	2020
Cumulative amount at January 1	$	16,478	16,026
Recognized in current period		1,757	452
Cumulative amount at December 31	$	18,235	16,478

6) Actuarial assumptions

The followings are the principal actuarial assumptions at the reporting dates:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
Future salary increase rate	2.000%	2.000%

The Company has suspended the allocation of its retirement reserve from September 2019 to August 2021, with the approval from the Department of Labor, Taipei City Government.

The expected allocation payment to be made by to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average duration of the defined benefit plan is 12.86 years.

7) Sensitivity analysis

As of December 31, 2021 and 2020, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

		Influences of defined benefit obligations	
		Increase 0.25%	Decrease 0.25%
December 31, 2021			
Discount rate	$	(1,144)	1,194
Future salary increasing rate		1,141	(1,104)
December 31, 2020			
Discount rate	$	(1,647)	1,726
Future salary increasing rate		1,655	(1,591)

The sensitivity analysis above assumed all other assumptions remained constant during the measurement. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The continuing operations allocate 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates the labor pension at a specific percentage to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method amounted to $20,674 and $22,741 for the years ended December 31, 2021 and 2020, respectively. Payment to the Bureau of Labor Insurance has been made.

(o) Income taxes

(i) Income tax expense

1) The components of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Current tax expense	$ 2,096	-
Deferred tax expense	-	-
Income tax expense	**$ 2,096**	**-**

2) The Company's income tax expense reconciled between the actual income tax expense and net loss before tax for the years ended December 31, 2021 and 2020, was as follows:

	2021	2020
Net loss before tax	$ 392,749	(434,942)
Income tax using the Company's domestic tax rate	78,550	(86,988)
Tax-exempt income	(394)	-
Changes in unrecognized temporary differences	(98,487)	35,814
Changes in previously unrecognized tax losses	18,606	50,115
Other	3,821	1,059
	$ 2,096	**-**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

The Company's unrecognized deferred tax assets were as follows:

	December 31, 2021	December 31, 2020
Deductible temporary difference	$ 43,456	141,943
The carryforward of unused tax losses	199,258	174,476
	$ 242,714	**316,419**

Unrecognized deductible temporary difference were mainly items such as the Company's impairment loss on financial assets and recognized loss on investments in subsidiaries, which were not recognized as deferred tax assets since they are not very likely to be realized in the foreseeable future.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Company is not expected to have sufficient taxable income to offset against temporary difference in the foreseeable future.

As of December 31, 2021, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss		Deductible balance	Expiry year
2014	$ 130,996	(amount approved)	70,157	2024
2017	117,081	(amount approved)	117,081	2027
2018	144,063	(amount approved)	144,063	2028
2019	287,609	(amount approved)	287,609	2029
2020	284,350	(amount reported)	284,350	2030
2021	318,001	(amount recognized)	318,001	2031
	$ 1,282,100		**1,221,261**	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Assets:	**The carryforward of unused tax losses**
Balance at January 1, 2021	$ -
Recognized in profit or loss	44,994
Balance at December 31, 2021	**$ 44,994**

Deferred Tax Liabilities:	**Investments accounted for using equity method**
Balance at January 1, 2021	$ -
Recognized in profit or loss	44,994
Balance at December 31, 2021	**$ 44,994**

(iii) The Company's tax returns for the years through 2019 have been examined and approved by tax authorities.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2021 and 2020, the Company has issued 330,780 thousand shares and 229,680 thousand shares, respectively, all of which have been paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020, was as follows:

	Ordinary shares	
(Expressed in thousands of shares)	**2021**	**2020**
Balance at January 1	229,680	268,236
Issued for cash	101,100	-
Capital reduction	-	(38,556)
Balance at December 31	**330,780**	**229,680**

Based on the resolution approved during the special shareholders' meeting on September 21, 2020, the Company reduced its capital by 38,556 thousand shares with reduction ratio of 14.37% to offset accumulated losses, which was declared effective by the FSC on October 21, 2020 and completed on December 30, 2020. Subsequent to the capital reduction, the shares issued amounted to 229,680 thousand shares, amounting to $2,296,792. The relevant statutory registration procedures have been completed on March 15, 2021.

A resolution was passed during the Company's special meeting of shareholders held on September 21, 2020 for the issuance of ordinary shares not exceeding 150,000 thousand shares under private placement within a year after the meeting. Subsequently, another resolution was approved in the Board of Director's meeting held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with par value of $10 per share, amounting to $1,011,000. The date of capital injection was February 17, 2021 and relevant statutory registration procedures have been completed on March 15, 2021.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) under the Securities and Exchange Act. The application of these shares to be traded on the Taiwan Stock Exchange is in accordance with the said section where the shares should be elapsed after a three year period from the delivery date of the private placement securities before applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

In the Company's special meeting of shareholders held on September 21, 2020, legal reserve of $15,824 and capital surplus of $415,638 were used to offset accumulated losses.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company’s

paid-in capital, the excess may, pursuant to a resolution reached in a shareholders’ meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

In accordance with the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders’ equity shall be appropriated from current and prior-year earnings. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distribution.

3) Distribution of earnings and dividend policy

In accordance with the Company’s articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal according to the Securities and Exchange Act and the Company’s operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders’ meeting. Cash dividends, however, shall account for at least 10 percent of every distribution. Cash dividends, however, shall account for at least 10 percent of every distribution.

The Company incurred loss in the years ended December,31, 2021 and 2020, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(q) Earnings (loss) per share

The Company's basic earnings (loss) per share were calculated as follows:

	2021	2020
Basic earnings (loss) per share (in New Taiwan Dollars)		
Net profit (loss) attributable to ordinary shareholders of the Company	$ 390,653	(434,942)
Weighted-average number of ordinary shares outstanding (in thousand shares)	317,762	229,680
Basic earnings (loss) per share (in New Taiwan Dollars)	$ 1.23	(1.89)

The aforesaid weighted-average number of shares outstanding was adjusted retroactively according to the capital reduction to offset accumulated deficits, and the relevant statutory registration procedures of the capital reduction effective dated December 30, 2020 have been completed on March 15, 2021.

During 2021 and 2020, the Company was not impacted by the effects of dilutive potential ordinary shares.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021	2020
Main Market:		
Japan	$ 942,766	1,379,576
Netherlands	613,376	821,782
United States	298,762	487,340
China	87,803	30,168
Other	536,527	556,648
	$ 2,479,234	3,275,514
Major product:		
Wired communication products	1,488,280	1,949,716
Wireless communication products	793,158	1,229,630
Repairs and maintenance revenues and others	197,796	96,168
	$ 2,479,234	3,275,514

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and trade receivables	$ 459,470	929,675	779,352
Less: loss allowance	-	-	(5,615)
	$ 459,470	929,675	773,737

For details on notes and trade receivables and the impairment thereof, please refer to Note 6(c).

(s) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 3 to 10 percent of the profit as employee remuneration, and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated losses, the profit should be reserved to offset the losses. The recipients of shares and cash may include the employees of the affiliated companies who meet certain conditions stipulated by the Board of directors.

The Company incurred net loss before tax in the years ended December 31, 2021 and 2020, and thus, the Company was not required to accrue any remuneration to its employees and directors.

(t) Other income

The details of other income of the Company were as follows:

		2021	2020
Government grants	$	30	36,250
Other		58,527	63,230
	$	58,557	99,480

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets, represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the years ended December 31, 2021 and 2020, the amount of sales to customers that contributed over 10% of the Company's operating revenue occupied 79% and 83% of the Company's total sales revenue, respectively. As of December 31, 2021 and 2020, the notes and trade receivables due from these customers accounted for 82% and 80% of the Company's total notes and trade receivables, respectively, exposing the Company to significant concentration of credit risk. The Company's credit risk management policy is detailed in Note 6(u).

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, including the impact of estimated interest payments.

		Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$	92,340	(92,458)	(92,458)	-	-
Trade payables (including related parties)		518,799	(518,799)	(518,799)	-	-

		Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
Other payables (including related parties)		189,577	(189,577)	(189,577)	-	-
Long-term borrowings		952,453	(1,060,625)	(45,164)	(83,480)	(931,981)
Lease liabilities (including current and non-current)		110,224	(113,022)	(24,219)	(24,219)	(64,584)
Derivative financial liabilities						
Foreign currency forward contracts						
Outflow		298	(55,610)	(55,610)	-	-
Inflow		-	55,312	55,312	-	-
	$	1,863,691	(1,974,779)	(870,515)	(107,699)	(996,565)
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	$	412,407	(412,826)	(412,826)	-	-
Trade payables (including related parties)		753,931	(753,931)	(753,931)	-	-
Other payables (including related parties)		314,493	(314,493)	(314,493)	-	-
Long-term borrowings		1,089,199	(1,214,238)	(11,996)	(46,355)	(1,155,887)
Lease liabilities (including current and non-current)		17,200	(17,300)	(17,300)	-	-
Derivative financial liabilities						
Foreign currency forward contracts						
Outflow		2,684	(116,486)	(116,486)	-	-
Inflow		-	113,785	113,785	-	-
	$	2,589,914	(2,715,489)	(1,513,247)	(46,355)	(1,155,887)

The Company is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company’ s significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 25,000	USD/NTD =27.685	692,125	38,765	USD/NTD =28.095	1,089,103
CNY	154	CNY/NTD =4.325	666	202	CNY/NTD =4.319	872
Financial liabilities						
Monetary items						
USD	20,321	USD/NTD =27.685	562,587	33,723	USD/NTD =28.095	947,448
CNY	6,812	USD/CNY =4.325	29,462	9,366	USD/CNY =4.319	40,452

2) Sensitivity analysis

The Company’s exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables, and other payables denominated in foreign currency. Depreciation or appreciation of the USD gainst the NTD or the CNY against NTD by 5%, as of December 31, 2021 and 2020, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

	2021	2020
USD (against the NTD)		
Appreciation 5%	$ 6,477	7,083
Depreciation 5%	(6,477)	(7,083)
CNY (against the NTD)		
Appreciation 5%	$ (1,440)	(1,979)
Depreciation 5%	1,440	1,979

(iv) Exchange gains and losses of monetary items

Since the Company has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed on an aggregate basis. For the years ended December 31, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(629) and $(15,141), respectively.

(v) Interest rate analysis

The Company’s exposure to interest rate risk arising from financial assets and liabilities was as follows:

	Carrying amount	
	December 31, 2021	December 31, 2020
Fixed rate instruments:		
Financial assets	$ 77,076	53,371
Variable rate instruments:		
Financial assets	$ 212,082	282,430
Financial liabilities	(1,044,793)	(1,501,606)
	$ (832,711)	(1,219,176)

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Company's management for the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's net loss would have increased or decreased by 2,082 and 3,048 for 2021 and 2020, respectively. The basis of analysis was the same for both years, mainly due to the Company's borrowings and demand deposits at variable interest rates.

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information on the fair value hierarchy, but excluding the optional information on financial instruments whose fair values approximate their carrying amounts and lease liabilities) were as follows:

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 262,475	-	-	-	-
Trade receivables (including related parties)	459,470	-	-	-	-
Other receivables (including related parties)	29,428	-	-	-	-
Other non-current assets (restricted time deposits)	30,000	-	-	-	-

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Other non-current assets (refundable deposits)	6,439	-	-	-	-
	$ 787,812				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 298	-	298	-	298
Financial liabilities at amortized cost:					
Unsecured bank loans	92,340	-	-	-	-
Secured bank loans	952,453	-	-	-	-
Borrowings from related parties	44,597	-	-	-	-
Trade payables	518,799	-	-	-	-
Other payables	144,980	-	-	-	-
Lease liabilities (including current and non-current)	110,240	-	-	-	-
Other non-urrent liabilities (refundable deposits)	240	-	-	-	-
	$ 1,863,931				

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,930	-	4,930	-	4,930
Financial assets at amortized cost					
Cash and cash equivalents	285,969	-	-	-	-
Notes and trade receivables (including related parties)	929,675	-	-	-	-
Other receivables (including related parties)	46,781	-	-	-	-
Other non-current assets (restricted time deposits)	53,371	-	-	-	-
Other non-current assets (refundable deposits)	6,647	-	-	-	-
Subtotal	1,322,443				
	$ 1,327,373				
Financial liabilities at fair					

	December 31, 2020				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
value through profit or loss					
Derivative financial liabilities	$ 2,684	-	2,684	-	2,684
Financial liabilities at amortized cost:					
Unsecured bank loans	412,407	-	-	-	-
Secured bank loans	1,089,199	-	-	-	-
Borrowings from related parties	123,580	-	-	-	-
Trade payables (including related parties)	753,931	-	-	-	-
Other payables (including related parties)	190,913	-	-	-	-
Lease liabilities (including current and non-current)	17,200	-	-	-	-
	$ 2,589,914				

2) Fair value valuation technique of financial instruments not measured at fair value

The Company's management considered that the disclosed carrying amounts of financial assets and financial liabilities measured at amortized cost approximated their fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange was the basis of determining the fair value of the listed companies' equity instrument, and debt instrument that has the quoted price in an active market.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

The fair value of derivative instruments is based on quoted prices. The fair value of derivative financial instruments is estimated using a valuation technique, with estimates and assumptions based on the quotation information obtained from financial institutions, or the binomial pricing model widely accepted by market participants.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2021 and 2020

(v) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's internal auditor oversaw how management monitored the risks that should have been be in compliance with the Company's risk management policies and procedures, and reviewed the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditor undertook both regular and ad hoc reviews of risk management controls and procedures, and the results of which were reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables due from customers and investments.

1) Trade receivables and other receivables

Management has established a credit policy, under which each new customer would be analyzed individually for creditworthiness before the Company's standard payment, delivery terms, and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. The limits were reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In order to reduce the credit risk for these trade receivables, the Company continues to evaluate the financial position of these customers and request for collaterals when necessary. Furthermore, the Company monitors and reviews the recoverable amount of the trade receivables and loss allowance for doubtful debts, with the amounts of loss expected by management.

The Company has established an allowance account for bad debts that reflects its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments were measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. As management actively monitors credit ratings and the Company can only invest in securities with high quality credit ratings, management does not expect any trading counterparty to be unable to fulfill its obligations.

3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Company. Please refer to note 7 for details of endorsements and guarantees provided by the Company for subsidiaries as of December 31, 2021 and 2020.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank loans are an important source of liquidity for the Company. As of December 31, 2021 and 2020, the Company's unused short-term credit lines were $505,990 and $249,493, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

The Company was exposed to currency risk on sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Company. The primary functional currencies of the Company were denominated in US dollars and Renminbi, and there were also Hong Kong dollars, Euros and Yen.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Company borrowed funding at variable interest rates, which gave rise to cash flow risk.

(w) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Company. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Company’s liability-to-equity ratios at the end of each reporting period were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	1,960,393	2,646,793
Less: Cash and cash equivalents		262,475	285,969
Net liabilities	**$**	**1,697,918**	**2,360,824**
Total equity	**$**	**3,130,351**	**1,968,876**
Net liability-to-equity ratio		**54%**	**120%**

The net debt to equity ratio decreased as of December 31, 2021, mainly due to the group on 2021, issue of shares in private placement and the disposal of real estate, plant and equipment and use right assets were incurred.

(x) Investing and financial activities not affecting current cash flow

The non-cash transactions for investing and financing activities of the Company were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash Flow	Non-cash changes Lease modifications	December 31, 2021
Short-term borrowings	$ 412,407	(320,067)	-	92,340
Long-term borrowings	1,089,199	(136,746)	-	952,453
Lease liabilities	17,200	(24,867)	117,891	110,224
Other non-current liabilities	-	240	-	240
Total amount of liabilities arising from financing activities	$ 1,518,806	(481,440)	117,891	1,155,257

	January 1, 2020	Cash Flow	Non-cash changes Lease modifications	December 31, 2020
Short-term borrowings	$ 400,000	12,407	-	412,407
Long-term borrowings	700,000	389,199	-	1,089,199
Lease liabilities	49,390	(26,892)	(5,298)	17,200
Total amount of liabilities arising from financing activities	$ 1,149,390	374,714	(5,298)	1,518,806

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Huge Castle Ltd.	Subsidiary
Qianjin Investment Co., Ltd.	〃
SOARNEX Technology Corporation	〃
Perfect choice Co., Ltd. (Perfect)	〃
CAMEO International Ltd.	〃
Nettech Technology (Suzhou) Co. Ltd.	〃
Suzhou Soarnex Technology Co., Ltd	〃
D-Link Corporation	An individual with significant influence on the Company
D Link International Pte Ltd. (D Link International)	Subsidiary of D-Link Corporation
All Directors, general manager and deputy general manager	Key management personnel

(Note) D-Link Corporation was originally a legal person director of the Company, and since March 2021, D-Link orporation has owned shares The Company's shareholding in the Company was changed from 17.35% to 41.57%, and it was changed to an individual with significant influence on the group.

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Company to related parties and the outstanding balances are as follows:

	Sales		Trade receivables due from related parties	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
D-Link International	$ 1,028,360	1,406,182	173,837	338,248
D-link Corporation	14,496	31,577	3,775	5,913
	$ 1,042,856	1,437,759	177,612	344,161

The collection period of goods sold by the Company to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

The amounts of purchases by the Company from related parties and the outstanding balances were as follows:

	Purchase		Trade payables to related parties	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
CAMEO International Ltd.	$ 407,772	531,451	-	272,724

The payment period for subsidiaries were executed in accordance with the actual financial position thereof, and two to three months for other related parties, which was not significantly different from the payment to ordinary vendors. Purchasing prices were based on general market price.

In 2021 and 2020, the Company purchased a portion of raw materials, outsourced the production to subsidiaries, and then purchased the finished goods from them. The raw materials were not classified as sales in the financial statements.

Other receivables arising from the purchase of raw materials by the Company on behalf of its subsidiary, Nettech Technology, as of December 31, 2021 and 2020, amounted to $0 and $8,133, respectively; as of December 31, 2021 and 2020, the amount of trade payables for the purchase of the finished goods produced by Nettech Technology amounted to $0 and $280,857, respectively, and the net amounts were classified as trade payables based on actual transactions.

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		Other payables	
	2021	2020	December 31, 2021	December 31, 2020
CAMEO International Ltd.	$ 5,834	4,801	-	105
Other related parties	343	355	-	-
	$ 6,177	5,156	-	105

(iv) Received from related parties

Advances received by the Company from related parties netting to operating expense are set out below:

	Miscellaneous income		Other receivables	
	2021	2020	December 31, 2021	December 31, 2020
D-Link Corporation	$ 15,517	40,360	4,752	18,200
D-Link International	4,185	469	177	30
Subsidiaries	-	75	-	-
	$ 19,702	40,904	4,929	18,230

(v) Loans to related parties

Borrowing from related parties

The Company's non-interest-bearing borrowing of funds from related parties in 2021 and 2020 due to capital demand was classified as other payables:

	December 31, 2021	December 31, 2020
Other payable to related parties		
Subsidiary－Perfect	$ 44,597	100,580
Other subsidiaries	-	23,000
	$ 44,597	123,580

The Company did not provide collateral for the aforementioned non-interest-bearing financing activities.

(vi) Guarantees

As of December 31, 2021 and 2020, the Company's endorsement and guarantee amounts for subsidiaries' bank loans were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 138,425	280,950

(c) Key management personnel transactions

Key management personnel's compensation comprised:

	2021	2020
Short-term employee benefits	$ 29,930	23,689
Post-employment benefits	844	744
	$ 30,774	24,433

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2021	December 31, 2020
Other non-current assets－restricted time deposits	Guarantee for customs duty	$ -	3,371
Other non-current assets－restricted time deposits	Payment guarantee for suppliers	50,000	50,000
Property, plant, and equipment－land	Long-term bank loans	346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans	991,116	1,022,087
		$ 1,367,755	1,422,097

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other disclosures:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	199,840	261,727	461,567	225,006	260,127	485,133
Labor and health insurance	21,471	22,556	44,027	21,767	22,465	44,232
Pension	6,138	8,984	15,122	9,725	12,911	22,636
Remuneration of directors	-	735	735	-	725	725
Others	24,866	11,095	35,961	23,675	12,572	36,247
Depreciation	105,580	39,610	145,190	91,481	45,151	136,632
Amortization	3,450	8,789	12,239	3,148	8,902	12,050

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2021 and 2020 were as follow:

	2021		2020
Number of employees		761	823
Number of directors who were not employees		6	6
The average employee benefit	$	737	720
The average salaries and wages	$	611	594
Percentage change in average salary		2.86%	
Compensation to the supervisory	$	-	-

The Company's compensation policy (for directors, supervisors, executives, and employees) is as follows:

(i) The Company’s policy for director compensation is implemented pursuant to the resolution of both the Compensation Committee and the Board of Directors.

1) Compensation of independent directors: Independent directors are remunerated quarterly despite the profit or loss of the Company; wherein discretionary adjustments may be made by the Compensation Committee based on their respective participation and contribution.

2) Compensation of directors: The Company does not provide remuneration for directors. However, profit shall be distributed as compensation pursuant to the Company’s articles of Incorporation, wherein the Compensation Committee proposes the distribution scheme taking into account the overall performance of the Board and the Company, future operation, and risk appetite. The distribution proposal shall be approved by the Board of Directors and reported to the shareholders’ meeting, and then be carried out according to the directors’ respective participation and contribution.

(ii) Compensation of executives and staff: Pay adjustment shall be made based on annual performance evaluation and price level. In addition to base salary, year-end bonus and performance bonus are also included in the compensation package. In accordance with the Company’s articles of Incorporation, the Company shall allocate employee compensation provided that there is profit for the year. Employees entitled to the aforementioned employee compensation, either in stock or in cash, may include affiliates’ employees who meet certain conditions stipulated by the Board of Directors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Company for the as of December 31, 2021:

(i) Loans to other parties:

Unit: foreign currency in thousand

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	The Company	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Other receivables	Yes	221,480	-	-	TAIFX1 monthly interest rate plus 0.2%	2	-	Funding provided for affiliates	-		-	1,252,140	1,252,140
1	Perfect choice Co., Ltd.	The Company	〃	〃	124,583	80,588	44,597	-	〃	-	Working capital for parent	-		-	569,857	569,857
	〃	Huge Castle Ltd	〃	〃	25,218	16,912	8,306	-	〃	-	Working capital for parent	-		-	569,857	569,857
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	8,650	8,607	8,607	-	〃	-	Working capital for parent	-		-	13,324	13,324
3	Qianjin Investment Co., Ltd	The Company	〃	〃	23,000	-	-	-	〃	-	Working capital for parent	-		-	56,832	56,832

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2021.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2021. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2021. The aforementioned "Procedures for Loans to Other Parties" were approved in a shareholders' meeting held on June 16, 2017.

(ii) Guarantees and endorsements for other parties:

Unit: foreign currency in thousand

No. (Note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CAMEO International Ltd.	Subsidiary	3,307,792 (Note 2)	276,850	138,425	-	-	4.42%	3,307,792	Y	N	N

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The Company's endorsement/guarantee provided for the affiliates shall not exceed the paid-in capital ($3,307,792) reported in the latest financial statements as of December 31, 2021, and the endorsement/guarantee provided for an single non-affiliated entity shall not exceed one tenth of the capital ($330,779) reported in the latest financial statements as of December 31, 2021.
Note 3: The maximum endorsement/guarantee balance for the period was calculated based on the exchange rate for December 31, 2021.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	(Note 2)
Qianjin Investment Co., Ltd.	D-Link CORPORATION	The company director of the Company	Financial assets at fair value through other comprehensive income	5,434	103,247	0.91%	103,247	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.
Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

Units: in thousands shares

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal (Note3)	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Right-of-use land& Buildings and structures	November 30,2022	February 2004 to December 2011	59,784	1,175,599	Other receivable 235,120 (December 31,2021)	1,115,815	Suzhou Xiangcheng District Chengyang Street Housing Repurchase Office	Non related parties	compulsory acquisition	Value report	Note2

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)	
			Purchase/Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)
The Company	D-Link International Pte Ltd.	Subsidiary of D-link	Sale	(1,028,360)	(46)%	90 days after delivery	-		Trade receivables 173,837	38%
〃	CAMEO International Ltd.	Subsidiary	Purchasing and processing expenses	407,772	16%	38 days	-		Trade payables -	-%
CAMEO International Ltd.	The Company	Parent	Sale	(407,772)	(100)%	38 days	-		Trade receivables -	-%
〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Affiliates	Purchasing and processing expenses	407,772	100%	38 days	-		Trade payables -	-%
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Sale	(407,772)	(71)%	38 days	-		Trade receivables -	-%

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link International Ltd.	Subsidiary of D-link Corporation	Trade receivables 173,837	4.02	-		69,604	-	(Note1)

Note 1: Information as of March 9, 2022.

(ix) Trading in derivative instruments: Please refer to 6(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Unit: in thousands share

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value		
The Company	Huge Castle Ltd.	Samoa	Investment holding	1,162,507	1,162,507	38,398	100%	1,442,199	709,247	709,247
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100%	142,080	1,938	1,938
Less: Unrealized profits (losses) of affiliates								(90)		
								1,584,189		711,185
Qianjin Investment Co., Ltd.	Soarnex Holding Co., Ltd.	Taiwan	International trade	24,000	24,000	2,400	100%	2,240	(10)	(10)
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	0.03	0.03	0.001	100%	-	-	-
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	788,294	788,294	2,700	100%	1,424,641	705,186	705,186
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100%	33,309	4,231	4,231
〃	CAMEO International Ltd.	Samoa	Import and export trade	0.03	0.03	0.001	100%	4,088	(131)	(131)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow							
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	-	17,175 (USD500)	-	- %	-	(Note 3)	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	811,770 (USD27,714)	〃	788,294 (USD24,653)	-	-	788,294 (USD24,653)	657,519	100%	657,519	1,464,077	-	(Note 2 and 6)
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	- %	NA	(Note 4)	-	(Note 4)
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	〃	-	-	-	-	4,540	100%	4,540	16,666	-	(Notes 2 and 5)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
826,392 (US$25,816)	839,577 (US$26,261)	1,878,211

Note 1: The investment limit in Mainland China was calculated based on the official document 006130 announced by the MOEAIC on November 16, 2001.

Note 2:The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

Note 6: A resolution was passed in NETTECH TECHNOLOGY (SUZHOU) CO., LTD 's meeting of board of Director on December 8 2020,and reduced its capital and the payment for shares of US$25,000 thousand, with reduction ratios of 90.20%. The relevant statutory registration procedures have been completed on February 11, 2022 ,was repaid to Perfect Choice Co.,Ltd. On February 21, 2022.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2021, direct or indirect, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
D-Link CORPORATION	137,532,993	41.57%

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Company's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider's shares that exceeded 10% of the Company's total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider's shares.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2021.

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Cameo Communications, Inc.
Chairman: Jerry Chien
Date: March 16, 2022

Independent Auditors' Report

To the Board of Directors of Cameo Communications, Inc.:

Opinion

We have audited the consolidated financial statements of Cameo Communications, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020 the consolidated statements of comprehensive income, changes in equity and 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 of December 31, 2021 and 2020, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(n) and Note 6(r) for accounting policy and detailed disclosure of revenue, respectively.

   Description of key audit matter:

   Cameo Communications, Inc. is a listed company primarily engaged in the manufacture and sale of wired and wireless communications products. As one of important items of the consolidated financial statements, the amount and movements in operating revenue may impact the understanding of the consolidated financial statements as a whole. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the consolidated financial report.

   How the matter was addressed in our audit:

   The principal auditing procedures for the above key audit matters included the relevant controls of testing related to the sales and payment collection cycles; checking and reconciliating the sales system information and the general ledger; comparing the movements of the top ten customers in the current and previous years as well as analyzing the changes in the revenue with respect to each product and the price thereof to assess if there were material anomalies; conducting a sampling of sales transactions in the periods before and after the balance sheet date and checking the relevant certificates to assess whether or not the timing and amount of the recognition of the operating revenue were in accordance with pertinent accounting standards.

2. Valuation of inventories

   For the accounting policies for valuation of inventories, please refer to Note 4(h); for accounting estimates of inventory valuation, please refer to Note 5; for disclosures regarding inventories, please refer to Note 6(f).

   Description of key audit matter:

   The major business activities of the Group are the sale of wireless and wired communications products, with ODM, its core competitiveness, coupled with OEM, to establish a business model. Electronic products may experience price declines due to horizontal competition and advancing technology, and the amounts of inventories will influence the understanding of the financial statements as a whole. Therefore, the testing of inventory valuation was determined to be one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Group's recognition of inventory write-downs and obsolescence loss were carried out according to the Group's policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report, with a focus on inventories that had a longer inventory age, so as to understand the sales thereof subsequent and to assess the measurement basis adopted for their net realizable values.

Other Matter

Cameo Communications, Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

6. Obtain sufficient and 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 of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2022

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,658,832	32	$ 817,917	18
1110	Current financial assets at fair value through profit or loss (notes 6(b))	-	-	4,930	-
1170	Notes and trade receivables, net (notes 6(d) and 6(r))	284,005	5	600,267	12
1180	Trade receivables due from related parties, net (notes 6(d), 6(r) and 7)	177,612	3	344,161	7
1200	Other receivables, net (note 6(e))	266,520	5	30,210	1
1210	Other receivables due from related parties, net (notes 6(e) and 7)	4,929	-	18,230	-
1220	Current tax assets	-	-	814	-
1310	Inventories, net (note 6(f))	875,115	17	704,533	15
1470	Prepayments and other current assets	68,841	1	78,812	2
		3,335,854	63	2,599,874	57
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	103,247	2	169,519	4
1600	Property, plant and equipment (notes 6(g) and 8)	1,579,963	30	1,763,854	38
1755	Right-of-use assets (note 6(h))	110,031	2	29,728	1
1780	Intangible assets (note 6(i))	17,521	-	24,625	1
1840	Deferred tax assets (note 6(o))	44,994	1	-	-
1920	Refundable deposits	6,599	-	6,677	-
1975	Net defined benefit assets, non-current (note 6(n))	26,480	1	19,171	-
1990	Other non-current assets, others (notes 6(a) and 8)	32,336	1	60,209	1
		1,921,171	37	2,073,783	45
	Total assets	**$ 5,257,025**	**100**	**4,673,657**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 92,340	2	540,720	12
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	298	-	2,684	-
2170	Trade payables	520,799	10	721,775	15
2200	Other payables	207,222	3	271,860	6
2250	Current provisions (note 6(m))	4,808	-	4,581	-
2280	Current lease liabilities (note 6(l))	23,163	-	17,200	-
2230	Current tax liabilities	94,094	2	-	-
2305	Other current liabilities	45,372	1	56,719	1
2320	Long-term borrowings, current portion (note 6(k) and 8)	35,118	1	-	-
		1,023,214	19	1,615,539	34
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(k) and 8)	917,335	17	1,089,199	23
2580	Non-current lease liabilities (note 6(l))	87,061	2	-	-
2570	Deferred tax liabilities (note 6(o))	98,781	2		
2600	Other non-current liabilities	283	-	43	-
		1,103,460	23	1,089,242	23
	Total liabilities	2,126,674	57	2,704,781	57
	Equity (note 6(c) and 6(p)):				
	Equity attributable to owners of parent :				
3110	Ordinary share	3,307,792	63	2,296,792	50
3300	Retained earnings	(19,789)	-	(229,208)	(5)
3400	Other equity	(157,652)	(3)	(98,708)	(2)
	Total equity	3,130,351	60	1,968,876	43
	Total liabilities and equity	**$ 5,257,025**	**100**	**4,673,657**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	$ 2,491,907	100	3,291,260	100
5000	Operating costs (notes 6(f), 6(g), 6(h), 6(i), 6(n) and 12)	2,461,701	99	3,216,162	98
5900	**Gross profit**	30,206	1	75,098	2
6000	**Operating expenses (notes 6(d), 6(g), 6(h), 6(i), 6(n), 7 and 12):**				
6100	Selling expenses	122,899	5	114,517	3
6200	Administrative expenses	288,264	12	143,130	4
6300	Research and development expenses	250,560	10	320,608	10
6450	Expected credit impairment gain	-	-	(66)	-
	Total operating expenses	661,723	27	578,189	17
6900	**Net operating loss**	(631,517)	(26)	(503,091)	(15)
7000	**Non-operating income and expenses (notes 6(l), 6(t) and 7):**				
7050	Finance costs	(12,375)	(1)	(16,501)	-
7100	Interest income	10,944	-	12,804	-
7190	Other income	51,907	2	92,192	3
7210	Gains on disposals of property, plant and equipment	765,037	31	1,881	-
7228	Gains on lease modification	367,631	15		
7230	Foreign exchange losses	(8,150)	-	(26,361)	(1)
7235	Gains on financial assets (liabilities) at fair value through profit or loss	(151)	-	5,246	-
7590	Other loss	(2,511)	-	(1,145)	-
		1,172,332	47	68,116	2
7900	**Profit (loss) from continuing operations before tax**	540,815	21	(434,975)	(13)
7950	Less: Income tax expenses (income) (note 6(o))	150,162	6	(33)	-
	Loss	390,653	15	(434,942)	(13)
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	1,757	-	452	-
8316	Unrealized losses (gains) from investments in equity instruments measured at fair value through other comprehensive income	(61,546)	(2)	99,643	3
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	(59,789)	(2)	100,095	3
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	2,602	-	894	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	2,602	-	894	-
8300	**Other comprehensive income**	(57,187)	(2)	100,989	3
8500	**Total comprehensive income**	**$ 333,466**	**13**	**(333,953)**	**(10)**
	Basic earnings per share (note 6(q))				
9750	Basic earnings (loss) per share	**$**	**1.23**		**(1.89)**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to owners of parent								
							Other equity			
				Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
		Ordinary shares	Capital surplus	Legal reserve	Accumulated deficits	Retained earnings			Total other equity	Total equity
Balance at January 1, 2020	$	2,682,357	415,638	15,824	(589,737)	(573,913)	(65,198)	(156,055)	(221,253)	2,302,829
Appropriation and distribution of retained earnings:										
Legal reserve used to offset accumulated deficits		-	-	(15,824)	15,824	-	-	-	-	-
Other changes in capital surplus:										
Capital surplus used to offset accumulated deficits		-	(415,638)	-	415,638	415,638	-	-	-	-
Loss for the year ended December 31, 2020		-	-	-	(434,942)	(434,942)	-	-	-	(434,942)
Other comprehensive income (loss) for the year ended December 31, 2020		-	-	-	452	452	894	99,643	100,537	100,989
Total comprehensive income (loss) for the year ended December 31, 2020		-	-	-	(434,490)	(434,490)	894	99,643	100,537	(333,953)
Capital reduction to offset accumulated deficits		(385,565)	-	-	385,565	385,565	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	(22,008)	(22,008)	-	22,008	22,008	-
Balance at December 31, 2020		2,296,792	-	-	(229,208)	(229,208)	(64,304)	(34,404)	(98,708)	1,968,876
Profit for the year ended December 31, 2021		-	-	-	390,653	390,653	-	-	-	390,653
Other comprehensive income (loss) for the year ended December 31, 2021		-	-	-	1,757	1,757	2,602	(61,546)	(58,944)	(57,187)
Total comprehensive income (loss) for the year ended December 31, 2021		-	-	-	392,410	392,410	2,602	(61,546)	(58,944)	333,466
Capital increase by cash		1,011,000	-	-	(182,991)	(182,991)	-	-	-	828,009
Balance at December 31, 2021	**$**	**3,307,792**	**-**	**-**	**(19,789)**	**(19,789)**	**(61,702)**	**(95,950)**	**(157,652)**	**3,130,351**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from (used in) operating activities:			
Profit (loss) before tax	$	540,815	(434,975)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		176,601	171,462
Amortization expense		12,680	12,863
Gain on reversal of expected credit impairment loss		-	(66)
Net gain on financial assets or liabilities at fair value through profit or loss		151	(5,246)
Interest expense		12,375	16,501
Interest income		(10,944)	(12,804)
Dividend income		(1,772)	-
Gain on disposal of property, plant and equipment		(765,037)	(1,881)
Gain on lease modification		(367,631)	-
Others		-	217
Total adjustments to reconcile loss (profit)		(943,577)	181,046
Changes in operating assets and liabilities:			
Decrease in on financial assets at fair value through profit or loss mandatorily measured at fair value		7,398	5,851
Decrease (increase) in notes and trade receivables		316,262	(185,316)
Decrease in trade receivables due from related parties		166,549	43,015
Decrease (increase) in other receivables		4,021	(7,848)
Decrease in other receivable due from related parties		13,301	1,321
Increase in inventories		(170,455)	(34,158)
Decrease (increase) in other current assets		9,971	(19,982)
Increase in net defined benefit assets		(5,552)	(105)
Total changes in operating assets		341,495	(197,222)
Decrease in financial liabilities held for trading		(5,005)	(2,851)
Decrease in trade payables		(200,976)	(51,066)
Decrease (increase) in other payable		(62,599)	24,334
Decrease (increase) in other operating liabilities		(11,120)	4,254
Total changes in operating liabilities		(279,700)	(25,329)
Total changes in operating assets and liabilities, net		61,795	(222,551)
Total adjustments		(881,782)	(41,505)
Cash outflow generated from operations		(340,967)	(476,480)
Interest received		5,733	12,128
Dividends received		1,772	-
Interest paid		(13,029)	(16,056)
Income taxes paid		(1,467)	(163)
Net cash flows used in operating activities		(347,958)	(480,571)
Cash flows from (used in) investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	27,913
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		4,275	-
Acquisition of property, plant and equipment		(19,312)	(247,120)
Proceeds from disposal of property, plant and equipment		960,283	2,074
Acquisition of intangible assets		(5,576)	(14,684)
Decrease (increase) in other financial assets		23,371	(3,371)
Decrease in other non-current assets		4,580	525
Net cash flows form (used in) investing activities		968,071	(234,663)
Cash flows from (used in) financing activities:			
(Decrease) increase in short-term borrowings		(448,380)	53,399
Proceeds from long-term borrowings		35,297	389,199
Repayments of long-term borrowings		(172,043)	-
Payment of lease liabilities		(24,867)	(26,892)
Increase in other non-current liabilities		240	-
Capital increase by cash		828,009	-
Net cash flows from financing activities		218,256	415,706
Effect of exchange rate changes on cash and cash equivalents		2,546	1,165
Net increase (decrease) in cash and cash equivalents		840,915	(298,363)
Cash and cash equivalents at beginning of period		817,917	1,116,280
Cash and cash equivalents at end of period	$	1,658,832	817,917

(1) Company history

Cameo Communications, Inc. ("the Company") was incorporated on March 11, 1991, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The consolidated financial statements comprised the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The major business activities of the Group include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 16, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2"
- Amendments to IFRS 16 "COVID 19 Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets measured at fair value through other comprehensive income are measured at fair value;

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**	**Remark**
The Company	Qianjin Investment Co., Ltd.	Investment holding	100%	100%	
〃	Huge Castle Ltd.	Investment holding	100%	100%	
Qianjin Investment Co., Ltd.	SOARNEX TECHNOLOGY CORPORATION	International trade, and wholesale of telecommunications equipment and information software	100%	100%	
SOARNEX TECHNOLOGY CORPORATION	Soarnex Holding Co., Ltd.	Investment holding	100%	100%	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	100%	100%	
〃	Luis Jo'se Investment Inc.	Investment	100%	100%	
〃	CAMEO International Ltd.	Import and export trade	100%	100%	
Perfect Choice Co., Ltd.	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	100%	100%	
Luis Jo'se Investment Inc.	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100%	100%	

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)–equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings and construction	5~50 years
2)	Machinery and equipment	2~10 years
3)	Office and other facilities	1~10 years
4)	Lease improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

● the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

● the relevant decisions about how and for what purpose the asset is used are predetermined and:

— the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments; including in-substance fixed payments:

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is any lease modifications
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Group has elected not to recognize right-of-use assets and lease liabilities of dormitories and photocopying equipment that have a lease term of 12 months or less, or leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents	1~10 years
2)	Computer software and others	1~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts its non-financial assets (other than inventories, contract assets, deferred tax assets and the defined benefit assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group’s main types of revenue are explained below.

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the situation where the products have been delivered to and accepted by the customer without remaining performance obligations from the Group. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

Trade receivables are recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

There were no critical judgments in applying the accounting policies that had significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. Since the net realizable value is measured based on the estimated selling price of the Group under normal operations, there is uncertainty in valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Foreign currencies on hand and petty cash	$ 1,207	1,386
Check and demand deposits	473,074	536,244
Time deposits	1,156,855	280,287
Cash equivalents	27,696	-
	$ 1,658,832	817,917

As of December 31, 2021 and 2020, the Group’ s restricted time deposits recognized as other non-current assets amounted to $30,000 and $53,371, respectively. Please refer to Note 8 for details.

Please refer to Note 6(u) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details on financial assets and liabilities at fair value through profit or loss were as follows:

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ -	4,930
Held for trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 298	2,684

Please refer to note 6(u) for exposures to credit risk and currency risk.

(ii) Non-hedging derivative financial instruments

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2021		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial liabilities:			
Forward exchange contracts	TWD55,610/ USD2,000	TWD/USD	January 18, 2022

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial assets:			
Forward exchange contracts	CNY31,049/ USD4,590	CNY/USD	January 5, 2021 to February 8, 2021
Derivative financial liabilities:			
Forward exchange contracts	TWD116,486/ USD4,050	TWD/USD	January 7, 2021

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

	December 31, 2021	**December 31, 2020**
Equity investments at fair value through other comprehensive income:		
Listed common shares of domestic company	$ 103,247	169,519

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

(ii) During 2021 and 2020, the Group recognized $61,546 and $99,643 as other comprehensive income relating to investments in equity instruments designated at fair value through other comprehensive income, respectively. In 2020, the Group disposed of its financial assets designated at fair value through other comprehensive income, with a fair value of $27,913; upon derecognition, the loss on disposal accumulated in other equity, amounting to $22,008, have been transferred to retained earnings.

There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2021

(iii) For the disclosure of market risk, please refer to Note 6(u).

(iv) The aforementioned financial assets were not pledged as collateral.

(d) Notes and trade receivables (including related parties)

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	$ 1,637	11,447
Trade receivables－measured at amortized cost	460,100	933,101
	461,737	944,548
Less: loss allowance	(120)	(120)
Notes and trade receivables, net	**$ 461,617**	**944,428**

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on notes and trade receivables were as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 457,498	0%	-
1~30 days past due	2,984	0%	-
31~60 days past due	625	0%	-
61～90 days past due	-	0%	-
91～180 days past due	510	0%	-
More than 181 days past due	120	100%	120
	$ 461,737		**120**

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 934,577	0%	-
1~30 days past due	9,740	0%	-
31~60 days past due	65	0%	-
61~90 days past due	29	0%	-
91~180 days past due	17	0%	-
More than 181 days past due	120	100%	120
	$ 944,548		**120**

The movement in the allowance for notes and trade receivables were as follows:

	2021	2020
Balance at January 1	$ 120	5,753
Impairment losses reversed	-	(66)
Reclassification	-	(5,549)
Balance at December 31	**$ 120**	**120**

The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	December 31, 2021	December 31, 2020
Other receivables	$ 285,002	61,993
Less: loss allowance	(13,553)	(13,553)
	$ 271,449	**48,440**

The movement in the allowance for other receivables were as follows:

	2021	2020
Balance at January 1	$ 13,553	8,004
Reclassification	-	5,549
Balance at December 31	**$ 13,553**	**13,553**

(f) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 628,167	440,186
Work in progress and semi-finished goods	175,163	148,263
Finished goods	71,785	116,084
	$ 875,115	**704,533**

(i) Operating cost:

	2021	2020
Sale of inventories	2,208,017	2,963,799
Write-down of inventories	$ (36,103)	791
Loss on disposal of inventory	41,787	27,605
Loss (gain) on physical inventory	(210)	(128)
Unallocated production overheads	248,210	224,095
	$ 2,461,701	**3,216,162**

(ii) The net realization value of inventory was lower than the cost due to the sale and disposal of inventory write-downs on 2021, resulting in a rollover to loss allowance.

(iii) As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows：

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Construction in progress and testing equipment	Total
Cost or deemed cost:								
Balance at January 1, 2021	$ 362,839	1,683,200	785,434	46,401	103,568	23,921	-	3,005,363
Additions	-	389	7,884	3,143	6,511	-	-	17,927
Disposal and derecognition	-	(532,734)	(193,829)	(40,914)	(44,309)	-	-	(811,786)
Transferred into (out)	-	-	-	-	-	-	-	-
Effects of movements in exchange rates	-	(1,334)	(1,618)	(14)	(126)	-	-	(3,092)
Balance at December 31, 2021	$ 362,839	1,149,521	597,871	8,616	65,644	23,921	-	2,208,412
Balance at January 1, 2020	$ 362,839	1,672,714	745,201	53,914	98,149	23,921	6,919	2,963,657
Additions	-	6,071	89,030	9,266	9,369	-	-	113,736
Disposal and derecognition	-	(3,542)	(49,684)	(16,736)	(3,542)	-	-	(73,504)
Transferred into (out)	-	6,259	500	-	(500)	-	(6,919)	(660)
Effects of movements in exchange rates	-	1,698	387	(43)	92	-	-	2,134
Balance at December 31, 2020	$ 362,839	1,683,200	785,434	46,401	103,568	23,921	-	3,005,363
Depreciation and impairments loss:								
Balance at January 1, 2021	$ -	542,800	550,377	36,106	91,950	20,276	-	1,241,509
Depreciation	-	59,038	69,330	7,248	12,273	3,461	-	151,530
Disposal and derecognition	-	(486,479)	(190,943)	(40,323)	(43,831)	-	-	(761,576)
Transferred into (out)	-	10,935	-	-	(10,935)	-	-	-
Effects of movements in exchange rates	-	(1,268)	(1,592)	(22)	(132)	-	-	(3,014)
Balance at December 31, 2021	$ -	125,026	427,172	3,009	49,325	23,917	-	628,449
Balance at January 1, 2020	$ -	493,674	538,061	47,416	73,647	15,491	-	1,168,289
Depreciation	-	49,417	61,570	5,446	23,127	4,785	-	144,345
Disposal and derecognition	-	(1,825)	(49,684)	(16,736)	(5,066)	-	-	(73,311)
Transferred into (out)	-	-	10	-	(10)	-	-	-
Effects of movements in exchange rates	-	1,534	420	(20)	252	-	-	2,186
Balance at December 31, 2020	$ -	542,800	550,377	36,106	91,950	20,276	-	1,241,509

Carrying amount:								
Balance at December 31, 2021	$ 362,839	1,024,495	170,699	5,607	16,319	4	-	1,579,963
Balance at January 1, 2020	$ 362,839	1,179,040	207,140	6,498	24,502	8,430	6,919	1,795,368
Balance at December 31, 2020	$ 362,839	1,140,400	235,057	10,295	11,618	3,645	-	1,763,854

(i) In view of the increase in China's operating and production costs, in order to save expenses, and in line with the Taiwan authorities' Taiwan investment policy of Taiwan businessmen returning to Taiwan, the Group purchased land in Tainan Science and Technology Industrial Zone in May 2016 and built a factory (hereinafter referred to as Tainan factory), which was completed in 2019, and gradually transferred the production activities of NETTECH TECHNOLOGY (Suzhou) Co., Ltd. (hereinafter referred to as NETTECH Electronics), a production base in the mainland region, to the Tainan factory, and gradually produced a comprehensive production effect.

A resolution was approved in the Board of Director's meeting held on July 30,2020, NETTECH Electronics permanently suspended production from September,2021 and only some of the administrative staff were left to deal with the subsequent closure of the factory. NETTECH Electronics disposed of the relevant land use rights, property, plant and equipment on October 29,2021 and disposed of the price $1,175,599, with a disposition benefit of $1,115,815, Under the consolidated statements of comprehensive income, gains on disposals of property, plant and equipment $748,184 and profit from lease modification $367,631, respectively.

The above affairs are dependent According to the long-term operation plan of the Group, please refer to Note 12 (b) for the relevant personnel placement.

(ii) The Group, pursuant to IAS 36 – Impairment of Assets, conducted an impairment assessment on the reporting date, and the assessment for 2020 and 2019 showed indicators of impairment, for which no impairment loss was recognized after performing an impairment test.

(ii) As of December 31, 2020 and 2019, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(h) Right-of-use assets

(i) The movements in cost and depreciation of leased land, buildings and construction, and transportation equipment of the Group were as follows:

	Land	Buildings and construction	Transportation equipment	Total
Cost:				
Balance at January 1, 2021	$ 13,653	64,608	1,963	80,224
Increase	-	117,891	-	117,891
Decrease	(13,664)	(64,608)	(1,963)	(80,235)
Effects of movements in exchange rates	11	-	-	43
Balance at December 31, 2021	$ -	117,891	-	117,891
Balance at January 1, 2020	$ 13,610	75,773	1,963	91,346
Decrease	-	(11,165)	-	(11,165)
Effects of movements in exchange rates	43	-	-	43
Balance at December 31, 2020	$ 13,653	64,608	1,963	80,224
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	$ 801	48,386	1,309	50,496
Depreciation	335	24,082	654	25,071
Decrease	(1,139)	(64,608)	(1,963)	(67,710)
Effects of movements in exchange rates	3	-	-	3
Balance at December 31, 2021	$ -	7,860	-	7,860
Balance at January 1, 2020	$ 400	28,304	654	29,358
Depreciation	400	26,062	655	27,117
Decrease	-	(5,980)	-	(5,980)
Effects of movements in exchange rates	1	-	-	1
Balance at December 31, 2020	$ 801	48,386	1,309	50,496
Carrying amount:				
Balance at December 31, 2021	$ -	110,031	-	110,031
Balance at January 1, 2020	$ 13,210	47,469	1,309	61,988
Balance at December 31, 2020	$ 12,852	16,222	654	29,728

(ii) The Group obtained land use rights in Mainland China, and details of which were as follows:

Company name	Total land transfer fee	Term of transfer
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	$ 21,926 (CNY 4,903 thousand)	October 26, 2052

(iii) The increase in the Company's right-to-use assets in the current period is mainly due to the re-signing of a new lease contract at the expiration of the original lease contract as an office premises, and the lease period is from September 2021 to August 2026. Please refer to Note 6(l) for details.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2021	$	4,899	188,004	192,903
Additions		391	5,185	5,576
Transferred into (out)		-	(4,307)	(4,307)
Effects of movements in exchange rate		-	(68)	(68)
Balance at December 31, 2021	**$**	**5,290**	**188,814**	**194,104**
Balance at January 1, 2020	$	31,615	174,640	206,255
Additions		454	14,230	14,684
Derecognition		(27,170)	(879)	(28,049)
Effects of movements in exchange rate		-	13	13
Balance at December 31, 2020	**$**	**4,899**	**188,004**	**192,903**
Amortization:				
Balance at January 1, 2021	$	4,127	164,151	168,278
Amortization		518	12,162	12,680
Derecognition		-	(4,307)	(4,307)
Effects of movements in exchange rate		-	(68)	(68)
Balance at December 31, 2021	**$**	**4,645**	**171,938**	**176,583**
Balance at January 1, 2020	$	30,727	152,719	183,446
Amortization		570	12,293	12,863
Derecognition		(27,170)	(879)	(28,049)
Effects of movements in exchange rate		-	18	18
Balance at December 31, 2020	**$**	**4,127**	**164,151**	**168,278**
Carrying amount:				
Balance at December 31, 2021	**$**	**645**	**16,876**	**17,521**
Balance at January 1, 2020	**$**	**888**	**21,921**	**22,809**
Balance at December 31, 2020	**$**	**772**	**23,853**	**24,625**

(i) The amortization of intangible assets for the year ended December 31, 2021 and 2020, are included in the consolidated statement of comprehensive income:

	2021	2020
Operating Cost	$ 3,450	3,148
Operating Expenses	9,230	9,715

(ii) As of December 31, 2021 and 2020, none of the Group's intangible assets was pledged as collateral.

(j) Short-term borrowings

	December 31, 2021	December 31, 2020
Letters of credit	$ 92,340	540,720
Unused credit lines	$ 722,240	337,130
Range of interest rates	0.9%	0.93%~1.64%

For information on the Group' s interest risk, foreign currency risk, and liquidity risk, please refer to Note 6(u)

(k) Long-term borrowings

The Group' s long-term borrowings details, conditions, and provisions were as follows:

	December 31, 2021			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	0.85%-1.13%	July 2022~ February 2035	$ 952,453
Less: current portion				(35,118)
Total				$ 917,335
Unused credit lines				$ 44,537

	December 31, 2020			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	0.85%-1.13%	February 2035	$ 1,000,000
〃		1.55%	October 2025	89,199
Less: current portion				-
Total				$ 1,089,199
Unused credit lines				$ 110,801

(i) The proceeds from loan-term borrowings for 2021 was $35,297; and a repayment of $172,043 has been made.

(ii) The proceeds from loan-term borrowings for 2020 was $389,199; the maturity of the $700,000 long-term borrowings due in February 2021 has been extended to February 2035.

(iii) Information about the Group’s risk exposure associated with interest rate, foreign currency, and liquidity is included in Note 6(u).

(iv) Please see Note 8 for the Group’s property pledged as collateral to secure the long-term bank loans.

(l) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 23,163	17,200
Non-current	$ 87,061	-

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follow:

	2021	2020
Interest expense on lease liabilities	$ 506	508
Expenses relating to short-term leases	$ 937	1,291
Cost of low-value leased assets	$ 386	589

The amounts recognized in the consolidated statement of cash flows for the Group was as follows:

	2021	2020
Total cash outflow for leases	$ 26,696	29,280

(i) Real estate leases

The Group leases land and buildings for its plant and office space. The leases of land and office space typically run for 50 years and 5 years, respectively. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

The Group leased transportation equipment with leased terms of two to three years. In some cases, the Group has options to purchase the assets at the end of the leased period.

The Group also leased photocopying equipment and dormitories with leased periods of three to four years and two to three months, respectively. These leases are short-term and leases of low value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

		Warranty
Balance at January 1, 2021	$	4,581
Increase in provision for the current period		655
Reversal of provision for the current period		(428)
Balance at December 31, 2021	**$**	**4,808**
Balance at January 1, 2020	$	4,484
Increased provision for the current period		498
Used provision for the current period		(401)
Balance at December 31, 2020	**$**	**4,581**

The Group’ s provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services. The Group expected that most of the cost would occur within 1 year after sales.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$	38,954	59,874
Fair value of plan assets		(65,434)	(79,045)
Net defined benefit liabilities (Assets)	**$**	**(26,480)**	**(19,171)**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. Under the Labor Standards Act, each employee’ s retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $65,434 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligations at January 1	$	59,874	58,455
Current service cost and interest cost		447	658
Actuarial (gain) loss arising from financial assumptions		(7,798)	1,937
Benefits paid		(13,569)	(1,176)
Defined benefit obligations at December 31	**$**	**38,954**	**59,874**

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets at January 1	$	79,045	77,069
Interest income		488	763
Remeasurements of net defined benefit assets			
-Return on plan assets (excluding current interest)		(530)	2,389
Benefits paid		(13,569)	(1,176)
Fair value of plan assets at December 31	**$**	**65,434**	**79,045**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2020 and 2019 were as follows:

		2021	2020
Current service cost	$	(5,432)	81
Net interest of net assets for defined benefit assets		(120)	(186)
	$	**(5,552)**	**(105)**

	2021	2020
Direct labor	$ (1,721)	-
Operating cost	(777)	(58)
Selling expense	(777)	(11)
Administrative expenses	(666)	(8)
Research and development expenses	(1,611)	(28)
	$ (5,552)	(105)

5) Remeasurement values of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements in net defined benefit assets recognized in other comprehensive income were as follows:

	2021	2020
Cumulative amount at January 1	$ 16,478	16,026
Recognized in current period	1,757	452
Cumulative amount at December 31	$ 18,235	16,478

6) Actuarial assumptions

The followings are the principal actuarial assumptions at the reporting dates:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
Future salary increase rate	2.000%	2.000%

The Group has suspended the allocation of its retirement reserve from September 2019 to August 2021, with the approval from the Department of Labor, Taipei City Government.

The expected allocation payment to be made by to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average duration of the defined benefit plan is 12.86 years.

7) Sensitivity analysis

As of December 31, 2021 and 2020, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2021			
Discount rate	$	(1,144)	1,194
Future salary increasing rate		1,141	(1,104)
December 31, 2020			
Discount rate		(1,647)	1,726
Future salary increasing rate		1,655	(1,591)

The sensitivity analysis above assumed all other assumptions remained constant during the measurement. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The continuing operations allocate 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates the labor pension at a specific percentage to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group’s pension costs under the defined contribution method amounted to $20,674 and $22,741 for the years ended December 31, 2021 and 2020, respectively. Payment to the Bureau of Labor Insurance has been made.

Subsidiaries in China shall comply with the regulations stipulated by the Mainland China Government to contribute monthly retirement annuity funds, based on a specific percentage of authorized employees’ payroll. For the years ended December 31, 2021 and 2020, the retirement annuity funds amounted to $9,421 and $1,499, respectively.

(o) Income taxes

(i) Income tax expense (benefit)

1) The components of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current tax expense (benefit)	$	96,375	(33)
Deferred tax expense (income)		53,787	-
Income tax expense (benefit)	$	150,162	(33)

2) The Group's income tax expense (benefit) reconciled between the actual income tax expense (benefit) and net loss before tax for the years ended December 31, 2021 and 2020, was as follows:

	2021	2020
Net loss before tax	$ 540,815	(434,975)
Income tax using the Company's domestic tax rate	108,163	(86,995)
Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements)	119,285	-
Tax-exempt income	(358)	-
Changes in unrecognized temporary differences	(99,407)	35,814
Changes in unrecognized tax losses	18,606	50,115
Other	3,873	1,033
	$ 150,162	**(33)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	December 31, 2021	December 31, 2020
Deductible temporary difference	$ 25,452	141,943
The carryforward of unused tax losses	203,607	178,825
	$ 229,059	**320,768**

Unrecognized deductible temporary difference were mainly items such as the Group's impairment loss on financial assets and recognized loss on investments in subsidiaries, which were not recognized as deferred tax assets since they are not very likely to be realized in the foreseeable future.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Group is not expected to have sufficient taxable income to offset against temporary difference in the foreseeable future.

As of December 31, 2021, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss		Deductible balance	Expiry year
The Company				
2014	$ 130,996	(amount approved)	70,157	2024
2017	117,081	(amount approved)	117,081	2027
2018	144,063	(amount approved)	144,063	2028
2019	287,609	(amount approved)	287,609	2029
2020	284,350	(amount reported)	284,350	2030
2021	318,001	(amount recognized)	318,001	2031
	$ 1,282,100		1,221,261	
SOARNEX TECHNOLOGY CORPORATION				
2014	$ 435	(amount approved)	435	2024
2015	3,972	(amount approved)	3,972	2025
2016	5,901	(amount approved)	5,901	2026
2017	4,415	(amount approved)	4,415	2027
2018	3,992	(amount approved)	3,992	2028
2019	2,918	(amount approved)	2,918	2029
2020	105	(amount approved)	105	2030
2021	10	(amount recognized)	10	2031
	21,748		21,748	
	$ 1,303,848		1,243,009	

3) Recognized deferred tax assets and liabilities

The Group's recognized deferred tax assets were as follows:

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Assets:	The carryforward of unused tax losses
Balance at January 1, 2021	$ -
Recognized in profit or loss	44,994
Balance at December 31, 2021	$ 44,994

Deferred Tax Liabilities:	**Investments accounted for using equity method**
Balance at January 1, 2021	$ -
Recognized in profit or loss	98,781
Balance at December 31, 2021	**$ 98,781**

(iii) The Company's tax returns for the years through 2019 have been examined and approved by tax authorities. The income tax returns of the Company's subsidiaries, Qianjin Investment Co., Ltd. and SOARNEX TECHNOLOGY CORPORATION for the years through 2020, have been examined and approved by tax authorities.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2021 and 2020, the Company has issued 330,780 thousand shares and 229,680 thousand shares, respectively, all of which have been paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020, was as follows:

	Ordinary shares	
(Expressed in thousands of shares)	**2021**	**2020**
Balance at January 1	229,680	268,236
Issued for cash	101,100	-
Capital reduction	-	(38,556)
Balance at December 31	**330,780**	**229,680**

Based on the resolution approved during the special shareholders' meeting on September 21, 2020, the Company reduced its capital by 38,556 thousand shares with reduction ratio of 14.37% to offset accumulated losses, which was declared effective by the FSC on October 21, 2020 and completed on December 30, 2020. Subsequent to the capital reduction, the shares issued amounted to 229,680 thousand shares, amounting to $2,296,792. The relevant statutory registration procedures have been completed on March 15, 2021.

A resolution was passed during the Company's special meeting of shareholders held on September 21, 2020 for the issuance of ordinary shares not exceeding 150,000 thousand shares under private placement within a year after the meeting. Subsequently, another resolution was

approved in the Board of Director's meeting held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with par value of $10 per share, amounting to $1,011,000. The date of capital injection was February 17, 2021 and relevant statutory registration procedures have been completed on March 15, 2021.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) under the Securities and Exchange Act. The application of these shares to be traded on the Taiwan Stock Exchange is in accordance with the said section where the shares should be elapsed after a three year period from the delivery date of the private placement securities before applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

The aforesaid capital surplus-share options and other capital surplus not stipulated by Article 241 of the R.O.C. Company Act shall not be transferred to capital increase and approved for distribution of cash dividends.

In the Company's special meeting of shareholders held on September 21, 2020, legal reserve of $15,824 and capital surplus of $415,638 were used to offset accumulated losses.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company paid-in capital, the excess may, pursuant to a resolution reached in a shareholders’ meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

In accordance with Rule No. 101001286519 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders’ equity shall be appropriated from current and prior-year earnings.

Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distribution.

3) Distribution of earnings and dividend policy

In accordance with the Company articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal according to the Securities and Exchange Act and the Company operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders' meeting. Cash dividends, however, shall account for at least 10 percent of every distribution. Cash dividends, however, shall account for at least 10 percent of every distribution.

The Company incurred loss in the years ended December,31, 2021 and 2020, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(q) Earnings (loss) per share

The Group' s basic earnings (loss) per share were calculated as follows:

	2021	2020
Basic earnings (loss) per share (in New Taiwan Dollars)		
Net profit (loss) attributable to ordinary shareholders of the Company	$ 390,653	(434,942)
Weighted-average number of ordinary shares outstanding (in thousand shares)	317,762	229,680
Basic earnings (loss) per share (in New Taiwan Dollars)	$ 1.23	(1.89)

The aforesaid weighted-average number of shares outstanding was adjusted retroactively according to the capital reduction to offset accumulated deficits, and the relevant statutory registration procedures of the capital reduction effective dated December 30, 2020 have been completed on March 15, 2021.

During 2021 and 2020, the Group was not impacted by the effects of dilutive potential ordinary shares.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		2021	2020
Main Market:			
Japan	$	942,766	1,379,576
Netherlands		613,376	821,782
United States		298,762	487,340
China		102,584	45,720
Other		534,419	556,842
	$	2,491,907	3,291,260
Major product:			
Wired communication products	$	1,499,620	1,962,892
Wireless communication products		793,158	1,229,630
Repairs and maintenance revenues and others		199,129	98,738
	$	2,491,907	3,291,260

(ii) Contract balance

		December 31, 2021	December 31, 2020	January 1, 2020
Notes and trade receivables	$	461,737	944,548	807,796
Less: loss allowance		(120)	(120)	(5,735)
	$	461,617	944,428	802,061

For details on notes and trade receivables and the impairment thereof, please refer to Note 6(d).

(s) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 3 to 10 percent of the profit as employee remuneration, and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated losses, the profit should be reserved to offset the losses. The recipients of shares and cash may include the employees of the affiliated companies who meet certain conditions stipulated by the Board of directors.

The Company incurred net loss before tax in the years ended December 31, 2021 and 2020, and thus, the Company was not required to accrue any remuneration to its employees and directors.

(t) Other income

The details of other income of the Group were as follows:

		2021	2020
Government grants	$	30	36,250
Other		51,877	55,942
	$	51,907	92,192

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets, represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the years ended December 31, 2021 and 2020, the amount of sales to customers that contributed over 10% of the Group’s operating revenue occupied 78％ and 83% of the Group’s total sales revenue, respectively. As of December 31, 2021 and 2020, the notes and trade receivables due from these customers accounted for 82％ and 79% of the Group’s total notes and trade receivables, respectively, exposing the Group to significant concentration of credit risk. The Group's credit risk management policy is detailed in Note 6(v).

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, excluding the impact of estimated interest payments.

		Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$	92,340	(92,458)	(92,458)	-	-
Trade payables		520,799	(520,799)	(520,799)	-	-
Other payables		207,222	(207,222)	(207,222)	-	-
Long-term borrowings		952,453	(1,060,625)	(45,164)	(83,480)	(931,981)
Lease liabilities (including current and non-current)		110,224	(113,022)	(24,219)	(24,219)	(64,584)
Derivative financial liabilities						
Foreign currency forward contracts						
Outflow		298	(55,610)	(55,610)	-	-
Inflow		-	55,312	55,312	-	-
	$	1,883,236	(1,994,424)	(890,160)	(107,699)	(996,565)

December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 540,720	(541,467)	(541,467)	-	-
Trade payables	721,775	(721,775)	(721,775)	-	-
Other payables	271,860	(271,860)	(271,860)	-	-
Long-term borrowings	1,089,199	(1,214,238)	(11,996)	(46,355)	(1,155,887)
Lease liabilities (including current and non-current)	17,200	(17,300)	(17,300)	-	-
Derivative financial liabilities					
Foreign currency forward contracts					
Outflow	2,684	(116,486)	(116,486)	-	-
Inflow	-	113,785	113,785	-	-
	$ 2,643,438	(2,769,341)	(1,567,099)	(46,355)	(1,155,887)

The Group is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 25,013	USD/NTD =27.685	692,485	38,778	USD/NTD =28.095	1,089,468
USD	8,707	USD/CNY =6.372 CNY/NTD =4.325	239,955	30,755	USD/CNY =6.5391 CNY/NTD =4.319	868,594
Financial liabilities						
Monetary items						
USD	20,321	USD/NTD =27.685	562,587	33,723	USD/NTD =28.095	947,448
USD	437	USD/CNY =6.372 CNY/NTD =4.325	12,043	18,586	USD/CNY =6.5391 CNY/NTD =4.319	524,913

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables (including related parties), and other payables denominated in foreign currency. Depreciation or appreciation of the USD against the NTD or the USD against CNY by 5%, as of December 31, 2021 and 2020, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

Unit: foreign currency in thousands

		2021	2020
USD (against the NTD)			
Appreciation 5%	$	6,495	7,101
Depreciation 5%		(6,495)	(7,101)
USD (against the CNY)			
Appreciation 5%		11,396	17,184
Depreciation 5%		(11,396)	(17,184)

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the nine months ended September 30, 2021 and 2020, the foreign currency gain (loss), including realized and unrealized, amounted to $(8,150) and$(26,361), respectively.

2) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities was as follows:

		Carrying amount	
		December 31, 2021	December 31, 2020
Fixed rate instruments:			
Financial assets	$	1,214,551	333,658
Variable rate instruments:			
Financial assets	$	470,955	534,061
Financial liabilities		(1,044,793)	(1,629,919)
	$	(573,838)	(1,095,858)

The following sensitivity analysis is based on the risk exposure to interest rates on non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's net loss would have increased or decreased by $1,435 and $2,740 for 2021 and 2020, respectively. The basis of analysis was the same for both years, mainly due to the Group's borrowings and demand deposits at variable interest rates.

3) Other price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

	2021		2020	
	Other comprehensive income, before tax	**Profit or loss before tax**	**Other comprehensive income, before tax**	**Profit or loss before tax**
5% increase	$ 5,162	-	8,476	-
5% decrease	$ (5,162)	-	(8,476)	-

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information on the fair value hierarchy, but excluding the optional information on financial instruments whose fair values approximate their carrying amounts and lease liabilities) were as follows:

	December 31, 2021				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	$ 103,247	103,247	-	-	103,247
Financial assets at amortized cost					
Cash and cash equivalents	1,658,832	-	-	-	-
Notes and trade receivables (including related parties)	461,617	-	-	-	-
Other receivables (including related parties)	271,449	-	-	-	-
Refundable deposits	6,599	-	-	-	-

Other non-current assets (restricted time deposits)	30,000	-	-	-	-
Subtotal	2,428,497				
	$ 2,531,744				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	$ 298	-	298	-	298
Financial liabilities at amortized cost:					
Unsecured bank loans	$ 92,340	-	-	-	-
Secured bank loans	952,453	-	-	-	-
Trade payables	520,799	-	-	-	-
Other payables	207,222	-	-	-	-
Lease liabilities (including current and non-current)	110,224	-	-	-	-
Other non-current liabilities (refundable deposits)	283	-	-	-	-
	$ 1,883,619				

	December 31, 2020				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,930	-	4,930	-	4,930
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	169,519	169,519	-	-	169,519
Financial assets at amortized cost					
Cash and cash equivalents	$ 817,917	-	-	-	-
Notes and trade receivables (including related parties)	944,428	-	-	-	-
Other receivables (including related parties)	48,440	-	-	-	-

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Refundable deposits	6,677	-	-	-	-
Other non-current assets (restricted time deposits)	53,371	-	-	-	-
Subtotal	1,870,833				
	$ 2,045,282				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	$ 2,684	-	2,684	-	2,684
Financial liabilities at amortized cost:					
Unsecured bank loans	540,720	-	-	-	-
Secured bank loans	1,089,199	-	-	-	-
Trade payables	721,775	-	-	-	-
Other payables	271,860	-	-	-	-
Lease liabilities (including current and non-current)	17,200	-	-	-	-
Other non-current liabilities (refundable deposits)	43	-	-	-	-
	$ 2,643,481				

2) Fair value valuation technique of financial instruments not measured at fair value

The Group's management considered that the disclosed carrying amounts of financial assets and financial liabilities measured at amortized cost approximated their fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange was the basis of determining the fair value of the listed companies' equity instrument, and debt instrument that has the quoted price in an active market.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

The fair value of derivative instruments is based on quoted prices. The fair value of derivative financial instruments is estimated using a valuation technique, with estimates and assumptions based on the quotation information obtained from financial institutions, or the binomial pricing model widely accepted by market participants.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2021 and 2020.

(v) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's internal auditor oversaw how management monitored the risks that should have been be in compliance with the Group's risk management policies and procedures, and reviewed the adequacy of the risk management framework in relation to the risks faced by the Group. Internal auditor undertook both regular and ad hoc reviews of risk management controls and procedures, and the results of which were reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables due from customers and investments.

1) Trade receivables and other receivables

Management has established a credit policy, under which each new customer would be analyzed individually for creditworthiness before the Group' s standard payment, delivery terms, and conditions are offered. The Group' s review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. The limits were reviewed periodically. Customers that fail to meet the Group' s benchmark creditworthiness may transact with the Group only on a prepayment basis.

In order to reduce the credit risk for these Trade receivables, the Group continues to evaluate the financial position of these customers and request for collaterals when necessary. Furthermore, the Group monitors and reviews the recoverable amount of the trade receivables and loss allowance for doubtful debts, with the amounts of loss expected by management.

The Group has established an allowance account for bad debts that reflects its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments were measured and monitored by the Group' s finance department. Since the Group' s transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. As management actively monitors credit ratings and the Group can only invest in securities with high quality credit ratings, management does not expect any trading counterparty to be unable to fulfill its obligations.

3) Guarantees

The Group' s policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Group. Please refer to Note 13(a) for details of endorsements and guarantees provided by the Group for subsidiaries as of December 31, 2021 and 2020.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank loans are an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group’s unused short-term credit lines were $722,240 and $337,130, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk for sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Group entities. The primary functional currencies of the Group entities are denominated in NT dollars , and there is also Renminbi.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Group borrowed funding at variable interest rates, which gave rise to cash flow risk.

3) Other market price risks

The Group is exposed to equity price risk due to the investments in listed equity securities.

(w) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Group manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Group. The Group aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Group’s liability-to-equity ratios at the end of each reporting period were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,126,674	2,704,781
Less: Cash and cash equivalents	1,658,832	817,917
Net liabilities (assets)	$ 467,842	1,886,864
Total equity	$ 3,130,351	1,968,876
Net liability-to-equity ratio	15%	96%

The net debt-to-equity ratio decreased as of December 31, 2021, mainly due to the group on 2021, issue of shares in private placement and the disposal of real estate, plant and equipment and use right assets were incurred.

(x) Investing and financial activities not affecting current cash flow

The non-cash transactions for investing and financing activities of the Group were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash Flow	Non-cash changes Lease modifications	December 31, 2021
Short-term borrowings	$ 540,720	(448,380)	-	92,340
Long-term borrowings	1,089,199	(136,746)	-	952,453
Lease liabilities	17,200	(24,867)	117,891	110,224
Other non-current liabilities	43	240	-	283
Total amount of liabilities arising from financing activities	$ 1,647,162	(609,753)	117,891	1,155,300

	January 1, 2020	Cash Flow	Non-cash changes Lease modifications	December 31, 2020
Short-term borrowings	$ 487,321	53,399	-	540,720
Long-term borrowings	700,000	389,199	-	1,089,199
Lease liabilities	49,390	(26,892)	(5,298)	17,200
Other non-current liabilities	43	-	-	43
Total amount of liabilities arising from financing activities	$ 1,236,754	415,706	(5,298)	1,647,162

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Company
D-Link Corporation	An individual with significant influence on the Company
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation
All Directors, general manager, and deputy general manager	Key management personnel

(Note) D-Link Corporation was originally a legal person director of the Company, and since March 2021, D-Link Corporation has owned shares The Company's shareholding in the Company was changed from 17.35% to 41.57%, and it was changed to an individual with significant influence on the group.

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances are as follows:

	Sales		**Trade receivables due from related parties**	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
D-Link International	1,028,360	1,406,182	173,837	338,248
D-link Corporation	14,496	31,577	3,775	5,913
	1,042,856	1,437,759	177,612	344,161

The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		**Other payables**	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
Other related parties	$ 343	355	-	-

(iii) Received from related parties

Advances received by the Group from related parties netting to operation expense are set out below:

	Miscellaneous income		Other receivables	
	2021	2020	December 31, 2021	December 31, 2020
D-Link Corporation	$ 15,517	40,360	4,752	18,200
Other related parties	4,185	469	177	30
	$ 19,702	40,829	4,929	18,230

(c) Key management personnel transactions

Key management personnel’s compensation comprised:

	2021	2020
Short-term employee benefits	$ 30,397	28,116
Post-employment benefits	844	744
	$ 31,241	28,860

(8) Pledged assets:

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2021	December 31, 2020
Other non-current assets－restricted time deposits	Guarantee for customs duty	$ -	3,371
Other non-current assets－restricted time deposits	Payment guarantee for suppliers	50,000	50,000
Property, plant, and equipment－land	Long-term bank loans	346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans	991,116	1,022,087
		$ 1,367,755	1,422,097

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	245,435	429,494	674,929	322,036	320,766	642,802
Labor and health insurance	24,130	24,829	48,959	25,844	24,494	50,338
Pension	11,250	13,293	24,543	10,817	13,318	24,135
Others	30,465	17,085	47,550	34,942	18,838	53,780
Depreciation	123,640	52,961	176,601	116,319	55,143	171,462
Amortization	3,450	9,230	12,680	3,148	9,715	12,863

(b) On July 30,2021, by resolution of the Board of Directors of the Company’s subsidiaries, NETTECH TECHNOLOGY (SUZHOU) CO., LTD permanently suspended production from September,2021 and only some of the administrative staff were left to deal with the subsequent closure of the factory, and the same day published an announcement to employees on the termination of production and operation and the anticipated layoff of employee relocation ,and the related severance pay and social security expenditures were about 95,518 (CNY 22,239 thousand), Under the accounting for administrative expenses, it is expected that related personnel expenses will be saved and operational performance will be improved in the future, Please refer to Note 6(g) for details.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the as of December 31, 2021:

(i) Loans to other parties:

Units: foreign currency in thousands

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	The Company	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Other receivables	Yes	221,480	-	-	TAIFX1 monthly interest rate plus 0.2%	2	-	Funding provided for affiliates	-		-	1,252,140	1,252,140
1	Perfect choice Co., Ltd.	The Company	〃	〃	126,583	80,588	44,597	-	〃	-	Working capital for parent	-		-	569,857	569,857
	〃	Huge Castle Ltd	〃	〃	25,218	16,912	8,306	-	〃	-	Working capital for parent	-		-	569,857	569,857
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	8,650	8,607	8,607	-	〃	-	Working capital for parent	-		-	13,324	13,324
3	Qianjin Investment Co., Ltd	The Company	〃	〃	23,000	-	-	-	〃	-	Working capital for parent	-		-	56,832	56,832

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2021.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2021. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2021. The aforementioned "Procedures for Loans to Other Parties" were approved in a shareholders' meeting held on June 16, 2017.

(ii) Guarantees and endorsements for other parties:

Units: foreign currency in thousands

No. (Note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CAMEO International Ltd.	Subsidiary	3,307,792 (Note 2)	276,850	138,425	-	-	4.42%	3,307,792	Y	N	N

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The Company's endorsement/guarantee provided for the affiliates shall not exceed the paid-in capital ($3,307,792) reported in the latest financial statements as of December 31, 2021, and the endorsement/guarantee provided for an single non-affiliated entity shall not exceed one tenth of the capital ($330,779) reported in the latest financial statements as of December 31, 2021.
Note 3: The maximum endorsement/guarantee balance for the period was calculated based on the exchange rate for December 31, 2021.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Units: in thousands shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	14.46%	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	5.40%	(Note 2)
Qianjin Investment Co., Ltd.	D-Link Corporation	The company director of the Company	Financial assets at fair value through other comprehensive income	5,434	103,247	0.91%	103,247	1.13%	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.
Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal (Note3)	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Right-of-use land and buildings and structures	November 30,2022	February 2004 to December 2011	59,784	1,175,599	Other receivable 235,120 (December 31,2021)	1,115,815	Suzhou Xiangcheng District Chengyang Street Housing Repurchase Office	Non related parties	compulsory acquisition	Value report	Note2

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	Note
The Company	D-Link International Pte Ltd.	Subsidiary of D-link Corporation	Sale	(1,028,360)	(41)%	90 days after delivery	Note1	Note1	Trade receivables 173,837	38%	
〃	CAMEO International Ltd.	Subsidiary	Purchasing and processing expenses	407,772	16%	38 days	-		Trade payables -	-	Note2
CAMEO International Ltd.	The Company	Parent	Sale	(407,772)	(100)%	38 days	-		Trade receivables -	-	〃
〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Affiliates	Purchasing and processing expenses	407,772	100%	38 days	-		Trade payables -	-	〃
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Sale	(407,772)	(71)%	38 days	-		Trade receivables -	-	〃

Note1: The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

Note2: The transaction on the left has already been written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: in thousands shares

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link International Ltd.	Subsidiary of D-link Corporation	Trade receivables 173,837	4.02	-		69,604	-	

Note 1: Information as of March 9, 2022.

(ix) Trading in derivative instruments: Please refer to 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Suzhou Soarnex Technology Co., Ltd	1	Manufacturing expense	109	Not significantly different from the payment to ordinary vendors	-%
〃	〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	1	Manufacturing expense	5,725	〃	-%
〃	〃	CAMEO International Ltd.	1	Purchase	407,772	〃	16.00%
〃	〃	Perfect Choice Co Ltd.	1	Other payables	44,597	Within one year subject to availability of funds	1.00%
1	Perfect Choice Co Ltd.	Huge Castle Ltd.	3	Other payables	8,306	Within one year subject to availability of funds	-%
〃		The Company	2	〃	44,597	〃	1.00%
〃	〃	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	55,029	Not significantly different from the payment to ordinary vendors	2.00%
2	CAMEO International Ltd.	The Company	2	Sales	407,772	Not significantly different from the payment to ordinary customers	16.00%
〃		NETTECH TECHNOLOGY (SUZHOU) CO., LTD	3	Purchase	407,772	〃	16.00%
3	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	The Company	2	Sales	5,725	Not significantly different from the payment to ordinary customers	-%
〃	〃	CAMEO International Ltd.	3	Sales	407,772	〃	16.00%
4	Suzhou Soarnex Technology Co., Ltd	The Company	2	Sales	109	Not significantly different from the payment to ordinary customers	-%
	〃	Perfect Choice Co Ltd.	3	Sales	55,029	〃	2.00%
5	Huge Castle Ltd.	Perfect Choice Co Ltd.	3	Other payables	8,306	Within one year subject to availability of funds	-%
	〃	Luis Jo'se Investments Inc.	3	Other payables	8,607	Within one year subject to availability of funds	-%
6	Luis Jo'se Investments Inc.	Huge Castle Ltd.	3	Other receivables	8,607	Within one year subject to availability of funds	-%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: Categories of relationship are as below:
1 represents parent to subsidiary
2 represents subsidiary to parent
3 represents subsidiary to subsidiary
Note 3: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

Unit: in thousands shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Huge Castle Ltd.	Samoa	Investment holding	1,162,507	1,162,507	38,398	100.00%	1,442,199	100.00%	709,247	709,247	Note
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100.00%	142,080	100.00%	1,938	1,938	〃
Less: Unrealized profits (losses) of affiliates								(90)				
								1,584,189			711,185	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2021	Original investment amount December 31, 2020	Balance as of December 31, 2020 Shares (thousands)	Balance as of December 31, 2020 Percentage of ownership	Balance as of December 31, 2020 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Qianjin Investment Co., Ltd.	Soarnex Holding Co., Ltd.	Taiwan	International trade	24,000	24,000	2,400	100.00%	2,240	100.00%	(10)	(10)	〃
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	0.03	0.03	0.001	100.00%	-	100.00%	-	-	〃
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	788,294	788,294	2,700	100.00%	1,424,261	100.00%	705,186	705,186	〃
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100.00%	33,309	100.00%	4,231	4,231	〃
〃	CAMEO International Ltd.	Samoa	Import and export trade	0.03	0.03	0.001	100.00%	4,088	100.00%	(131)	(131)	〃

Note：The transactions on the left has already been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	-	17,175 (USD500)	-	-	-%	NA	(Note 3)	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	811,770 (USD27,714)	〃	788,294 (USD24,653)	-	-	788,294 (USD24,653)	657,519	100	100%	657,519	1,464,077	-	(Notes 2 and 6)
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	-	-%	NA	(Note 4)	-	(Note 4)
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	〃	-	-	-	-	4,540	100	100%	4,540	16,666	-	(Notes 2, 5 and 6)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
826,392 (US$25,816)	839,577 (US$26,261)	1,878,211

Note 1: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technolog Developement (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

Note 6: The transaction on the left has already been eliminated in the consolidated financial statements.

Note 7: A resolution was passed in NETTECH TECHNOLOGY (SUZHOU) CO., LTD ‘s meeting of board of Director on December 8 2020,and reduced its capital and the payment for shares of US$25,000 thousand, with reduction ratios of 90.20%. The relevant statutory registration procedures have been completed on February 11, 2022 ,was repaid to Perfect Choice Co.,Ltd. On February 21,2022.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2021, direct or indirect, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder’s Name	Shares	Percentage
D-Link Corporation	137,532,993	41.57%

(14) Segment information:

(a) General information

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. Accounting policies for the operating segments correspond to those stated in Note 4.

(b) Information on products and services

Item	2021	2020
Wired communications products	$ 1,499,620	1,962,892
Wireless communications products	793,158	1,229,630
Repairs and maintenance revenues and others	199,129	98,738
	$ 2,491,907	3,291,260

(c) Geographic information

Segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographic information	2021	2020
Japan	$ 942,766	1,379,576
Netherlands	613,376	821,782
United States	298,762	487,340
Mainland China	102,584	45,720
Other	534,419	556,842
	$ 2,491,907	3,291,260

Non-current assets:

Geographic information	2021	2020
Taiwan	$ 1,711,902	1,733,980
Mainland China	4,548	97,725
	$ 1,716,450	1,831,705

Non-current assets include property, plant and equipment, intangible assets, other non-current assets, and refundable deposits paid, excluding financial instruments, net defined benefit assets, and deferred tax assets.

(d) Major customers

	2021		2020	
	Amount	**Percentage of total consolidated revenue(%)**	**Amount**	**Percentage of total consolidated revenue(%)**
KK	$ 1,042,856	42	1,437,759	44
EE	604,980	24	958,856	29
PP	304,909	12	320,371	10
	$ 1,952,745	78	2,716,986	83