Stock Code: 8011

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

2022 and 2021

Address: 3F., Ln. 12, Wuquan 3rd Rd., Xinzhuang Dist., New Taipei City

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Statement of Consolidated Financial Statements of Affiliated Companies

For the fiscal year of 2022 (From January 1 to December 31, 2022), the companies which should be included in the consolidated financial reports of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Reports of Affiliated Enterprises" are the same as those that should be included pursuant to the International Financial Reporting Standards 10 and parent company and subsidiaries have already been disclosed in the consolidated financial reports of the Consolidated Company. Therefore, the Consolidated Company will not prepare separate consolidated financial reports for affiliates.

Hereby declare

Company Name: Tai Tung Communication Co., Ltd.

Responsible Person: LEE CHING HUNG

March 24, 2023

Independent Auditors' Report

To the Board of Directors and Shareholders of Tai Tung Communication Co., Ltd.:

Auditor's opinion

We have audited the accompanying consolidated balance sheets of Tai Tung Communication Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated comprehensive income statements, consolidated statement of changes in shareholders' equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended December 31 2022 and 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tai Tung Communication Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The basis for opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Tai Tung Communication Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2022 consolidated financial statements of Tai Tung Communication Co., Ltd and its subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2022 consolidate financial statements of Tai Tung Communication Co., Ltd. and its subsidiaries are as follows:

Taiwan Intelligent Fiber Optic Network Co., Ltd.'s property, plant and equipment and impairment assessment of intangible assets

As of December 31, 2022, Taiwan Intelligent Fiber Optic Network Co., Ltd., a subsidiary of Tai Tung Communication Co., Ltd., has balances of NT$944,397 thousand and NT$2,032,766 thousand in property, plant and equipment and intangible assets, respectively, accounting for a significant proportion of the total consolidated assets.

The property, plant and equipment and intangible assets of Taiwan Intelligent Fiber Optic Network Co., Ltd. are assessed at each balance sheet date whether there is any indication that it may be impaired according to IAS 36 "Impairment of Assets." For details about the accounting policies and relevant disclosures for impairment assessment of property, plant and equipment and intangible assets, please refer to Notes 4, 5, 14, and 17.

If there is objective evidence of an indication that the property, plant and equipment and intangible assets is impaired, the management of Taiwan Intelligent Fiber Optic Network Co., Ltd. should assess the recoverable amount of the property, plant and equipment and intangible assets. Since the impairment test involves accounting estimates and management assumptions or significant judgments, it has been determined as a key audit matter for 2022.

For the specific aspects expressly stated in the above key audit matter, the major response procedures that have been implemented include:

1. Obtain an asset impairment assessment report issued by external expert, understand the qualifications of the expert to judge whether the result is reliable, and have the statement of Independence issued by the expert to judge whether the objectivity of the expert is sufficient.
2. Assess whether the methodology and relevant assumptions adopted in the impairment assessment by external experts are appropriate

Other information

Tai Tung Communication Co., Ltd. has prepared the parent company only financial reports for 2022 and 2021, and unqualified opinions were expressed by us for these two years for your reference.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Tai Tung Communication Co., Ltd. and its subsidiaries as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate Tai Tung Communication Co., Ltd. and its subsidiaries or cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Tai Tung Communication Co., Ltd. and its subsidiaries.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in Tai Tung Communication Co., Ltd. and its subsidiaries.

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Tai Tung Communication Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of Tai Tung Communication Co., Ltd. and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the 2022 consolidated financial statements of Tai Tung Communication Co., Ltd. and its subsidiaries and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte Taiwan

CPA HSIEH TUNG-JU	CPA LI KUAN-HAO
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1090347472	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1100372936

March 24, 2023

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: Thousands of NT$

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 531,425	8	$ 451,952	7
1110	Financial assets at fair value through profit or loss – current (Notes 4 and 7)	40,314	1	19,030	-
1140	Contract assets – current (Notes 4 and 26)	59,925	1	69,551	1
1150	Net notes receivable (Notes 4, 9 and 34)	1,075	-	16,376	-
1170	Net accounts receivable (Notes 4, 9 and 34)	227,778	4	300,551	4
1200	Other receivables (Notes 4 and 9)	3,228	-	2,309	-
1220	Current tax assets (Notes 4 and 28)	4,945	-	5,571	-
130X	Inventory (Notes 4 and 11)	468,572	7	710,593	11
1410	Prepayment (Notes 10 and 34)	54,563	1	69,008	1
1476	Other financial assets – current (Notes 6 and 35)	718	-	67,039	1
1479	Other current assets	2,309	-	2,544	-
11XX	Total current assets	1,394,852	22	1,714,524	25
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	16,582	-	14,115	-
1550	Investments accounted for using the equity method (Notes 4 and 13)	264,203	4	173,706	3
1600	Property, plant and equipment (Notes 4, 14, 34, 35 and 36)	2,099,912	33	1,972,445	29
1755	Right-of-use assets (Notes 4, 15 and 34)	13,623	-	18,471	-
1760	Investment property, net (Notes 4, 16 and 35)	96,159	1	100,468	2
1780	Intangible assets (Notes 4, 17 and 36)	1,999,794	31	2,085,331	31
1840	Deferred tax assets (Notes 4 and 28)	77,909	1	70,574	1
1915	Prepayments for equipment (Note 36)	312,945	5	326,777	5
1920	Refundable deposits (Note 34)	25,400	-	17,564	-
1980	Other financial assets – non-current (Notes 6, 17 and 35)	106,736	2	207,496	3
1990	Other non-current assets	31,819	1	26,162	1
15XX	Total non-current assets	5,045,082	78	5,013,109	75
1XXX	Total assets	$ 6,439,934	100	$ 6,727,633	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 18 and 35)	$ 200,000	3	$ 129,000	2
2130	Contract liabilities – current (Notes 4, 26 and 34)	57,159	1	15,108	-
2150	Notes payable (Note 19)	254	-	265	-
2170	Accounts payable (Notes 19 and 34)	180,707	3	253,670	4
2200	Other payables (Notes 20 and 34)	149,411	2	113,403	2
2230	Current tax liabilities (Notes 4 and 28)	3,143	-	2,759	-
2250	Provisions – current (Notes 4 and 21)	52,033	1	160,711	2
2280	Lease liabilities – current (Notes 4, 15 and 34)	8,320	-	13,056	-
2321	Corporate bonds with reverse repurchase agreements to be mature or executed within one year or one operating cycle (Notes 4 and 22)	-	-	122,340	2
2322	Long-term borrowings due within one year or one operating cycle (Notes 18 and 35)	47,197	1	103,292	2
2399	Other current liabilities	8,499	-	3,087	-
21XX	Total current liabilities	706,723	11	916,691	14
	Non-current liabilities				
2540	Long-term borrowings (Notes 18 and 35)	2,236,104	35	2,121,224	32
2570	Deferred tax liabilities (Notes 4 and 28)	1,272	-	707	-
2580	Lease liabilities – non-current (Notes 4, 15 and 34)	5,600	-	5,958	-
2670	Other non-current liabilities (Notes 4, 16, 23, 24 and 26)	111,444	2	88,827	1
25XX	Total non-current liabilities	2,354,420	37	2,216,716	33
2XXX	Total liabilities	3,061,143	48	3,133,407	47
	Equity attributable to owners of the parent company				
	Share capital				
3110	Common stock	1,509,219	24	1,476,424	22
3130	Certificate of entitlement to new shares form convertible bond	-	-	9,130	-
3100	Total capital stock	1,509,219	24	1,485,554	22
3210	Capital surplus	1,314,824	20	1,300,205	19
	Retained earnings (accumulated deficit)				
3310	Legal reserve	125,676	2	125,676	2
3320	Special reserve	10,581	-	10,581	-
3350	Deficit to be offset	(322,014)	(5)	(69,288)	(1)
3300	Total retained earnings (accumulated deficit)	(185,757)	(3)	66,969	1
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(7,008)	-	(9,447)	-
3420	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	4,015	-	1,548	-
3400	Total other equity	(2,993)	-	(7,899)	-
31XX	Total equity attributable to owners of the Parent	2,635,293	41	2,844,829	42
36XX	Non-controlling interests	743,498	11	749,397	11
3XXX	Total equity	3,378,791	52	3,594,226	53
	Total liabilities and equity	$ 6,439,934	100	$ 6,727,633	100

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

Chairperson: LEE CHING HUNG

Managerial officer: LEE CHING HUNG

Accounting officer: TING, SZU-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: Thousands of NT$, except for earnings per share in NT$

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenue (Notes 4, 17, 26 and 34)				
4110	Sales revenue	$ 912,279	54	$ 1,099,428	64
4520	Construction revenue	183,380	11	185,522	11
4600	Telecommunications services revenue	568,019	33	419,299	24
4800	Other operating revenue	35,857	2	23,720	1
4000	Total operating revenue	1,699,535	100	1,727,969	100
	Operating costs (Notes 4, 11, 17, 21, 27, 34 and 36)				
5110	Cost of goods sold	1,091,890	64	1,118,089	65
5520	Construction cost	171,936	10	166,279	10
5600	Telecommunications services cost	357,510	21	337,972	19
5800	Other operating costs	38,851	3	17,916	1
5000	Total operating costs	1,660,187	98	1,640,256	95
5900	Gross Profit	39,348	2	87,713	5
6000	Operating expenses (Notes 4, 27 and 34)	237,572	14	270,716	15
6900	Net operating loss	(198,224)	(12)	(183,003)	(10)
	Non-operating incomes and expenses (Notes 4, 13, 14, 27 and 34)				
7010	Other revenue	17,247	1	34,940	2
7100	Interest income	1,248	-	1,238	-
7020	Other profits and losses	(47,152)	(3)	(81,749)	(5)
7050	Financial costs	(52,927)	(3)	(47,241)	(3)
7060	Share of profits or losses of associates and joint ventures accounted for using the equity method	14,351	1	11,202	1
7000	Total non-operating income and expenses	(67,233)	(4)	(81,610)	(5)
7900	Net loss before taxation	(265,457)	(16)	(264,613)	(15)
7950	Income tax benefits (Notes 4 and 28)	7,029	1	8,373	-
8200	Net losses for the year	(258,428)	(15)	(256,240)	(15)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (Notes 4, 24, 25 and 28)				
	Items not to be reclassified as profit or loss				
8311	Remeasurement of defined benefit plan	582	-	(521)	-
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	2,467	-	10,645	1
8310		3,049	-	10,124	1
	Titles that could be reclassified as profit (loss) accounts in the future				
8361	Exchange differences on translation of foreign financial statements	3,108	-	(1,652)	-
8371	Associates' equity exchange differences on the translation of financial statements of foreign operations accounted for using the equity method	50	-	-	-
8399	Income tax related to Items that may be subsequently reclassified into profit or loss	(610)	-	321	-
8360		2,548	-	(1,331)	-
8300	Other comprehensive income for the year (net after tax)	5,597	-	8,793	1
8500	Total amount of comprehensive income for the year	($ 252,831)	(15)	($ 247,447)	(14)
	Net losses attributable to				
8610	Shareholders of the parent company	($ 243,760)	(14)	($ 199,790)	(12)
8620	Non-controlling interests	(14,668)	(1)	(56,450)	(3)
8600		($ 258,428)	(15)	($ 256,240)	(15)
	Comprehensive income attributable to:				
8710	Shareholders of the parent company	($ 238,272)	(14)	($ 190,947)	(11)
8720	Non-controlling interests	(14,559)	(1)	(56,500)	(3)
8700		($ 252,831)	(15)	($ 247,447)	(14)
	Loss per share (Note 29)				
9750	Basic	($ 1.62)		($ 1.36)	
9850	Diluted	($ 1.62)		($ 1.36)	

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

Chairperson: LEE CHING HUNG Managerial officer: LEE CHING HUNG Accounting officer: TING, SZU-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: Thousands of NT$

		Equity attributable to owners of the parent company (Notes 4, 8, 13, 22, 25 and 31)										
		Share capital			Retained earnings (accumulated deficit)			Other equity				
Code		Common stock	Certificate of entitlement to new shares form convertible bond	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (or deficit to be offset)	Exchange differences on translation of foreign financial statements	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests (Note 25)	Total equity
A1	Balance as of January 1, 2021	$ 1,375,804	$ 50,558	$ 1,265,919	$ 125,676	$ 10,581	$ 127,390	($ 8,166)	($ 5,309)	$ 2,942,453	$ 805,897	$ 3,748,350
D1	Net loss for 2021	-	-	-	-	-	(199,790)	-	-	(199,790)	(56,450)	(256,240)
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(521)	(1,281)	10,645	8,843	(50)	8,793
D5	Total comprehensive income for 2021	-	-	-	-	-	(200,311)	(1,281)	10,645	(190,947)	(56,500)	(247,447)
C7	Changes in equity of associates accounted for using the equity method	-	-	58	-	-	(155)	-	-	(97)	-	(97)
I1	Conversion of convertible bonds	-	59,192	34,228	-	-	-	-	-	93,420	-	93,420
I3	Certificate of entitlement to new shares form convertible bond converted to share capital	100,620	(100,620)	-	-	-	-	-	-	-	-	-
Q1	Disposal of equity investment instruments measured at fair value through other comprehensive income	-	-	-	-	-	3,788	-	(3,788)	-	-	-
Z1	Balance as of December 31, 2021	1,476,424	9,130	1,300,205	125,676	10,581	(69,288)	(9,447)	1,548	2,844,829	749,397	3,594,226
D1	Net loss for 2022	-	-	-	-	-	(243,760)	-	-	(243,760)	(14,668)	(258,428)
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	582	2,439	2,467	5,488	109	5,597
D5	Total comprehensive income in 2022	-	-	-	-	-	(243,178)	2,439	2,467	(238,272)	(14,559)	(252,831)
C7	Changes in equity of associates accounted for using the equity method	-	-	234	-	-	(888)	-	-	(654)	-	(654)
M5	Difference between the acquisition or disposal price and the carrying amount of subsidiary	-	-	-	-	-	(8,660)	-	-	(8,660)	8,660	-
I1	Conversion of convertible bonds	-	23,665	14,385	-	-	-	-	-	38,050	-	38,050
I3	Certificate of entitlement to new shares form convertible bond converted to share capital	32,795	(32,795)	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2022	$ 1,509,219	$ -	$ 1,314,824	$ 125,676	$ 10,581	($ 322,014)	($ 7,008)	$ 4,015	$ 2,635,293	$ 743,498	$ 3,378,791

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

Chairperson: LEE CHING HUNG　　Managerial officer: LEE CHING HUNG　　Accounting officer: TING, SZU-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: Thousands of NT$

Code		2022	2021
	Cash flows from operating activities		
A10000	Net losses before tax for the year	($ 265,457)	($ 264,613)
A20010	Income and expense items		
A20100	Depreciation expenses	145,074	151,243
A20200	Amortization expenses	160,676	155,279
A20300	Expected credit impairment losses (reversal of losses)	(7,560)	19,071
A20400	Net loss of financial assets and liabilities measured at fair value through profit or loss	4,651	2,489
A20900	Financial costs	52,927	47,241
A21200	Interest income	(1,248)	(1,238)
A21300	Dividend income	(1,113)	(986)
A22300	Share of profits or losses of associates and joint ventures accounted for using the equity method	(14,351)	(11,202)
A22500	Loss from disposal of property, plant and equipment	4,463	1,901
A23700	Impairment loss of non-financial assets	7,034	72,846
A23700	Inventory falling price loss	37,751	10,593
A24100	Foreign exchange losses (gains)	(177)	29
A29900	Construction revenue	(74,600)	(78,332)
A29900	Lease modification gain	(8)	(59)
A29900	Recognition of provisions	202,411	39,476
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	6,553	(51,721)
A31130	Notes receivable	15,301	(9,815)
A31150	Accounts receivable	81,677	(122,953)
A31180	Other receivables	(917)	13,508
A31200	Inventory	(19,080)	58,129
A31230	Prepayments	16,570	(19,134)
A31240	Other current assets	235	13,863
A31250	Other financial assets – current	19,668	13,440
A32125	Contract liabilities	41,994	(11,966)
A32130	Notes payable	(11)	(58)
A32150	Accounts payable	(72,822)	79,882
A32180	Other payables	35,271	9,684
A32200	Provisions	(3,741)	1,011
A32230	Other current liabilities	5,412	(5,067)

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Code		2022	2021
A32240	Net defined benefit liability	(35)	(1,456)
A32990	Other liabilities	(625)	11,502
A33000	Cash inflow from operating activities	375,923	122,587
A33500	Income tax paid	(109)	(4,864)
A33500	Income tax returned	726	271
AAAA	Net cash inflow from operating activities	376,540	117,994
	Cash flows from investing activities		
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	9,911
B00030	Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	-	464
B00100	Acquisition of financial assets at fair value through profit or loss	(67,475)	(45,261)
B00200	Disposal of financial assets at fair value through profit or loss	41,540	23,668
B01800	Acquisition of investment accounted for using the equity method	(77,050)	(26,100)
B02700	Purchase of property, Plant and Equipment	(221,201)	(102,916)
B02800	Proceeds from disposal of property, plant and equipment	3,614	386
B03700	Increase in refundable deposits	(15,544)	(7,447)
B03800	Decrease in refundable deposits	8,367	7,929
B04500	Acquisition of intangible assets	(539)	(551)
B06600	Decrease in other financial assets	100,760	203,644
B06700	Increase in other non-current assets	(21,603)	(20,199)
B07100	Increase in prepayments for equipment	(16,108)	(157,589)
B07500	Interest received	1,223	1,208
B07600	Dividend received	1,413	986
B09900	Cash paid for decommissioning liabilities	-	(1,370)
BBBB	Net cash outflow from investing activities	(262,603)	(113,237)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	480,000	108,000
C00200	Decrease in short-term borrowings	(409,000)	-
C01300	Repayments of corporate bonds	(85,200)	-
C01600	Proceeds from long-term borrowings	2,086,511	2,937,375
C01700	Repayments of long-term borrowings	(2,029,851)	(2,948,934)
C03000	Increase in deposits received	3,366	37,007
C03100	Decrease in deposits received	(14,926)	(7,217)
C04020	Lease principal repayment	(16,146)	(29,183)
C05600	Interests paid	(51,126)	(44,425)
CCCC	Net cash inflow (outflow) from financing activities	(36,372)	52,623

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Code		2022	2021
DDDD	Impact of changes in exchange rate on cash and cash equivalents	1,908	(1,544)
EEEE	Increase in cash and cash equivalents for the year	79,473	55,836
E00100	Cash and cash equivalents balance – beginning of year	451,952	396,116
E00200	Cash and cash equivalents balance – end of year	$ 531,425	$ 451,952

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

Chairperson: LEE CHING HUNG Managerial officer: LEE CHING HUNG Accounting officer: TING, SZU-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(All amounts in NT$ thousand unless otherwise specified)

1. Company History

Tai Tung Communication Co., Ltd. (hereinafter referred to as the "Parent" or "Tai Tung Communication"), originally known as "Tai Tung Wire & Cable Co., Ltd.," was established in December 1981, and changed its name to "Tai Tung Communication Co., Ltd." in May 2000. In January 2010, the Parent was approved by Taipei Exchange to OTC trade of emerging stocks. And in July 2011, after the application for listing has been approved by Taiwan Stock Exchange Corporation, its shares were officially listed on the central exchange for public trading in September of the same year.

The Parent is mainly engaged in fiber optical cables and Fiber to the Home (FTTH) related accessories business, internal and external communication cables business, power transmission cables business, manufacture and sale of other products, and wholesale and retail sale of ores.

In order to integrate resources and improve operation performance, the short-form merger/consolidation with the subsidiary An Tung Optoelectronic Co., Ltd. was proceeded as approved by the board of directors on March 25, 2009, with the Company as the surviving company and An Tung Optoelectronic Co., Ltd. as the dissolved company. The reference date for the merger/consolidation was April 30, 2009. Since An Tung Optoelectronic Co., Ltd. had been a 100% owned subsidiary of the Parent, in this merger/consolidation the Parent did not issue new shares or pay cash as the consideration.

For details about the nature of main business and other information of the Parent and subsidiaries (hereinafter referred to as the "Company"), please refer to Note 12.

The Consolidated Financial Report is presented in New Taiwan dollars, which is the Parent's functional currency.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the board of directors on March 24, 2023.

3. Application of New and Revised Standards and Interpretation

(1) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The first-time adoption of the International Financial Reporting Standards (IFRSs) endorsed and issued into effect by the Financial Supervisory Commission in 2022 did not result in significant changes in accounting policies.

(2) The IFRSs endorsed by the FSC applicable in 2023

The new/amended/revised standards or interpretations	Effective date of IASB publication
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment will be applicable for annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 3: Except for the recognition of deferred income taxes on temporary differences related to leases and decommissioning obligations, these amendments to transaction that occur after January 1, 2022.

The above amendments to the above standards and interpretations were assessed by the Company to have no material impact on the Company's financial position and financial performance.

(3) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards or interpretations	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture."	Undecided
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: A seller-lessee should apply the proposed amendments retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

The amendments to the above standards and interpretations were assessed by the Company to have no material impact on the Company. However, as of the date of approval for publication of the Consolidated Financial Report, the Company is still assessing the impact of amendments to other standards and interpretations on the Company's financial position and financial performance, which will be disclosed after completing the assessment.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(2) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Standards in differentiating current and non-current assets and liabilities

Current assets:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted for exchanging or settling liabilities more than 12 months after the balance sheet date).

Current liabilities:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Those that are not current assets or liabilities above are classified as non-current assets or liabilities.

The operating cycle of the telecommunications engineering business in which the Parent is engaged is normally longer than one year. Therefore, the assets and liabilities related to the telecommunications engineering business are classified as current or non-current in accordance with the operating cycle (about 2 to 3 years).

(4) Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and entities controlled by the parent company. The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal.

The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of subsidiaries should be attributed to the owners' equities and non-controlling interests, even if this would cause the non-controlling interests to result in a deficit balance.

When a change in the parent company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the parent company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the parent company.

Please refer to Note 12 and the attached Table 5 for details of subsidiaries, shareholding and principal businesses.

(5) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the parent company only financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in a country or currency different from that of the Company) are translated into New Taiwan dollars at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income (and are attributed to owners of the parent and non-controlling interests, respectively).

On the disposal of the entire interest of a foreign operation, or the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, or the retained interest after the disposal of an associate that includes a foreign operation is a financial asset and is measured according to the accounting policies for financial instruments, the cumulative amount of the exchange differences attributable to owners of the Company and relating to that foreign operation should be reclassified to profit or loss.

If the partial disposal of a subsidiary with foreign operations does not result in a loss of control, the cumulative translation difference is reattributed to the non-controlling interest of the subsidiary on a pro rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(6) Cash Equivalents

Cash equivalents refers to commercial papers, bonds or notes with reverse repurchase agreements, or time deposits due or repaid within 3 months from the date it was invested, highly liquid, readily convertible into known amounts of cash, and subject to insignificant risk of changes in value, which are held for the purpose of meeting short-term cash commitments with a carrying amount approximating fair value.

(7) Inventory

Inventories include raw materials, supplies, finished goods, and work-in-process. Inventory should be valued at the lower of cost or net realizable value. The lower of cost and net realizable value can be applied based on an individual-item basis except for group similar item of inventories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs. The cost of inventory is calculated using the weighted average method.

(8) Investments in associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company adopts the equity method for investment in associates. Under the equity method, investments in associates are initially recognized at cost; and the book value of the investment after the acquisition date increases or decreases with the share of profits or losses of the associate, other comprehensive income, and profits distribution. In addition, changes in interest in an associate are recognized in proportion to their shareholding

If the Company does not subscribe for new shares of an associate in proportion to its shareholding, resulting in a change in the Company’s shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus and investments accounted for using the equity method. However, if the ownership interest in an associate is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the associate; if the former adjustment is charged to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is charged to retained earnings.

When the Company’s share of losses in an associate equals or exceeds its equity interest in the associate (including the carrying amount of the associate under the equity method and other long-term equity interests that are in substance a component of the Company’s net investment in the associate), the Company shall cease to recognize further losses. The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

The excess of the acquisition cost over the Company’s share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company’s share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

In assessing the impairment, the Company sees the entire carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount of the investment to its carrying amount for the purpose of impairment testing. The impairment loss recognized is also part of the carrying amount of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

The Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained equity interest in the associate is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of the investment on the date of cessation of the equity method is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to use the equity method without remeasuring the retained equity interest.

The profit or loss from the upstream, downstream and side-stream transactions between the Company and associates is recognized in the consolidated financial statements within the range that is irrelevant to the Company's equity interest in the associates.

(9) Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for administrative purposes and are expected to be used during more than one period, which are recognized at cost when it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Subsequent measurements are made at cost less any accumulated depreciation and any accumulated impairment losses in value.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Each component of property, plant and equipment that is significant shall be depreciated separately on a straight-line basis over its useful life. The Company should at least review the expected useful life, salvage value, and depreciation method at the end of each year and defer the effect of the changes in accounting estimates.

In derecognizing property, plant, and equipment, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(10) Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost including transaction costs and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation on a straight-line basis.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(11) Intangible assets

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line basis over their useful life. The Company should at least review the expected useful life, salvage value, and amortization method at the end of each year and defer the effect of the changes in accounting estimates. When the Company obtains the right to collect toll charges from the users of public construction (as the consideration for providing construction services in the service concession arrangements), it is originally recognized as intangible asset – concession at fair value, and subsequently measured at cost less accumulated amortization and accumulated impairment.

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

The Company's intangible assets include computer software and acquisition costs of concession. The acquisition costs of concession are construction costs invested during the construction period according to the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" and is amortized on a straight-line basis over the operational period.

(12) Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets (exclusive goodwill), and contract cost assets

The Company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) may have been impaired. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The carry amount of shared assets shall be allocated to each cash generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use, whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

For the property, plant and equipment and intangible assets recognized from contracts with customers within the scope of IFRS 15, firstly, the impairment of which is recognized in accordance with the inventory impairment regulations and the above requirements; secondly, the impairment loss of which is recognized in the carrying amount of the contract cost assets exceeding the remaining amount of consideration expecting to receive for providing the relevant goods or services deducting direct costs; thirdly, the carrying amount of the contract cost assets is included in the cash-generating unit to which it belongs for conducting an impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset and cash-generating unit or contract cost asset shall be increased to its revised recoverable amount. However, the increased carrying amount due to reversal should not be more than what the carrying amount of the asset and cash-generating unit or contract cost asset would have been determined (net of amortization or depreciation) had no impairment lost been recognized for the asset in prior accounting periods. The reversed impairment loss is recognized in the profit or loss.

(13) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The financial assets held by the Company include financial instruments measured at fair value through profit or loss, investments in equity instruments designated at fair value through other comprehensive income, and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated at fair value through other comprehensive income and investments in debt instruments that are not qualified for classification as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and gains or losses arising from the remeasurement thereof are recognized in other gains and losses. Please refer to Note 30 for the determination of fair value.

B. Investment in equity instruments at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating investment in equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment in equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

C. Financial assets at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and notes receivable measured at amortized cost) is, after initial recognition, measured at amortized cost of the gross carrying amount calculated using effective interest method less any impairment loss. Any foreign exchange gains or losses are recognized in profit or loss. Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

(2) Impairment of financial assets

The Company assesses the impairment losses on financial assets measured at amortized cost (including accounts receivable), investments in debt instruments measured at fair value through other comprehensive income, and contract cost assets on each balance sheet date based on the expected credit loss.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase in the credit risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss over a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay their debts.

B. Payments are overdue for more than 120 days, unless there is reasonable and supporting information showing that the delayed basis of default is more appropriate.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

(3) The derecognition of financial assets

The Company’s financial assets are derecognized only when the contractual rights to the cash flows from the financial assets become invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

Share capital – reacquired own equity instruments by the Parent are recognized and deducted under equity items, and their book value is calculated based on the weighted average basis by share type. The parent company’s equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities held by the Company is measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity will be transferred to equity and capital surplus – issuance premium. If the conversion rights of convertible corporate bonds are not executed on the maturity date, the amount recognized in the equity will be transferred to capital surplus – issuance premium.

The relevant transaction costs of the issuance of convertible corporate bonds are amortized to the liabilities of the instrument (included in the book value of the liability) and the equity (included in the equity) in proportion to the total amortization amount.

(14) Provisions

The amount recognized as a provision (including the contractual obligations to maintain or restore the infrastructure before it is handed over to the grantor that are derived from and specifically stated in the service concession arrangements) should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date under considerations for risks and uncertainties of obligations. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

The warranty obligations under sale contracts are measured at the best estimate of the expenditure required to settle the Company's obligation and are recognized when revenue is recognized for related goods.

The Company measures a sale contract that has been signed but not performed at the balance sheet date and recognizes a provision for the present obligation arising from an onerous contract if the unavoidable costs of meeting the contractual obligations under the contract exceed the economic benefits expected to be received under it.

The warranty obligations to ensure that the construction project conforms to agreed-upon specifications are measured at the best estimate of the expenditure required to settle the Company's obligation and are recognized when revenue is recognized for related construction.

(15) Recognition of revenue

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Merchandise sales revenue

The revenue from sale of goods derives from sales of optical cables, Fiber to the Home (FTTH) related accessories, internal and external communication transmission cables, power transmission cables, and other products. When the goods arrive at the place specified by the customer, the customer already has the right to set the price and use the goods, takes the primary responsibility for reselling them, and bears the risk of obsolescence; therefore, the Company shall recognize revenue and accounts receivable at that point in time.

When processing materials supplied by clients, the control of the ownership of the processed products has not been transferred; therefore, the Company shall not recognize revenue when materials are supplied by clients.

2. Construction revenue

Since the cost of construction is directly related to the degree of completion of performance obligations, the Company measures progress by the proportion of the actual input cost to the expected total cost. The Company progressively recognizes contract assets during the construction process and transfers them into accounts receivable when billing for contract works. Where the amount received for contract works exceeds the amount of revenue recognized, the difference is recognized as contract liabilities. The purpose for retentions held by customers for contract works in accordance with the contract terms is to ensure that the Company fulfills all its contractual obligations, which is recognized as contract assets before the completion of the company's construction contract.

When the outcome of a construction contract cannot be estimated reliably, the construction revenue is recognized only to the extent that the costs incurred performance of the contract obligations are expected to be recovered.

3. Telecommunications services revenue

Telecommunications services revenue mainly comes from telecommunications optical fibers and fixed network communication systems, which are priced at the agreed rates. The monthly lease revenue from customers on the month-to-month leases is recognized on a monthly basis, and the revenue from users on the prepaid leases is recognized according to the actual usage of users. Receipts in advance before services are rendered are recognized as contract liabilities and will be transferred to revenue after services are actually rendered.

4. Service Concession revenue

The Company acquired the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" and shall carry out basic construction or upgrade services for Taipei City Fiber Optic Network as agreed in the contract. When the Company obtains the right to collect toll charges from the users of public construction (as the consideration for providing construction services in the service concession arrangements, and the fair value of intangible asset – concession is measured), it shall recognize the construction revenue and contract assets progressively over time and transfer to intangible assets – concession after the construction is completed. In the operation stage, the Company shall recognize the telecommunications services revenue according to the amount agreed in the contract when the telecommunications services are actually provided.

(16) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company is the lessor

    A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

    For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods.

    In a lease agreement, the variable lease payments that do not depend on an index or a rate are recognized as income in the period in which they occur.

2. The Company is the lessee

    Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease term, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

    The right-of-use asset is measured initially at cost, subsequently measured at cost less accumulated depreciation and accumulated impairment, with an adjustment made to the remeasurement of the lease liability. The right-of-use assets are expressed separately in the consolidated balance sheet.

    The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease term, whichever is sooner.

    The lease liability is measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate). If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

    Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease term. The Company only remeasures the lease liability when there is a change in future lease payments resulting from the lease term or a change in the index or rate that is used to determine those payments, with an adjustment made to the right-of-use asset. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as individual leases, the remeasurement of the lease liability due to a reduction in the scope of the lease is a reduction of the right-of-use asset and gains or losses are recognized for partial or full termination of the lease. The remeasurements of lease liability for other modifications are adjustments to right-of-use assets. Lease liabilities are expressed separately in the consolidated balance sheet.

(17) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenue are recognized in other revenue on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(18) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Post-employment benefits

Underdefined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit liability (asset) may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(19) Share-based payment agreement-Employee stock option

When the Company issues new shares for cash capital increase, part of such shares shall be reserved subscription by employees according to law in a share-based payment arrangement. It shall measure the fair value of the services received by reference to the fair value of the equity instruments at grant date and at the same time recognize it as salary expenses and capital surplus.

(20) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year in which resolutions are made at the shareholders' meeting.

The adjustment to previous period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized for deductible temporary differences and unused tax losses (tax credits) carried forward, to the extent that it is probable that future taxable profits will be available.

The Company shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The book amount of deferred tax assets must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in other comprehensive income or directly included in the equity. If the current income tax or deferred income tax arises from a business merger, the income tax effect is included in the accounting for the business merger.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

In adopting accounting policies, management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from the estimates.

The management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Estimations, and Main Sources of Assumption Uncertainties

Impairment of property, plant and equipment and intangible assets

For the Company's property, plant and equipment and intangible assets, if there is objective evidence of an indication that it is impaired, the recoverable amount (i.e. the higher of fair value less costs of disposal and value in use) of these assets should be assessed. Changes in market prices or future cash flows will affect the recoverable amount of these assets, which may cause the Company to additionally recognize impairment losses or reverse previously recognized impairment losses. For details about the carrying amounts of the Company's property, plant and equipment and intangible assets as of December 31, 2022 and 2021, please refer to Notes 14 and 17.

Significant Accounting Judgments

Recognition and measurement of intangible assets under the service concession arrangements

The Company's service concession arrangement refers to the Taipei City Fiber Optic Network Outsourcing Construction and Operation Project Contract signed with the Taipei City Government, with a total contract period of 25 years from the date on which the contract was signed. According the content of the above service concession arrangement, the Company shall recognize an intangible asset at fair value to the extent that it receives a right to charge users of the public service; in addition, IFRIC 12 "Service Concession Arrangements" shall also apply to the portion of the infrastructure that is not required to be handed over to the grantor as specifically stated if the installation of the hardware equipment for Taipei City Fiber Optic Network and the operation of fiber optic networking services are conducted over the entire useful life thereof. If the infrastructure is not used in the service concession arrangement for its entire useful life; that is, the infrastructure in which any significant residual interest is controlled by the Company at the end the service concession arrangement, IAS 16 "Property, Plant and Equipment" shall apply. For details about the carrying amounts of the Company's property, plant and equipment as of December 31, 2022 and 2021, please refer to Notes 14 and 17.

6. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 1,287	$ 1,327
Checking accounts and demand deposits	530,138	437,641
Cash Equivalents		
Time deposit with original maturity dates within 3 months	-	12,984
	$ 531,425	$ 451,952

The interest rate range at the balance sheet date for the Company's cash Equivalents and pledged time deposits (recorded as other financial assets – current and other financial assets – non-current):

	December 31, 2022	December 31, 2021
Time deposit with original maturity dates within 3 months	-	1.35%
Pledged time deposit	0.58%~1.465%	0.04%~0.84%

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	December 31, 2022	December 31, 2021
Financial assets – current		
Measured at fair value through income under compulsion		
Non-derivative financial instruments		
- Fund beneficial certificates	$ 29,104	$ 7,118
- Stocks listed on the TWSE/TPEx	11,210	11,912
	$ 40,314	$ 19,030

8. Financial assets measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current		
Domestic Investment		
Stocks not listed on the TWSE/TPEx		
Euroc III Venture capital Corp.	$ 65	$ 332
KABLETEK CORPORATION	-	-
Glory Technology Service Inc.	16,517	13,783
	$ 16,582	$ 14,115

The Company invests in the common stocks of the non-TWSE and non-TPEx listed companies according to its medium and long-term strategic goals and expects to make profits through long-term investments. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

Euroc III Venture capital Corp. conducted a capital reduction to write off its accumulated losses and a cash capital reduction in July 2021, with a capital reduction ratio of 90.3799%. The Company has collected the proceeds from capital reduction of NT$464 thousand from capital reduction in August 2021.

The Company sold the shares of Wallace Development Ltd. for NT$9,911 thousand in May 2021, and the related other equity – unrealized gain on valuation of NT$3,788 thousand of financial assets measured at fair value through other comprehensive income were transferred to retained earnings.

9. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Total book value	$ 1,075	$ 16,376
Less: Allowance for losses	-	-
	$ 1,075	$ 16,376
Incurred by operation	$ 1,075	$ 16,376
Occurred not due to business	-	-
	$ 1,075	$ 16,376
Accounts receivable		
Measured at amortized cost		
Accounts receivable	$ 237,012	$ 318,666
Less: Allowance for losses	9,234	18,115
	$ 227,778	$ 300,551
Other receivables		
Construction bond receivable	$ -	$ 103
Default fine receivable	2,492	-
Tax refund receivable	96	562
Others	654	1,644
	3,242	2,309
Less: Allowance for losses	14	-
	$ 3,228	$ 2,309

The Company's customer base mainly consists of domestic and foreign telecommunications companies or peer companies. In the balance of accounts receivable on December 31, 2022 and 2021, for details about the credit risk resulting from the concentration in significant customers, please refer to Note 30.

The Company provides an average credit term of 90–120 days on sale of goods in Taiwan and Southeast Asia, and collects money according to the contract or the trading conditions in the Chinese market; therefore, there is no specific number of days for credit terms, and no accrued interest on the accounts receivable.

Before taking orders from new customers, the Company shall evaluate their credit quality and set their credit limits after learning more about the customers through external information or visits by sales personnel.

For accounts receivable that have been overdue at the balance sheet date but on which the Company has not yet recognized the allowance for losses, since the credit quality has not significantly changed, the Company's management believes that the amount can still be recovered. The Company does not hold any collateral or other credit enhancements for these accounts receivable. In addition, the Company does not have the statutory rights to offset account payables with account receivables for the same counterparty either.

The Company shall recognize the allowance for loss on accounts receivable based on the expected credit losses over the duration using the IFRS 9 simplified approach. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is any evidence indicating that the counterparty is facing financial difficulties and the Company cannot reasonably expect the recoverable amount; for example, the counterparty is in the liquidation procedure or the claim has been overdue for more than a certain number of days, the Company will directly write off the related accounts receivable and continue the claims activity, with the amount recovered in claims collection to be recognized in profit or loss.

The allowance for losses on accounts receivable based on the provision matrix is as follows

December 31, 2022

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue for more than 120 days	Individual assessment	Total
Expected credit loss rate	0%~0.09%	1.25%~7.25%	29.49%~38.34%	99.79%	100%	
Total book value	$ 219,793	$ 8,130	$ 127	$ 6,678	$ 2,284	$ 237,012
Allowance for loss (expected credit loss of the given duration)	(93)	(173)	(20)	(6,664)	(2,284)	(9,234)
Measured at amortized cost	$ 219,700	$ 7,957	$ 107	$ 14	$ -	$ 227,778

December 31, 2021

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue for more than 120 days	Individual assessment	Total
Expected credit loss rate	0%~0.66%	0.97%~5.53%	17.51%~25.00%	99.59%	100%	
Total book value	$ 274,716	$ 26,171	$ 71	$ 6,665	$ 11,043	$ 318,666
Allowance for loss (expected credit loss of the given duration)	(160)	(259)	(15)	(6,638)	(11,043)	(18,115)
Measured at amortized cost	$ 274,556	$ 25,912	$ 56	$ 27	$ -	$ 300,551

The information on the changes in the allowance for losses on accounts receivable and other receivables of the Company were as follows:

	2022	2021
Balance, beginning of year	$ 18,115	$ 7,395
Add: Recognition (reversal) for the year	(8,910)	10,722
Add: Write-off of bad debts	(14)	-
Foreign currency translation differences	57	(2)
Balance, end of year	$ 9,248	$ 18,115

10. Prepayments

	December 31, 2022	December 31, 2021
Prepaid tax	$ 13,815	$ 11,004
Advance payment for imports	8,567	12,810
Prepayments for purchases	7,350	10,054
Advance payment for construction	6,096	9,416
Others	18,735	25,724
	$ 54,563	$ 69,008

11. Inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 198,705	$ 155,049
Work in process	4,643	255,479
Raw materials and supplies	263,645	296,782
Inventory in transit	1,579	3,283
	$ 468,572	$ 710,593

In 2022 and December 13, 2021, the allowances to reduce inventory to market were NT$494,779 thousand and NT$233,684 thousand, respectively.

Given that there was an indication that some fiber optic cable materials used in the construction by Taifo were impaired due to idling for a long time, at the end of December 2021, Taifo assessed and recognized the impairment loss of NT$19,067 thousand according to the relevant recoverable amount, which was recorded under other gains and losses.

The nature of the cost of goods sold:

	2022	2021
Cost of inventory sold	$ 880,474	$ 1,034,038
Inventory falling price loss	37,751	10,593
Recognition of provisions for onerous contracts (Note 21)	169,547	44,567
Inventory obsolescence losses	4,118	4,374
Unamortized manufacturing overheads	-	24,517
	$ 1,091,890	$ 1,118,089

The Parent did not amortize manufacturing overheads in 2021 since the factory was relocated from Guanyin District to Luzhu District, Taoyuan City at the end of 2020, with idle capacity costs during the factory downtime.

12. Subsidiary

(1) Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

			Shareholding	
Investor name	Subsidiary name	Nature of business and other information	December 31, 2022	December 31, 2021
Tai Tung Communication	AgrandTech Limited (Samoa) (hereinafter referred to as “AgrandTech”)	Established in Mauritius in February 2004, it is mainly engaged in reinvestment, import and export; became a subsidiary directly owned by Tai Tung Communication after An Tung Optoelectronic Co., Ltd. merged with Tai Tung Communication in April 2009, and in January 2022, it changed its place of incorporation to Samoa.	100%	100%
	Qiong Lian Co., Ltd. (hereinafter referred to as “Qiong Lian”)	In April 2011, the Parent invested in Qionglian Co., Ltd., which is engaged in sale of communication equipment and cables	100%	100%
	Taiwan Intelligent Fiber Optic Network Co., Ltd. (hereinafter referred to as “Taifo”)	Established in January 2012, which is the company set up according to the “Taipei City Fiber Optic Network Outsourcing Construction and Operation Project” Contract acquired by the parent company on December 16, 2011 and mainly engaged in Telecommunications business. (Note 1)	68.22%	68.22%
	King Tung Resources Co., Ltd. (hereinafter referred to as “King Tung Resources”)	Established in June 2014, it is mainly engaged in international trade	89.06%	86%
	Sing Tung Technologies Pte. Ltd. (hereinafter referred to as “Sing Tung”)	Established in Singapore in January 2016, it is a company established because the parent company acquired the fireproof packaging materials engineering project for Singapore’s telecommunications company in 2015 and mainly engaged in the communications network engineering business	97%	97%
	Datong Construction Co., Ltd. (hereinafter referred to as “Datong Construction”)	Established in August 2017, it is mainly engaged in the construction industry	51%	51%
AgrandTech	Anhui Tonghua Optoelectronics Co., Ltd. (hereinafter referred to as “Tonghua Optoelectronics”)	Established in September 2003 in Anhui, China, it is mainly engaged in production and sale of self-produced communications fiber optic cables, cables, and communication related products	97%	97%
Tonghua Optoelectronics	Lai An County Tai Wan Trading Limited (hereinafter in after referred to “Tai Wan”)	Established in March 2016 in Anhui, China, it is mainly engaged in import and export business (Note 2)	-	100%

Note 1: Taifo was approved for establishment on January 6, 2012 and approved for public offering of shares by the Financial Supervisory Commission on June 18, 2012. With the wired communication network services business as its main business item, in April 2013, Taifo obtained the network construction permit for the local network business and began the installation of Taipei City Fiber Optic Network. In July 2014, it obtained the concession license for the local network business from the National Communications Commission (NCC), and in August, 2021, it was approved by NCC and registered as a telecommunications enterprise.

Note 2: Tai Wan completed the liquidation and deregistration procedures on June 21, 2022.

Note 3: In 2022 and 2021, except for Taifo which was a major subsidiary, AgrandTech, Qiong Lian, King Tung Resources, Tai Wan (Note 2), Tonghua Optoelectronics, Sing Tung, and Datong Construction were all non-major subsidiaries.

Note 4: Except for the financial statements of Taifo and King Tung Resources that have been audited by CPAs, the recognition by other companies was made based on the financial reports that have not been audited by CPAs. The Company believes that if the financial reports have been audited by CPAs, there will be no material effect on the consolidated financial reports.

Note 5: The Company does not have any subsidiary that is not included in the consolidated financial report.

(2) Information on subsidiaries with significant non-controlling interests

	Percentage of ownership interests and voting rights	
Subsidiary name	December 31, 2022	December 31, 2021
Taifo	31.78%	31.78%

For information on the country where the principal place of business is and the company is registered, please refer to the attached Table 5.

	Profit or loss allocated to non-controlling interests		Non-controlling interests	
Subsidiary name	2022	2021	December 31, 2022	December 31, 2021
Taifo	$ 6,972	($ 47,349)	$ 737,673	$ 730,685

The following subsidiary's consolidated financial information is prepared on the basis of the amount before eliminating intercompany transactions:

Taifo

	December 31, 2022	December 31, 2021
Current assets	$ 360,127	$ 248,581
Non-current assets	3,279,943	3,445,155
Current liabilities	(154,763)	(110,743)
Non-current liabilities	(1,174,390)	(1,294,066)
Equity	$ 2,310,917	$ 2,288,927

	2022	2021
Operating Revenue	$ 687,711	$ 501,421
Net profits (losses) for the year	$ 21,940	($ 148,991)
Other comprehensive income	50	-
Total comprehensive income	$ 21,990	($ 148,991)
Cash flow		
Operating activities	$ 262,458	$ 83,754
Investing activities	(15,546)	181,123
Financing activities	(163,632)	(288,323)
Net cash inflow (outflow)	$ 83,280	($ 23,446)
Dividends paid to non-controlling interests	$ -	$ -

13. Investment accounted for using the equity method

	December 31, 2022	December 31, 2021
Individually insignificant associates		
Fiber Logic Communications, Inc. (hereinafter referred to as “Fiber Logic”)	$ 112,225	$ 91,655
Chien Tung Harbour Service Co., Ltd. (hereinafter referred to as “Chien Tung”)	117,274	82,051
Glory Technology Service Inc. (hereinafter referred to as “Glory Technology”)	34,704	-
	$ 264,203	$ 173,706

	Percentage of ownership interests and voting rights	
Company name	December 31, 2022	December 31, 2021
Fiber Logic	28.97%	29.75%
Chien Tung	25.23%	28.03%
Glory Technology	20.16%	-

As Fiber Logic bought back treasure stock in May 2021, the Company’s shareholding ratio increased from 29.54% to 29.75%, and the retained earnings were written down by NT$155 thousand for the amount of changes in ownership interests. It issued 528 thousand new shares for the distribution of employees’ compensation on December 8, 2022, and the Company’s shareholding ratio decreased from 29.75% to 28.9%, and the retained earnings were written down by NT$888 thousand for the amount of changes in ownership interests.

Chien Tung conducted a cash capital increase of NT$100,000 thousand on November 9, 2021, issuing 10,000 thousand at NT$10 per share, of which 2,610 thousand shares were subscribed, with an investment amount of NT$26,100 thousand. The Company’s shareholding ratio increased from 29% to 28.03%, and the capital surplus was increased by NT$58 thousand for the amount of changes in ownership interests. It conducted a cash capital increase of NT$200,000 thousand on March 28, 2022, issuing 20,000 thousand at NT$10 per share, of which 4,205 thousand shares were subscribed, with an investment amount of NT$42,050 thousand. The Company's shareholding ratio increased from 28.03% to 25.23%, and the capital surplus was increased by NT$234 thousand for the amount of changes in ownership interests.

As approved by Taifo's board of directors on May 27, 2022, in order to expand business and obtain fiber optic network resources from other company, Taifo participated in Glory Technology's 2022 cash capital increase, subscribed 1,000 thousand shares of Glory Technology at NT$25 per share, and take assignment of 500 thousand shares of the company's original shareholders at NT$20 per share, with a total investment amount of NT$35,000 thousand. It acquired a total of 1,500 thousand shares of Glory Technology, with a shareholding ratio of 20.16%.

For Glory Technology, Fiber Logic, and Chien Tung, the Company calculate the investments accounted for using the equity method and share of profit or loss to which the company is entitled and other comprehensive income based on the financial reports that have not been audited by CPAs. However, the Company's management believes that if their financial reports have been audited by CPAs, there will be no material effect.

Information on individually insignificant associates is summarized as follows:

	2022	2021
Share to which the company is entitled		
Net profits for the year	$ 14,351	$ 11,202
Other comprehensive income	50	-
Total comprehensive income	$ 14,401	$ 11,202

14. Property, Plant and Equipment

	Land	Buildings and structures	Machinery equipment	Telecommunications equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and Equipment to be inspected	Total
Costs										
Balance as of January 1, 2021	$ 896,966	$ 111,056	$ 580,640	$ 1,158,142	$ 46,084	$ 26,841	$ 135,053	$ 17,621	$ 7,350	$ 2,979,753
Addition	-	15,750	21,238	52,295	7,343	358	330	1,671	6,018	105,003
Disposal	-	-	(104,345)	-	(1,037)	(3,169)	(38,027)	(5,233)	-	(151,811)
Effect of foreign exchange differences	-	(202)	(937)	-	(271)	(5)	-	(14)	-	(1,429)
Reclassification	(83,784)	211,936	-	14,467	-	-	-	-	(6,977)	135,642
Balance as of December 31, 2021	$ 813,182	$ 338,540	$ 496,596	$ 1,224,904	$ 52,119	$ 24,025	$ 97,356	$ 14,045	$ 6,391	$ 3,067,158
Accumulated depreciation and impairment										
Balance as of January 1, 2021	$ -	$ 72,255	$ 493,916	$ 346,755	$ 35,851	$ 22,097	$ 88,187	$ 13,589	$ -	$ 1,072,650
Elimination – asset disposal	-	-	(103,631)	-	(899)	(3,169)	(36,940)	(4,885)	-	(149,524)
Depreciation expenses	-	11,750	14,652	79,545	2,658	1,750	10,058	1,276	-	121,689
Effect of foreign exchange differences	-	(152)	(834)	-	(125)	(4)	-	(11)	-	(1,126)
Recognition of impairment losses	-	29,472	7,972	548	-	68	12,715	249	-	51,024
Balance as of December 31, 2021	$ -	$ 113,325	$ 412,075	$ 426,848	$ 37,485	$ 20,742	$ 74,020	$ 10,218	$ -	$ 1,094,713
Net as of December 31, 2021	$ 813,182	$ 225,215	$ 84,521	$ 798,056	$ 14,634	$ 3,283	$ 23,336	$ 3,827	$ 6,391	$ 1,972,445
Costs										
Balance as of January 1, 2022	$ 813,182	$ 338,540	$ 496,596	$ 1,224,904	$ 52,119	$ 24,025	$ 97,356	$ 14,045	$ 6,391	$ 3,067,158
Addition	115,524	8,246	31,978	44,893	5,502	939	1,822	-	12,297	221,201
Disposal	-	(1,403)	(29,202)	-	(3,174)	(144)	(2,730)	-	-	(36,653)
Effect of foreign exchange differences	-	394	1,852	-	595	9	-	27	-	2,877
Reclassification	-	1,440	28,500	28,391	-	-	-	-	(6,452)	51,879
Balance as of December 31, 2022	$ 928,706	$ 347,217	$ 529,724	$ 1,298,188	$ 55,042	$ 24,829	$ 96,448	$ 14,072	$ 12,236	$ 3,306,462
Accumulated depreciation and impairment										
Balance as of January 1, 2022	$ -	$ 113,325	$ 412,075	$ 426,848	$ 37,485	$ 20,742	$ 74,020	$ 10,218	$ -	$ 1,094,713
Elimination – asset disposal	-	(983)	(21,697)	-	(3,174)	(144)	(2,578)	-	-	(28,576)
Depreciation expenses	-	12,545	12,812	88,613	3,265	1,638	7,259	2,736	-	128,868
Recognition of impairment losses	-	139	2,837	-	-	28	-	-	-	3,004
Effect of foreign exchange differences	-	316	1,852	-	343	10	-	28	-	2,549
Reclassification	-	-	-	5,992	-	-	-	-	-	5,992
Balance as of December 31, 2022	$ -	$ 125,342	$ 407,879	$ 521,453	$ 37,919	$ 22,274	$ 78,701	$ 12,982	$ -	$ 1,206,550
Net as of December 31, 2022	$ 928,706	$ 221,875	$ 121,845	$ 776,735	$ 17,123	$ 2,555	$ 17,747	$ 1,090	$ 12,236	$ 2,099,912

The Parent conducted the disposal of Wugu factory (Land No. 47 and 49, 1st Subsection Xingkung Section, Xinzhuang Dist., New Taipei City) as approved by the board of directors on November 11, 2020, and entrusted Cushman & Wakefield Limited Taiwan Branch for public tendering at an entrusted price of NT$1,280,860 thousand. The opening of tender for the above real estate on January 18, 2021 but cannot be proceeded due to failure to meet transaction terms.

For the purpose of asset activation, the Parent made the building in Wugu a factory building by joint construction and separate ownership of property with Ching Tong Investment Co., Ltd. and Founding Construction Development Corp. and signed a joint building construction contract in September 2021 (see Note 34 (12) for more information). According to the contract, the Parent shall bear the obligation of demolishing, vacating, checking and handing over the existing building on the land. The recoverable amount of the building was assessed to be less than the carrying amount; therefore, the Parent has recognized impairment losses of NT$4,197 thousand and NT$31,840 thousand for buildings and structures and investment property in 2022 and 2021, respectively, which are recorded under other gains and losses. As of December 31, 2022, the accumulated impairment loss already recognized by the Parent was NT$36,037 thousand (in which NT$29,224 thousand was for buildings and structures, NT$28 thousand was for office equipment, and NT$6,785 thousand was for investment property).

The Parent ceased to lease the factory building in Toufen in May 2022. The machinery equipment in the factory building was assessed to be unusable and unsaleable due to high maintenance and repair costs. Therefore, the Company recognized an impairment loss of NT$2,837 thousand in 2022.

For the telecommunications, construction in progress, equipment to be inspected (recorded as property, plant and equipment) and service concession (recorded as intangible assets) held for the “Taipei City Fiber Optic Network Outsourcing Construction and Operation Project” in 2022 and 2021, Taifo took into account the condition of operating losses and assessed that there was an indication that the value of assets were impaired. Therefore, Taifo conducted an impairment assessment on these assets on December 31, 2022 and 2021, among which, Xinlin Market cloud backup server room, the district cloud backup server room in Wanhua District, would be relocated the to accommodate reconstruction of Xinlin Administrative Building, and the recoverable amounts of the telecommunications equipment and leasehold improvement were assed to be lower than their carrying amounts; therefore, Taifo had recorded cumulative impairment of NT$13,263 thousand (recorded under other gains and losses) on December 31, 2021. The recoverable amounts of other assets on that date were higher than their carrying amounts, and no impairment loss was required to be recognized. The value in use was adopted by Taifo as the recoverable amounts for the above-mentioned assets with the pre-tax discount rates of 9.7% and 9.1%, respectively. The recoverable amounts are measured based on the asset impairment assessment report issued by an independent appraisal expert who is not a related party.

Taking into account the condition of operating losses of Tonghua Optoelectronics and Tai Wan, the Parent carried out the dissolution and liquidation procedures of the subsidiaries as approved by the board of directors on January 4, 2022; therefore, Tonghua Optoelectronics and Tai Wan conducted impairment assessment on these assets. The carrying amounts of buildings and structures, machinery equipment, transportation equipment, and other equipment were assessed to be lower than the carrying amounts and the cumulative loss of NT$8,676 thousand was recognized on December 31, 2021. As of December 31, 2022, Tai Wan has completed the liquidation and deregistration, and Tonghua Optoelectronics has not completed the liquidation.

The Parent signed the agricultural land sale contract in October 2022. Because the purchased agricultural land could not be transferred in the name of the Parent, it was temporarily registered in the name of LEE CHING HUNG, the Parent's Chairman, with whom a contract of borrowing other's name for real estate registration was signed to clearly define the rights and obligations of both parties. The Parent is applying to the relevant authorities for land change and designation successively. As of December 31, 2022, the Parent has the land with name-borrowing registration amounting to NT$71,602 thousand.

For the amount of the Company's pledged property, plant and equipment as a loan guarantee, please refer to Note 35.

The Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings and structures	
Plant main building	21 to 40 years
Building equipment and renovation engineering	1 to 15 years
Machinery equipment	
Fiber optical cables, wire & cables manufacturing, and experiment equipment	1 to 34 years
Other manufacturing equipment	2 to 15 years
Telecommunications equipment	3 to 15 years
Transportation equipment	1 to 20 years
Office equipment	1 to 15 years
Leasehold improvements	1 to 15 years
Other equipment	1 to 15 years

15. Lease agreement

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ 2,989	$ 2,641
Building	9,843	14,813
Office equipment	791	1,017
	$ 13,623	$ 18,471

	2022	2021
Addition of right-of-use assets	$ 11,797	$ 12,340
Derecognition of right-of-use assets	$ 718	$ 2,309
Depreciation expenses of right-of-use assets		
Land	$ 1,842	$ 10,706
Building	13,859	18,088
Office equipment	226	201
	$ 15,927	$ 28,995

Except for the addition, derecognition, and recognition of depreciation expenses as listed above, no significant sublease and impairment occurred on the Company's right-of-use assets in 2022 and 2021.

(2) Lease liability

	December 31, 2022	December 31, 2021
Carrying amount of lease liability		
Current	$ 8,320	$ 13,056
Non-current	$ 5,600	$ 5,958

The discount rate range of the Company's lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.46%~2.65%	1.46%~2.61%
Building	1.44%~2.21%	1.44%~2.28%
Office equipment	1.44%	1.44%

(3) Major lease activities and terms

The rent of land, factory buildings, and office space leased by the Company is calculated based on the actual number of *ping* on lease and is paid once a month. Leases may be renewed upon expiry with a 3- to 5-year lease term. Upon termination of the lease term, there are no preferential rights to purchase according to the Company's lease agreements.

(4) Other lease information

For details about the Company's agreements on leasing investment property under operating leases, please refer to Note 16.

	2022	2021
Short-term lease expenses	$ 6,981	$ 5,480
Low-value asset lease expenses	$ 33	$ 25
Total cash outflow from lease	($ 23,534)	($ 35,175)

All lease commitments for the lease period commencing after the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Lease commitments	$ 180	$ 18,725

16. Investment property

	Investment property
Costs	
Balance as of January 1, 2021	$ 34,469
Reclassification	83,784
Balance as of December 31, 2021	$ 118,253
Accumulated depreciation and impairment	
Balance as of January 1, 2021	$ 14,471
Depreciation expenses	559
Recognition of impairment losses	2,755
Balance as of December 31, 2021	$ 17,785
Net as of December 31, 2021	$ 100,468
Costs	
Balance as of January 1, 2022 and December 31, 2022	$ 118,253
Accumulated depreciation and impairment	
Balance as of January 1, 2022	$ 17,785
Depreciation expenses	279
Recognition of impairment losses	4,030
Balance as of December 31, 2022	$ 22,094
Net as of December 31, 2022	$ 96,159

The Company's investment property is depreciated on a straight-line basis over the following useful lives:

Buildings and structures	
Plant main building	40 years
Building equipment and renovation engineering	10 to 30 years

Since the Covid-19 pandemic caused a severe impact on the market economy in 2020, the Company agreed to unconditionally reduce the rent by NT$100 thousand per month from May 1, 2020 to April 30, 2021. Because there was no rent adjustment mechanism in the original lease agreement, the above-mentioned rent reduction meant an adjustment made to the rental income during the remaining lease term.

The fair values of the Company's investment property on December 31, 2022 and 2021 were NT$721,094 thousand and NT$604,894 thousand, respectively. The valuation of such fair value had not been made by an independent appraiser, and it was actually the result of an assessment conducted with reference to the market evidence similar to the latest real estate transaction prices in the real estate brokerage industry and was classified as Level 3 in the fair value hierarchy.

All investment property of the Company were self-owned equity. For the amount with respect to the Company's pledged investment property as a loan guarantee, please refer to Note 35.

In terms of operating leases, the Company has leased out the investment property owned by itself, with a 1- to 3-year lease term, and the lessee has no preferential rights to purchase the property at the end of the lease term.

As of December 31, 2022 and 2021, the lease premiums received by the Company under operating leases were NT$200 thousand and NT$3,950 thousand (recorded as other non-current liabilities).

The total lease payments that the Company will receive in the future for leasing out investment property under operating leases as of December 31, 2022 and 2021 are listed as follows:

	December 31, 2022	December 31, 2021
First year	$ 650	$ 5,730
Second year	-	650
	$ 650	$ 6,380

17. Intangible assets

	Service Concession	Computer software	Total
Costs			
Balance as of January 1, 2021	$ 2,489,538	$ 213,824	$ 2,703,362
Acquired separately	78,332	551	78,883
Balance as of December 31, 2021	$ 2,567,870	$ 214,375	$ 2,782,245
Accumulated amortization and impairment			
Balance as of January 1, 2021	$ 387,362	$ 154,273	$ 541,635
Amortization expenses	133,964	21,315	155,279
Balance as of December 31, 2021	$ 521,326	$ 175,588	$ 696,914
Net as of December 31, 2021	$ 2,046,544	$ 38,787	$ 2,085,331
Costs			
Balance as of January 1, 2022	$ 2,567,870	$ 214,375	$ 2,782,245
Acquired separately	74,600	539	75,139
Balance as of December 31, 2022	$ 2,642,470	$ 214,914	$ 2,857,384

Accumulated amortization and impairment			
Balance as of January 1, 2022	$ 521,326	$ 175,588	$ 696,914
Amortization expenses	139,345	21,331	160,676
Balance as of December 31, 2022	$ 660,671	$ 196,919	$ 857,590
Net as of December 31, 2022	$ 1,981,799	$ 17,995	$ 1,999,794

(1) The Company signed the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" with the Taipei City Government in January 2012 and mainly carried out the deployment and operation of the fiber optic network covering the entire Taipei City to strengthen and enhance the broadband environment in Taipei City. As of December 31, 2022 and 2021, the Company's pledged certificate of deposits used as performance bonds in this project were NT$61,817 thousand and NT$61,450 thousand, respectively. (Recorded as other financial assets – non-current)

(2) The Company provided construction services in exchange for the service concession arrangement with respect to the above operation project. In 2022 and 2021, it recognized construction revenue of NT$74,600 thousand and NT$78,332 thousand, respectively, and construction costs of NT$68,344 thousand and NT$55,412 thousand. when construction is provided, the consideration receivable is recognized as intangible assets at fair value which is based on the intangible asset valuation report issued by Zenith Management Consulting Co., Ltd.

(3) The Company's fiber-optic Internet services have been launched in all 12 administrative districts of Taipei City, and it has completed the installation of the transmission systems in several areas for the "Taipei City Video Surveillance System Center and Field Equipment Turnkey Project" and the "Procurement Project for the Second Phase of Expansion and Construction for Taipei Video Surveillance System" of the Taipei City Police Department in October 2017. The intangible asset – concession recognized in the above-mentioned operation project will be amortized during the concession period at the stage of actual operation.

(4) The above intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	3 to 5 years
Service Concession	The concession period until December 29, 2036

(5) For details about the impairment assessment of intangible assets on December 31, 2022 and 2021, please refer to Note 14.

18. Bank loans

	December 31, 2022	December 31, 2021
Short-term borrowings		
Bank secured loan (Note 35)	$ 150,000	$ 90,000
Credit loans	50,000	39,000
	$ 200,000	$ 129,000
Long-term borrowings		
Syndicated loan	$ 1,158,470	$ 1,278,470
Bank secured loan (Note 35)	1,032,460	803,666
Bank credit facility	98,590	150,724
	2,289,520	2,232,860
Less: Unamortized cost of long-term bank loans	6,219	8,344
Less: Portion classified as due within one year	47,197	103,292
	$ 2,236,104	$ 2,121,224

(1) As of December 31, 2022 and 2021, the effective interest rates on short-term bank secured loans were 1.99% and 1.49%–2.50%, respectively.

(2) As of December 31, 2022 and 2021, the effective interest rates on short-term bank credit loans were 2.05% and 1.50%–2.57%, respectively.

(3) Long-term bank secured loans will be successively maturing in March 2027. As of December 31, 2022 and 2021, the effective annual interest rates were 1.79%–2.32% and 1.30%–2.23%, respectively. Interest should be paid on a monthly basis while the principal and interest should be repaid averagely on a monthly or quarterly basis or in full at maturity during the period specified in the loan agreement.

(4) Long-term bank credit facilities will be successively maturing in December 2025. As of December 31, 2022 and 2021, the effective annual interest rates were 1.85%–2.475% and 1.32%–1.85%, respectively. Interest should be paid on a monthly basis while the principal should be repaid averagely on a monthly or quarterly basis or in full at maturity during the period specified in the credit facility agreement.

(5) Taifo signed a 5-year syndicated loan agreement with 13 banks including Yuanta Commercial Bank with a total facility amount of NT$1.7 billion on September 30, 2017 (with the first drawdown made in October 2017). This syndicated loan was paid off in full ahead of time on September 27, 2021.

(6) Taifo signed a 5-year syndicated loan agreement with nine banks including Mega International Commercial Bank with a total facility amount of NT$1.7 billion on August 27, 2021 (with the first drawdown made in September 2022). The effective interest rates on December 31, 2022 and 2021 were 2.680%–2.891% and 2.019%–2.230%, respectively. The purpose of this loan application is to obtain funds required for the “Taipei City Fiber Optic Network Outsourcing Construction and Operation Project,” and the parent company is a joint and several guarantor. The relevant terms and the amount used as of December 31, 2022 were listed as follows:

	Credit limit	Amount drawn/guarantee balance	Credit period	Repayment method	Note
Loan A	$1,400,000 (The total balance of loans A and D under the Syndicated Loan should not exceed NT$1,400,000.)	$ 1,053,470	From the first drawdown date to the expiration of the 5-year period	From the first drawdown date to the expiration of 9 months is Period 1; thereafter, every 3 months is a period with a total of 18 periods. 2.5% will be repaid every period for the first 17 periods and 57.5% will be repaid in the 18th period. Taifo has made an early repayment of the principal due within one year of NT$131,557 thousand on December 31, 2022.	Non-revolving type, drawdown by request, and the undrawn amount will be cancelled after 6 months from the date the contract was signed
Loan B	200,000	45,000	From the first drawdown date to the expiration of the 5-year period	From the first drawdown date to the expiration of 36 months is Period 1; thereafter, every 3 months is a period with a total of 9 periods. 4% of the loan will be repaid every period for the first 8 periods and 68% will be repaid in the 9th period.	Non-revolving type, drawdown by request, and the undrawn amount will be cancelled after 36 months from the first drawdown date.
Loan C	100,000	60,000	From the first drawdown date to the expiration of the 5-year period	Repayment in full at maturity	Revolving type; the minimum drawdown period for each application is 60 days, and the maximum drawdown period should not exceed 180 days.
Loan D	120,000 (The total balance of loans A and D under the Syndicated Loan should not exceed NT$1,400,000.)	89,923	From the first drawdown date to the expiration of the 5-year period	The guarantee period is until the expiration of the loan.	Revolving type; the expiration date of each letter of guarantee should not exceed two years at most

According to the agreement, during the duration of the agreement, Taifo shall have the following in the individual financial statements every half year: (1) current ratio greater than 100%; (2) debt ratio (total liabilities/shareholders’ equity) less than 100%; and (3) net worth not less than NT$2.2 billion.

The parent company, the joint and several guarantor, shall have the following in the parent company only financial statements every half year: (1) current ratio greater than 100%; (2) debt ratio (total liabilities/shareholders’ equity) less than 100%; and (3) tangible net worth not less than NT$2 billion.

As of December 31, 2022, Taifo and the Parent did not violate the provisions of the loan agreement.

(7) For details about the mortgage and collateral provided for bank loans, please refer to 35.

19. Notes payable and accounts payable

	December 31, 2022	December 31, 2021
Notes payable	$ 254	$ 265
Accounts payable	$ 180,707	$ 253,670

The average credit period for the Company's purchases is generally 3 months. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

20. Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payables	$ 49,372	$ 48,732
Payable on land and building purchased	842	842
Amounts payable for construction	2,844	4,381
Service expenses payable	6,574	6,687
Accrued taxes payable	16,067	4,626
Payables to related parties	450	450
Cleaning expenses payable	24,156	-
Others	49,106	47,685
	$ 149,411	$ 113,403

21. Provisions

	December 31, 2022	December 31, 2021
Current		
Onerous contracts	$ 47,640	$ 152,577
Employee benefits	2,801	6,542
Warranty	1,592	1,592
	$ 52,033	$ 160,711
Non-current (Note 23)		
Decommissioning liabilities	$ 12,721	$ 12,555
Provisions for loss contingency	34,188	-
Warranty	6,418	5,902
	$ 53,327	$ 18,457

	Onerous contract	Warranty	Decommissioning liabilities	Provisions for loss contingency	Total
Balance as of January 1, 2022	$152,577	$ 7,494	$ 12,555	$ -	$172,626
Addition (reversal) for the year (recorded as construction cost)	(1,840)	516	-	-	(1,324)
Addition for the year (recorded as cost of goods sold)	169,547	-	-	-	169,547
Addition for the year (recorded as other gains and losses)	-	-	-	34,188	34,188
Financial costs	-	-	166	-	166
Offsetting contract assets – current	(2,879)	-	-	-	(2,879)
Offsetting other financial assets – current	(46,653)	-	-	-	(46,653)
Reclassification into allowance to reduce inventory to market	(223,112)	-	-	-	(223,112)
Balance as of December 31, 2022	$ 47,640	$ 8,010	$ 12,721	$ 34,188	$102,559

	Onerous contract	Warranty	Decommissioning liabilities	Total
Balance as of January 1, 2021	$ 107,296	$ 9,419	$ 16,388	$ 133,103
Addition for the year (recorded as construction cost)	714	(1,925)	-	(1,211)
Addition for the year (recorded as cost of goods sold)	44,567	-	-	44,567
Reversal for the year (recorded as other revenue)	-	-	(3,880)	(3,880)
Financial costs	-	-	165	165
Others	-	-	(118)	(118)
Balance as of December 31, 2021	$ 152,577	$ 7,494	$ 12,555	$ 172,626

(1) The provision for an onerous contract refers to, when the Company measures a non-cancelable sale contract that has been signed but not performed at the balance sheet date, the amount of unavoidable costs of meeting the obligations under the contract exceeding the economic benefits expected to be received under the contract. The Company expects to perform the contract within one year, and this estimate may change with changes in performance of the contract and raw material costs.

(2) Provisions for employee benefits are estimates for the service leave entitlements for employees

(3) Warranty provisions refer to the management's best estimate of the future outflow of economic benefits arising from warranty obligations under the construction contract.

(4) Provisions for decommissioning liabilities refer to the obligations to dismantle, remove and restore estimated for the cost of property, plant and equipment, and are recognized as the cost of property, plant and equipment and decommissioning

liabilities. If there is any change in the estimated amount or the discount rate to settle such obligations resulting in a change in the estimate of the above obligations, the relevant costs and liabilities should be adjusted in the current period. The increase in the amount of liabilities due to the passage of time should be recognized as interest expenses.

(5) Provisions for loss contingency refer to future payment obligations that may arise from the dispute over determination of the overdue liquidated damages between King Tung Resources and Taiwan Railways Administration (hereinafter referred to as the "TRA"), MOTC. Please refer to Note 36 (11).

22. Corporate bonds payable

	December 31, 2022	December 31, 2021
The fourth domestic secured convertible corporate bonds	$ -	$ 123,300
Less: Discount on corporate bonds payable	-	960
	-	122,340
Less: Sell-back right to be exercised within one year	-	122,340
	$ -	$ -

The Parent issued the fourth domestic secured convertible corporate bonds on July 24, 2019, 3-year NT$300,000 thousand domestic secured convertible corporate bonds with a coupon rate of zero. The terms and conditions of issuance are described as follows:

(1) Bondholders may request the Parent to repay the principal in cash in one lump sum according to the face value of the corporate bond when the corporate bond matures.

(2) Bondholders can sell back corporate bonds at 101.5056% of the face value of the bonds 2 years after the issuance of the corporate bonds (June 24, 2021).

(3) If the closing price of the Parent's share is above 30% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange, or the total value of outstanding convertible bonds becomes less than 10% of the total face value at issue, the Parent has the option to request redemption of the bonds from bondholders by cash at face value from the next day of 3 months after bond issuance (September 25, 2019) to 40 days before maturity (May 15, 2022).

(4) Starting from the next day of 3 months after the issuance date (September 25, 2019) to the maturity date (June 24, 2022), unless during the period for suspension of transfer according to law, the bondholders may anytime ask for bond conversion into common stocks at the conversion price at that time. According to the regulations for the Issuance and conversion of corporate bonds, the reference date for determining the conversion price was set for June 14, 2019, with a conversion premium rate of 102% at a conversion price of NT$16.3 per share which, however, is subject to adjustment based on the formula for calculating the conversion price if the ratio of bonus shares and cash dividends on common stock to the market price per share exceeds 1.5%. Starting from November 12, 2020, the conversion price of the convertible corporate bond was adjusted to NT$16.1 per share in accordance with the terms and conditions of issuance.

The above convertible corporate bonds consist of two components: liabilities and equity, and the equity component is expressed as capital surplus – stock options under the equity item. The effective interest rate originally recognized for the liability component was 1.5633%.

The amount of debt instruments under the master contract originally recognized was NT$286,264 thousand on the issuance date, which was the balance of the fair value of straight bonds of NT$290,250 thousand upon initial issuance minus the transaction cost apportioned to the primary liability of NT$4,983 thousand plus the related income tax effect of NT$997 thousand. The amount of redemption and sell-back rights originally recognized was NT$1,548 thousand. The equity component was NT$8,062 thousand, which was the original issue price minus the fair value of the liability component of NT$8,175 thousand, minus the transaction cost apportioned to the equity of NT$140 thousand plus the related income tax effect of NT$27 thousand.

The above convertible corporate bonds consist of liability and equity components. The liability and equity components upon initial issuance are listed as follows:

Issue price (minus the transaction costs of NT$5,150 thousand)	$ 294,850
Component of financial liabilities at fair value through profit or loss on the issuance date	(1,548)
Equity component on the issuance date (minus the transaction costs apportioned to the equity of NT$140 thousand and the related income tax effect of NT$27 thousand)	(8,062)
Deferred tax assets on the issuance date	1,024
Liability component on the issuance date (minus the transaction costs apportioned to the liability of NT$4,983 thousand and the related income tax effect of NT$997 thousand)	$ 286,264

The changes in the Parent's debt instruments under the master contract and derivatives with redemption and sell-back rights in 2022 and 2021 are described as follows:

2022

	Debt instruments under the master contract	derivatives with redemption and sell-back rights
Balance as of January 1, 2022	($ 122,340)	$ -
Interest expenses	(910)	-
Conversion into common stocks	38,050	-
Repayments of corporate bonds	85,200	-
Balance as of December 31, 2022	$ -	$ -

2021

	Debt instruments under the master contract	derivatives with redemption and sell-back rights
Balance as of January 1, 2021	($ 213,537)	($ 74)
Interest expenses	(2,223)	-
Conversion into common stocks	93,420	-
The profit on the changes in fair value	-	74
Balance as of December 31, 2021	($ 122,340)	$ -

23. Other non-current liabilities

	December 31, 2022	December 31, 2021
Provisions – non-current	$ 53,327	$ 18,457
Deposits received	44,736	55,711
Others	13,381	14,659
	$ 111,444	$ 88,827

24. Post-employment benefit plans

(1) Defined contribution pension plan

The labor pension system prescribed in the “Labor Pension Act” applicable to the Company is a defined allocation pension plan regulated by the government, which requires that the company shall on a monthly basis contribute labor pension funds, i.e. six percent of the worker’s monthly wage to individual labor pension accounts at the Bureau of Labor Insurance.

The amounts that should be appropriated by the Company according to the percentage specified in the defined contribution plan in 2022 and 2021 have been recognized as expenses in the consolidated statement of comprehensive income totaling NT$12,722 thousand and NT$11,852 thousand, respectively.

(2) Defined benefit plan

The labor pension system prescribed in the “Labor Standards Act” applicable to the Company is a defined allocation pension plan. The payment of employee pensions is calculated based on years of service and six months’ average wage of the worker at the time when the retirement is approved. The Company shall appropriate labor pension reserve funds 2% of the total monthly wages of their employees, and such amount shall be deposited in a designated account at Bank of Taiwan by the Labor Pension Fund Supervisory Committee in the name of the Committee. Before the end of each year, after the balance in the designated account is assessed, if the amount is inadequate to pay pensions calculated for workers meeting the conditions and retiring in the following year, the Company is required to make up the difference in one appropriation before the end of March the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The Company has no right to influence the investment management strategy.

The amount of the Company's defined benefit plan included in the consolidated balance sheet is presented as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 13,384	$ 13,269
The fair value of plan assets	(13,343)	(12,612)
Shortage of provisions (recorded as other non-current liabilities)	$ 41	$ 657

The changes in the Company's net defined benefit liability are described as follows:

	Present value of defined benefit obligations	The fair value of plan assets	Net defined benefit liability
Balance as of January 1, 2021	$ 12,411	($ 12,226)	$ 185
Service costs			
Current service cost	118	-	118
Interest expenses (incomes)	120	(118)	2
Recognized in profit or loss	238	(118)	120
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(99)	(99)
Actuarial loss – change in financial assumptions	550	-	550
Actuarial loss – adjustment through experience	70	-	70
Recognized in other comprehensive income	620	(99)	521
Employer appropriation	-	(169)	(169)
December 31, 2021	$ 13,269	($ 12,612)	$ 657
Balance as of January 1, 2022	$ 13,269	($ 12,612)	$ 657
Service costs			
Current service cost	124	-	124
Interest expenses (incomes)	91	(87)	4
Recognized in profit or loss	215	(87)	128
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(972)	(972)
Actuarial loss – change in financial assumptions	484	-	484
Actuarial loss – adjustment through experience	(94)	-	(94)
Recognized in other comprehensive income	390	(972)	(582)
Employer appropriation	-	(162)	(162)
Payments of plan assets	(490)	490	-
December 31, 2022	$ 13,384	($ 13,343)	$ 41

The Company is exposed to the following risks as a result of the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

2. Interest rate risk: A fall in interest rates on government bonds causes the present value of the defined benefit obligation to increase; however, the return from debt investments on plan assets will also increase accordingly. The two provide a partially offsetting effect on the net defined benefit liability (asset).

3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	December 31, 2022	December 31, 2021
Discounted rate	1.250%	0.700%
Expected rate of salary increase	2.500%	2.000%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows

	December 31, 2022	December 31, 2021
Discounted rate		
Increase by 0.25%	($ 404)	($ 453)
Decrease by 0.25%	$ 420	$ 472
Expected rate of salary increase		
Increase by 0.25%	$ 416	$ 473
Decrease by 0.25%	($ 401)	($ 456)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2022	December 31, 2021
Amount expected to be appropriated within 1 year	$ 152	$ 165
Average duration to maturity of defined benefit obligation	12.0 years	14.0 years

25. Equity

(1) Common stock

	December 31, 2022	December 31, 2021
Authorized number of shares (in thousands of shares)	200,000	200,000
Authorized capital stock	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands of shares)	150,922	147,642
Capital stock issued	$ 1,509,219	$ 1,476,424

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$81,400 thousand into 5,056 thousand shares of common stock in December 2020. The reference date for capital increase was January 8, 2021, and the change registration was completed on February 4, 2021.

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$80,600 thousand into 5,006 thousand shares of common stock from January 1, 2021 to June 30, 2021. The reference date for capital increase was April 8, 2021, and the change registration was completed on May 3, 2021.

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$38,100 thousand into 2,367 thousand shares of common stock from January 2022 to June 30, 2022. As of December 31, 2022, the change registration was already completed.

(2) Certificate of entitlement to new shares form convertible bond

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$14,700 thousand into 913 thousand shares of common stock in November 2021. As of December 31, 2021, the change registration of 913 thousand shares has not completed, which are recorded as certificate of entitlement to new shares form convertible bond in an amount of NT$9,130 thousand. The reference date for capital increase was January 14, 2022 as approved by the Parent's board of directors, and the change registration was already completed on February 7, 2022.

(3) Capital surplus

	December 31, 2022	December 31, 2021
For loss make-up, payment in cash or capitalization as equity (Note)		
Stock issuance premium	$ 889,308	$ 889,308
Conversion premium of the convertible bond	404,780	389,370
Cancellation of treasury stock premium	4,965	4,965
Cancelled options	15,479	13,190

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	December 31, 2022	December 31, 2021
Only for loss make-up		
Changes in equity of associates accounted for using the equity method	$ 292	$ 58
May not be used for any purpose		
Equity component recognized on the issuance of convertible corporate bonds – stock options	-	3,314
	$ 1,314,824	$ 1,300,205

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(4) Retained Earnings and Dividend Policy

According to the profit distribution policy of the Parent's Articles of Incorporation, after closing of accounts, if there is surplus earning, the Parent shall first make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital of the Parent, this provision shall not apply. The Parent may set aside or reverse another sum as special reserve from the rest according to the laws and regulations. The remaining profit, if any, together with the accumulated undistributed earnings, shall be distributed as shareholders' dividends subject to the proposal for distribution of profits adopted by the board of directors and the approval of the shareholders' meeting.

For details about the distribution policy for employees' compensation and remuneration to directors and supervisors stipulated in the Parent's Article of Incorporation, please refer to Note 27 (4) employee benefit expenses

The legal reserve should not be appropriated from surplus profits further when it amounts to the total paid-up capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Parent held a general shareholders' meeting on July 2, 2021, and passed a resolution to cover the losses in 2020 by the beginning undistributed earnings and not to distribute shareholders' bonuses.

The Parent held a general shareholders' meeting on May 31, 2021, and passed a resolution to cover the losses in 2021 by the beginning undistributed earnings and not to distribute shareholders' bonuses.

The 2022 deficit compensation as proposed by the Parent's board of directors on March 24, 2023.

The proposal for 2022 deficit compensation was expected to be resolved by the general shareholders' meeting on June 26, 2023.

(5) Other equity

1. Exchange differences on translation of foreign financial statements

	2022	2021
Balance, beginning of year	($ 9,447)	($ 8,166)
Accrued in current year		
Exchange differences arising from translation of the net assets of a foreign operation	2,999	(1,602)
Share of associates accounted for using the equity method	50	-
Related income tax	(610)	321
Balance, end of year	($ 7,008)	($ 9,447)

2. Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	2022	2021
Balance, beginning of year	$ 1,548	($ 5,309)
Accrued in current year		
Unrealized gain or loss		
Equity instruments	2,467	10,645
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	-	(3,788)
Balance, end of year	$ 4,015	$ 1,548

(6) Non-controlling interests

	2022	2021
Balance, beginning of year	$ 749,397	$ 805,897
Share attributable to non-controlling interests		
Net losses for the year	(14,668)	(56,450)
Exchange differences on translation of foreign financial statements	109	(50)
Difference between the actual cost of acquisition and the carrying amount of the subsidiary's equity (Note 31)	8,660	-
Balance, end of year	$ 743,498	$ 749,397

26. Revenue

	2022	2021
Customer contract revenue		
Sales revenue	$ 912,279	$ 1,099,428
Construction revenue	183,380	185,522
Telecommunications services revenue	568,019	419,299
Other revenue	35,857	23,720
	$ 1,699,535	$ 1,727,969

(1) Contract balance

	December 31, 2022	December 31, 2021
Contract assets – current		
Engineering services	$ 69,078	$ 60,710
Labor service	546	17,190
	69,624	77,900
Less: Allowance for losses	9,699	8,349
	$ 59,925	$ 69,551
Contract liabilities (recorded as contract liabilities – current and other non-current liabilities)		
Sale of goods	$ 3,852	$ 3,447
Engineering services	37,861	-
Telecommunications service	1,353	2,211
Others	15,208	10,622
	$ 58,274	$ 16,280
Contract liabilities – current	$ 57,159	$ 15,108
Contract liabilities – non-current	1,115	1,172
	$ 58,274	$ 16,280

Changes in contract assets and contract liabilities are mainly due to the difference between the timing of satisfaction of performance obligations and the timing of payment by customers, and there is no major change.

The amount of contract liabilities from the beginning of the year recognized as income in the year was as follows:

	2022	2021
Sale of goods	$ 348	$ 2,118
Engineering services	-	7,649
Telecommunications service	1,561	465
Others	10,622	449
	$ 12,531	$ 10,681

For details about notes receivable and accounts receivable, please refer to Note 9.

The Company recognizes an allowance for losses on contract assets on the basis of expected credit loss over the duration of the receivables. Contract assets will be transferred to accounts receivable upon billing, and their credit risk characteristics are the same as those of accounts receivable arising from similar contracts. Therefore, the Company considers that the expected credit loss rate of accounts receivable can also be applied to contract assets.

	December 31, 2022	December 31, 2021
Expected credit loss rate	-% ~ 100%	-% ~ 100%
Total book value	$ 69,624	$ 77,900
Allowance for loss (expected credit loss of the given duration)	(9,699)	(8,349)
	$ 59,925	$ 69,551

Changes in the allowance for losses on contract assets are described as follows:

	2022	2021
Balance, beginning of year	$ 8,349	$ -
Add: Allowance for losses for the year	1,350	8,349
Balance, end of year	$ 9,699	$ 8,349

(2) Breakdown of revenue from contracts with customers

2022

	Taiwan	China	Southeast Asia	Total
Type of goods or services				
Sales revenue	$ 836,868	$ 28,712	$ 46,699	$ 912,279
Construction revenue	166,953	-	16,427	183,380
Telecommunications services revenue	568,019	-	-	568,019
Other operating revenue	35,857	-	-	35,857
	$ 1,607,697	$ 28,712	$ 63,126	$ 1,699,535

2021

	Taiwan	China	Southeast Asia	Europe (Note)	Total
Type of goods or services					
Sales revenue	$ 986,947	$ 66,148	$ 46,333	$ -	$ 1,099,428
Construction revenue	171,810	-	13,712	-	185,522
Telecommunications services revenue	419,299	-	-	-	419,299
Other operating revenue	16,021	3,799	-	3,900	23,720
	$ 1,594,077	$ 69,947	$ 60,045	$ 3,900	$ 1,727,969

Note: The labor service that generates this revenue was actually provided in Taiwan.

27. Net loss before taxation

Net loss before tax includes the following items:

(1) Other revenue

	2022	2021
Lease income from operating leases	$ 11,120	$ 18,521
Gain on reversal of decommissioning liabilities	-	3,880
Gain on write-off of accounts payable	-	5,342
Warranty compensation revenue	-	1,000
Dividend income	1,113	986
Other revenue	5,014	5,211
	$ 17,247	$ 34,940

(2) Other profits and losses

	2022	2021
Loss of financial assets and liabilities measured at fair value through profit or loss	($ 4,651)	($ 2,489)
Impairment loss (Note 11, 14 and 16)	(7,034)	(72,846)
Contingent loss (Note 21)	(34,188)	-
Lease modification gain	8	59
Loss from disposal of property, plant and equipment	(4,463)	(1,901)
Foreign exchange gains (losses) – net	3,555	(4,002)
Other expenses	(379)	(570)
	($ 47,152)	($ 81,749)

(3) Financial costs

	2022	2021
Interest from bank borrowings	($ 49,259)	($ 40,999)
Interest on the convertible bonds	(910)	(2,223)
Service fee expense	(2,218)	(3,367)
Interest on lease liabilities	(374)	(487)
Interest on decommissioning liabilities	(166)	(165)
	($ 52,927)	($ 47,241)

(4) Employee benefits expenses

	2022			2021		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salaries and wages	$ 176,895	$ 93,963	$ 270,858	$ 177,911	$ 96,890	$ 274,801
Labor insurance and national health insurance	18,234	9,271	27,505	17,023	8,925	25,948
Pension expenses	8,584	4,266	12,850	7,883	4,089	11,972
Remuneration to directors	-	1,539	1,539	-	927	927
Others	7,684	3,419	11,103	8,463	4,583	13,046
	$ 211,397	$ 112,458	$ 323,855	$ 211,280	$ 115,414	$ 326,694

The Parent shall appropriate at least 1% and not more than 2% of the pre-tax income for the year before deducting for the distribution of employees' compensation and remuneration to directors and supervisors for employees' compensation and remuneration to directors and supervisors.

The Parent posted net loss after tax in 2022 and 2021; therefore, it did not record the amount payable for employees' compensation and remuneration to directors and supervisors.

For information on employees' compensation and remuneration to directors and supervisors of the Parent, please visit the "Market Observation Post System (MOPS)" of the Taiwan Stock Exchange for any inquiry.

(5) Depreciation and amortization expenses

	2022	2021
Property, Plant and Equipment	$ 128,868	$ 121,689
Investment property	279	559
Right-of-use assets	15,927	28,995
Intangible assets	160,676	155,279
Total	$ 305,750	$ 306,522
Summary of depreciation expenses by function		
Operating costs	$ 109,372	$ 106,444
Operating expenses	35,423	44,240
Other profits and losses	279	559
	$ 145,074	$ 151,243
Summary of depreciation expenses by function		
Operating costs	$ 139,345	$ 133,964
Operating expenses	21,331	21,315
	$ 160,676	$ 155,279

(6) (Reversal of) expected credit impairment loss (recorded as operating expenses)

	2022	2021
Expected credit impairment losses (reversal of losses)	($ 7,560)	$ 19,071

(7) Operating expenses

	2022	2021
Employee benefits expenses	$ 112,458	$ 115,414
Depreciation expenses	35,423	44,240
Amortization expenses	21,331	21,315
Service expenses	8,964	14,699
Others	59,396	75,048
	$ 237,572	$ 270,716

28. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax benefit are as follows:

	2022	2021
Income tax expenses in the current period		
Accrued in current year	$ 328	($ 672)
Prior year adjustment	8	2
	336	(670)
Deferred tax		
Accrued in current year	(7,365)	(7,827)
Prior year adjustment	-	124
	(7,365)	(7,703)
Income tax benefit recognized in profit or loss	($ 7,029)	($ 8,373)

The reconciliation of accounting income to income tax benefit is as follows.

	2022	2021
Net loss before taxation	($ 265,457)	($ 264,613)
Tax income from net loss before tax calculated at statutory tax rate (20%)	($ 53,091)	($ 52,923)
Non-deductible expenses for tax purposes	5,284	3,561
Tax-exempt income	(91,436)	(2,461)
The difference between basic tax and general income tax	-	20
Tax losses to offset the investment income	828	
Unrecognized deductible temporary differences and loss carry-forward	131,473	45,397
Different tax rates on subsidiaries operating in other jurisdictions	(95)	(687)
Others	-	(1,406)
Adjustments to income tax for prior years	8	126
Income tax benefit recognized in profit or loss	($ 7,029)	($ 8,373)

The tax rate applicable to subsidiaries in China is 25%. Taxes incurred in other jurisdictions are calculated based on the tax rate applied in the related jurisdictions.

(2) Tax expense (benefit) recognized in other comprehensive income

	2022	2021
Deferred tax		
Accrued in current year		
– Exchange of foreign operating institutions	$ 610	($ 321)

(3) Current income tax asset and liability

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 4,945	$ 5,571
Current tax liabilities		
Income tax payables	$ 3,143	$ 2,759

(4) Deferred tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2022

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Temporary difference					
Leave payables	$ 1,309	($ 748)	$ -	$ -	$ 561
Allowance for bad debts	2,463	423	-	-	2,886
Inventory falling price loss	19,217	7,766	-	8	26,991
Unrealized foreign exchange losses	154	(154)	-	-	-
Unrealized gains or losses among affiliate companies	34,170	(1,202)	-	-	32,968
Deferred revenue	84	(51)	-	-	33
Amortization of intangible assets	273	-	-	4	277
Provision for warranty	627	59	-	-	686
Impairment loss of assets	6,554	146	-	3	6,703
Decommissioning liabilities	209	-	-	-	209
Onerous contract	5,256	1,322	-	-	6,578
Loss from equity method investments	40	(23)	-	-	17
Convertible corporate bonds	70	(70)	-	-	-
Exchange differences on translation of foreign financial statements	148	-	(148)	-	-
	$ 70,574	$ 7,468	($ 148)	$ 15	$ 77,909

Deferred tax liabilities					
Temporary difference					
Exchange differences on translation of foreign financial statements	$ -	$ -	$ 462	$ -	$ 462
Pension payments	707	-	-	-	707
Unrealized foreign exchange gains	-	103	-	-	103
	$ 707	$ 103	$ 462	$ -	$ 1,272

2021

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Deferred tax assets					
Temporary difference					
Leave payables	$ 1,106	$ 203	$ -	$ -	$ 1,309
Allowance for bad debts	1,107	1,356	-	-	2,463
Inventory falling price loss	14,240	4,981	-	(4)	19,217
Unrealized foreign exchange gains and losses	-	154	-	-	154
Unrealized gains or losses among affiliate companies	37,585	(3,415)	-	-	34,170
Deferred revenue	1	83	-	-	84
Amortization of intangible assets	275	-	-	(2)	273
Provision for warranty	673	(46)	-	-	627
Impairment loss of assets	187	6,368	-	(1)	6,554
Decommissioning liabilities	1,269	(1,060)	-	-	209
Onerous contract	5,867	(611)	-	-	5,256
Loss from equity method investments	154	(114)	-	-	40
Convertible corporate bonds	373	(303)	-	-	70
Exchange differences on translation of foreign financial statements	-	-	148	-	148
	$ 62,837	$ 7,596	$ 148	($ 7)	$ 70,574
Deferred tax liabilities					
Temporary difference					
Exchange differences on translation of foreign financial statements	$ 173	$ -	($ 173)	$ -	$ -
Pension payments	707	-	-	-	707
Unrealized foreign exchange gains and losses	25	(25)	-	-	-
Income from equity method investments	82	(82)	-	-	-
	$ 987	($ 107)	($ 173)	$ -	$ 707

(5) Deductible temporary differences and unused loss carry-forward not recognized as deferred tax assets in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carryforwards		
Due in 2022	$ -	$ 61,125
Due in 2023	111,446	111,446
Due in 2024	214,600	214,600
Due in 2025	185,711	185,711
Due in 2026	200,609	200,609
Due in 2027	193,388	193,388
Due in 2028	199,709	199,663
Due in 2029	183,727	183,727
Due in 2030	130,744	130,744
Due in 2031	116,294	116,943
Due in 2032	517,818	-
	2,054,046	1,597,956
Deductible temporary differences		
Inventory obsolescence loss	124,011	107,971
Allowance for bad debts	6,651	6,701
Unrealized loss on investments	90,956	92,812
Others	12,787	11,158
Impairment loss	30,283	32,330
	264,688	250,972
Total	$ 2,318,734	$ 1,848,928

(6) The assessments of the profit-seeking enterprise income tax returns of the parent company and its subsidiaries by the tax collection agency were as follows:

	Year of assessment
Parent company	2020
Qiong Lian	2020
Taifo	2020
King Tung Resources	2020
Datong Construction	2020

29. Loss per share

The numerator and denominator in the calculation of a loss per share are disclosed as follows:

	Amount (numerator)	Number of shares (denominator) (thousands of shares)	Loss per share (NT$)
2022			
Basic and diluted loss per share			
Net losses for the year attributable to shareholders of the parent company	($ 243,760)	150,054	($ 1.62)
2021			
Basic and diluted loss per share			
Net losses for the year attributable to shareholders of the parent company	($ 199,790)	147,444	($ 1.36)

The Parent may have the profit distributable as employees' compensation distributed in the form of shares or in cash; however, diluted earnings per share should be calculated on the assumption that the employees' compensation will be distributed in the form of shares, and when the potential ordinary shares are considered to be dilutive, the weighted average number of outstanding shares should be added in the calculation of diluted earnings per share. When calculating diluted earnings per share, the closing price of such potential ordinary shares at the balance sheet date is used as the basis for judging the number of issued shares. The diluting effect of these potential ordinary shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

30. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value as of December 31, 2022 and 2021 approximate their fair value.

(2) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Fund beneficial certificates	$ 29,104	$ -	$ -	$ 29,104
Stocks listed on the TWSE/TPEx	11,210	-	-	11,210
Financial assets measured at fair value through other comprehensive income				
Domestic and foreign stocks not listed on stock exchanges	-	-	16,582	16,582

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Fund beneficial certificates	$ 7,118	$ -	$ -	$ 7,118
Stocks listed on the TWSE/TPEx	11,912	-	-	11,912
Financial assets measured at fair value through other comprehensive income				
Domestic and foreign stocks not listed on stock exchanges	-	-	14,115	14,115

The Company had no transfers between Levels 1 and 2 for fair value measurements in 2022 and 2021.

2. Reconciliation of financial instruments measured at fair value in Level 3

2022

Financial assets	Through other comprehensive income Investments in equity instruments designated at fair value
Balance, beginning of year	$ 14,115
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	2,467
Balance, end of year	$ 16,582

2021

Financial assets	Through other comprehensive income Investments in equity instruments designated at fair value
Balance, beginning of year	$ 13,845
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	10,645
Disposal of domestic and foreign stocks not listed on stock exchanges	(9,911)
Proceeds from capital reduction	(464)
Balance, end of year	$ 14,115

3. Methods for measuring the fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

(1) The fair values of financial assets and financial liabilities with standard terms and conditions and are traded in an active market is determined by reference to quoted market prices.

(2) The financial assets financial measured at fair value in Level 3 held by the Company are stocks not listed on the TWSE/TPEx, of which fair value is mainly measured by the market approach and the asset approach, based on the estimates and assumption with reference to relevant information of comparable transactions in the market and estimated future cash flows. The key unobservable inputs include discounts for lack of control and lack of marketability.

(3) Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss	$ 40,314	$ 19,030
Financial assets at amortized cost (Note 1)	953,270	1,129,282
Financial assets at fair value through other comprehensive income – non-current	16,582	14,115
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	2,848,774	2,856,705

Note 1: The balance covers cash and cash equivalents, contract assets – current, notes receivable, accounts receivable, part of other receivables, part of refundable deposits, other financial assets (current and non-current), and other financial assets measured at amortized cost.

Note 2: The balance covers short-term borrowings, notes payable, accounts payable, part of other payables, long-term borrowings due within one year or one operating cycle, corporate bonds with reverse repurchase agreements to be mature or executed within one year or one operating cycle, long-term borrowings, part of other non-current liabilities, and other financial liabilities measured at amortized cost.

(4) Purpose and policy of financial risk management

The Company's financial instruments mainly include equity investment, receivables, payables, borrowings, etc. The Company's department of finance manages the financial risks associated with the Company's operations according to operating and market conditions. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid the risk of exposure and reduce the impact of such risks. The use of derivative financial instruments is regulated by the policies approved by the Company's board of directors. The Company does not engage in derivative financial instruments transactions for speculative purposes.

1. Market Risk

The financial risks borne by the Company in its operating activities include the risk of exchange rate fluctuations, the interest rate risk, and other price risks.

(1) Exchange rate risk

The Company is engaged in purchases and sales in foreign currency, which makes the Company exposed to the risk of exchange rate fluctuations. The Company utilizes foreign exchange forward contracts to manage the exposure to exchange rate risks to the extent permitted by the policy

For details about the Company's carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date (including monetary items denominated in non-functional currencies that have been written off as shown in the consolidated financial statements), please refer to Note 37.

Sensitivity analysis

The Company is mainly affected by fluctuations in US dollar and Singapore dollar exchange rates.

In the Company's assessment, the profits and losses arising from foreign currency assets and liabilities due to changes in market exchange rates will be offset, and the market risk is expected to bring a limited impact to financial assets and financial liabilities.

The following table details the sensitivity analysis of the Company when the exchange rate of New Taiwan dollars (functional currency) increases and decreases by 1% against each relevant foreign currency. The positive numbers in the table below represent the amount of increase (decrease) in net profit after tax when the associated foreign currency appreciates by 1%. When the associated foreign currency depreciates by 1%, the effect thereof on net profit after tax will be a negative number of the same amount.

	Effect of the US dollar		Effect of Singapore dollar	
	2022	2021	2022	2021
Gain or loss	$ 41	$ 136	$ -	$ 265

(2) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market conditions. The Company's financial assets exposed to interest rate risk are mainly time deposits with floating rates. However, the change in the interest rate was assessed by the Company to have no material impact on the Company's net profit after tax.

In addition, the carrying amounts of the Company's financial liabilities exposed to interest rate risk at the balance sheet date were listed as follows:

	December 31, 2022	December 31, 2021
Financial liabilities with the fair value interest rate risk		
- Short-term borrowings	$ 150,000	$ -
- Long-term borrowings	$ 50,000	$ -
Financial liabilities with the cash flows interest rate risk		
- Short-term borrowings	$ 50,000	$ 129,000
- Long-term borrowings	$ 2,239,520	$ 2,232,860

Sensitivity analysis

The Company's floating rate liabilities were analyzed on the assumption that the outstanding liabilities at the balance sheet date were outstanding during the reporting period.

If the interest rate increases/decreases by 0.5%, and all other variables remain unchanged, the Company's net profit after tax in 2022 and 2021 will decrease/increase by NT$8,382 thousand and NT$8,305 thousand, respectively.

(3) Other price risks

The Company has other price risks arising from stocks and other investments in equity instruments and fund beneficiary certificates. If the prices of equity and funds increase/decrease by 1%, the profit and loss after tax in 2022 and 2021 will increase/decrease by NT$403 thousand and NT$190 thousand due to the increase/decrease in the fair value of financial asset measured at fair value through profit or loss. The Other comprehensive income after tax in 2022 and 2021 will increase/decrease by NT$166 thousand and NT$141 thousand, respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk of financial loss resulting from the default on contractual obligations by the counterparties. As of the balance sheet date, the Company's maximum credit risk exposure possibly due to the counterparty's failure to perform its obligations mainly comes from the carrying amount of the financial assets recognized in the consolidated balance sheet.

The policy adopted by the Company is to only conduct transactions with a counterparty who have a good reputation and to review and check accounts with the counterparty every month, so that the counterparty can perform its obligations within the given or agreed period. The Company gives a line of credit to counterparties depending on their operating scale and past historical experience and adjusts the line of credit by reviewing the status of their performance of the transaction obligations on a regular basis to continuously monitor the credit risk and the credit rating of the counterparty and control the credit risk. The information on the aforementioned operating scale is obtained from external information.

In order to reduce the credit risk, the Company has designated the Sales Department to be responsible for the determination of the line of credit, approval of credit, and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. In view of the above, the Company's management believes that the Company's supervisory procedures can still control the Company's credit risk, which will not cause a risk of financial losses to the Company.

The Company's credit risk is mainly concentrated in the top ten customers by the Company's operating revenue, mainly domestic and foreign telecommunications companies or peer companies and government-related entities. As of December 31, 2022 and 2021, the percentages of accounts receivable coming from the aforementioned customers were 83% and 69%, respectively.

3. Liquidity Risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

The Company has sufficient working capital and thus has no liquidity risk due to inability to raise funds to meet contractual obligations. Raising funds externally and bank loans are important sources of liquidity for the Company. The balances of the Company's unutilized banking facilities were listed as follows:

	December 31, 2022	December 31, 2021
Unutilized short-term facilities and issuance of commercial papers	$ 643,107	$ 588,370
Unutilized long-term facilities	811,187	1,319,790
	$ 1,454,294	$ 1,908,160

Table for Liquidity and Interest Rate Risk

The following table details the Company's maturity analysis for non-derivative financial liabilities that shows the remaining contractual maturities during the agreed repayment period, which has been drawn up based on the undiscounted cash flows of financial liabilities, including cash flows of the interest and principal payments, based on the earliest date on which the Company can be required to pay.

The short-term borrowings and long-term borrowings due within one year that the Company can be required to pay immediately are listed in the earliest period in the table below, regardless of the probability that the bank will exercise the right immediately. The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

December 31, 2022

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial assets						
Short-term borrowings	$ -	$ 150,000	$ 50,000	$ -	$ -	$ 200,000
Notes payable	169	85	-	-	-	254
Accounts payable	111,601	57,709	11,397	-	-	180,707
Other payables	106,390	28,102	14,919	-	-	149,411
Long-term borrowings due within one year or one operating cycle	3,256	6,524	37,417	-	-	47,197
Long-term borrowings	-	-	-	2,242,323	-	2,242,323
Lease liability	1,300	1,164	6,049	5,665	-	14,178
	$ 222,716	$ 243,584	$ 119,782	$ 2,247,988	$ -	$ 2,834,070

December 31, 2021

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial assets						
Short-term borrowings	$ 99,000	$ 30,000	$ -	$ -	$ -	$ 129,000
Notes payable	27	238	-	-	-	265
Accounts payable	168,549	69,118	16,003	-	-	253,670
Other payables	75,142	28,116	10,145	-	-	113,403
Corporate bonds with reverse repurchase agreements to be mature or executed within one year or one operating cycle	-	-	122,340	-	-	122,340
Long-term borrowings due within one year or one operating cycle	3,221	15,064	85,007	-	-	103,292
Long-term borrowings	-	-	-	2,129,568	-	2,129,568
Lease liability	1,852	2,896	9,652	6,018	-	20,418
	$ 347,791	$ 145,432	$ 243,147	$ 2,135,586	$ -	$ 2,871,956

(5) Information on transfers of financial assets

The Company transferred by endorsement part of bankers' acceptances receivable in Mainland Area to suppliers to pay its accounts payable. If the bankers' acceptances receivable cannot be collected when due, the transferee has the right to request the Company to pay the outstanding balance. Therefore, the Company has not transferred the significant risks and rewards of the bankers' acceptances receivable. The Company shall continue to recognize all bankers' acceptances receivable and use the transferred bankers' acceptances receivable as collateral for payments to suppliers.

As of December 31, 2021, the carrying amounts of the transferred bankers' acceptances receivable and related liabilities not derecognized were NT$1,039 thousand.

31. Equity transactions with non-controlling interests

King Tung Resources conducted a cash capital increase of NT$50,000 thousand on May 18, 2022, which was fully subscribed by the Parent, resulting in an increase in the Parent's shareholding ratio from 86% to 88.33%.

King Tung Resources conducted a cash capital increase of NT$20,000 thousand on August 17, 2022, which was fully subscribed by the Parent, resulting in an increase in the Parent's shareholding ratio from 88.33% to 89.06%.

Since the above transactions not based on the shareholding ratio did not change the Parent's control of King Tung Resources, the Parent regarded it as an equity transaction.

	2022
Cash consideration paid	$ 70,000
The carrying amount of the subsidiary's net assets to be transferred from non-controlling interests based on the relative changes in equity.	(61,340)
Difference in equity transaction	($ 8,660)
Adjustment to difference in equity transaction	
Deficit to be offset	($ 8,660)

32. Cash flow information

(1) Non-cash transactions

The Parent conducted the following non-cash transaction financing activities in 2022 and 2021:

As stated in Notes 22 and 25, the Parent converted the convertible corporate bonds with a face value of NT$38,100 thousand and NT$95,300 thousand into share capital of NT$23,665 thousand and NT$100,620 thousand in 2022 and 2021 at the request of bondholders, and the capital surplus increased by NT$14,385 thousand and NT$34,228 thousand.

(2) Changes in the Company's liabilities from financing activities

2022

	Balance, beginning of year	Cash provided by (used in)	Changes in other non-cash items	Balance, end of year
Short-term borrowings	$ 129,000	$ 71,000	$ -	$ 200,000
Corporate bonds payable	122,340	(85,200)	(37,140)	-
Long-term borrowings	2,224,516	56,660	2,125	2,283,301
Deposits received	55,711	(11,560)	585	44,736
Lease liability	19,014	(16,520)	11,426	13,920
	$ 2,550,581	$ 14,380	($ 23,004)	$ 2,541,957

2021

	Balance, beginning of year	Cash provided by (used in)	Changes in other non-cash items	Balance, end of year
Short-term borrowings	$ 21,000	$ 108,000	$ -	$ 129,000
Long-term borrowings	2,241,812	(11,559)	(5,737)	2,224,516
Deposits received	25,921	29,790	-	55,711
Lease liability	38,237	(29,670)	10,447	19,014
	$ 2,326,970	$ 96,561	$ 4,710	$ 2,428,241

33. Capital Risk Management

The main purpose of the Company's capital management is, on the premise of ensuring that the Company can continue to operate, to maintain optimal debt and equity balances to support business operations and maximize shareholders' equity. The company manages and adjusts its capital structure according to economic conditions, and achieves the goal of capital structure maintenance and adjustments possibly by means of dividend payments and issuance of new shares.

34. Related Party Transactions

Transactions, account balances, income and gains, expenses and losses between the parent company and its subsidiaries (which are the Company's related parties) were all eliminated upon consolidation, so they were not disclosed in the Note. Except as disclosed in other notes, the material transactions between the Company and related parties are described as follows:

(1) Name of related parties and the relationships

Name of related parties	Relationship with the Company
XIN DI INVESTMENT CO., LED.	Entity that has significant influence on the Company
Fiber Logic Communications, Inc.	Associate
Chien Tung	Associate
Glory Technology Service Inc.	Associate (invested on May 31, 2022)
Hon Hai Precision Industry Co., Ltd.	Other related parties
Ching Tong Investment Co., Ltd.	Other related parties
Pei Lu Engineering Co., Ltd.	Other related parties
Ta Tung Resources Co., Ltd.	Substantive related party
Glory Technology Service Inc.	Substantive related party
GLORY International Engineering Inc.	Substantive related party
Others	The Company's chairman, director, president, and other key management personnel and their spouses and close relatives

(2) Operating Revenue

Account in the book	Type and name of related party	2022	2021
Sales revenue	Associate		
	Others	$ 14	$ 18
	Substantive related party		
	Others	340	106
		354	124
Telecommunications services revenue	Associate		
	Others	742	-
	Substantive related party		
	Others	21	532
		763	532
		$ 1,117	$ 656

(3) Operating costs

Account in the book	Type and name of related party	2022	2021
Telecommunications services cost	Substantive related party		
	Others	$ 1,800	$ 2,460
	Associate		
	Others	409	-
		$ 2,209	$ 2,460

The transaction price and payment terms of the transactions between the Company and the above related parties are commensurate with a general non-related party.

(4) Accounts receivable from related parties

Account in the book	Type and name of related party	December 31, 2022	December 31, 2021
Notes receivable	Substantive related party		
	Others	$ 35	$ -
Accounts receivable	Associate		
	Others	$ 112	$ -
	Substantive related party		
	Others	2	46
		$ 114	$ 46

(5) Payables to related parties

Account in the book	Type and name of related party	December 31, 2022	December 31, 2021
Accounts payable	Other related parties		
	Others	$ 1,859	$ 1,859
Other payables	Associate		
	Others	$ 74	$ -
	Substantive related party		
	Others	450	450
		$ 524	$ 450

(6) Prepayments

Type and name of related party	December 31, 2022	December 31, 2021
Substantive related party		
Others	$ -	$ 9,404
Other related parties		
Others	1,050	-
	$ 1,050	$ 9,404

(7) Contract liabilities

Type and name of related party	2022	2021
Associate		
Others	$ 1,230	$ -

(8) Acquisition of property, Plant and Equipment

	Acquisition price	
Type and name of related party	2022	2021
Substantive related party		
Others	$ 3,544	$ 7,466

(9) Lease agreement

1. Right-of-use assets

Name of related parties	2022	2021
Other related parties		
Others	$ -	$ 7,050

2. Lease liability

Name of related parties	December 31, 2022	December 31, 2021
Key management		
Others	$ -	$ 99
Other related parties		
Others	3,368	5,704
	$ 3,368	$ 5,803

3. Rent expenses (recorded as operating expenses)

Name of related parties	2022	2021
Entity that has significant influence on the Company	$ 2,850	$ -
Key management		
Others	56	36
	$ 2,906	$ 36

4. Interest expenses (recorded as finance costs)

Name of related parties	2022	2021
Entity that has significant influence on the Company	$ -	$ 64
Key management		
Others	1	4
Other related parties		
Others	64	55
	$ 65	$ 123

In the lease contract between the Company and related parties, the rent is calculated based on the number of *ping* leased and paid monthly with reference to the regional market conditions.

(10) Others

1. Refundable deposits

Name of related parties	December 31, 2022	December 31, 2021
Key management		
Others	$ 30	$ 30

2. Service fee expense (recorded as finance costs)

Name of related parties	2022	2021
Entity that has significant influence on the Company	$ -	$ 27

(11) Remuneration for key management

	2022	2021
Short-term employee benefits	$ 24,286	$ 21,605
Post-employment benefits	578	588
	$ 24,864	$ 22,193

(12) The Parent signed a joint building construction contract with the related party of Ching Tong Investment Co., Ltd. (hereinafter referred to as “Ching Tong”) and Founding Construction Development Corp. (hereinafter referred to as “Founding”) to build the factory building by joint construction and separate ownership of property on September 28, 2021. The Parent provided 1,395.27 *ping* of land and Ching Tong provided 1,025.65 *ping* of land, a total of 2,420.92 *ping*, and Founding invested in the joint development and construction. The distribution of value of rights on the joint construction in the tripartite agreement were 55% for the landowner (31.07% for the Parent, 23.93% for Ching Tong) and 45% for the construction investor Founding. The above joint construction ratio is determined based on the appraised value provided by a professional appraiser. As of December 31, 2022, the above joint building construction has not yet started.

35. Pledged Assets

The Company has provided the following assets as collateral for the issuance of corporate bonds, bank loans, performance of the construction contract, and performance of the construction contract with regard to the city government wireless broadband network promotion plan:

	December 31, 2022	December 31, 2021
Reserve account demand deposit (recorded as other financial assets – current)	$ -	$ 18,001
Reserve account demand deposit (recorded as other financial assets – non-current)	6,024	114,338
Pledged CDs (recorded as other financial assets – current)	718	49,038
Pledged CDs (recorded as other financial assets – non-current)	100,712	93,158
Real estate (recorded as property, plant and equipment, and investment property)	1,440,225	1,133,261
Operational communications equipment (recorded as property, plant and equipment)	622,363	622,363

36. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as already stated in other notes, the Company's significant commitments and contingencies at the balance sheet date were listed as follows:

(1) The amount of the notes used for refundable deposits issued for performance guarantees and loans were NT$16,147 thousand.

(2) The amount of the performance guarantees provided by the bank was NT$297,391 thousand.

(3) The amount of the notes used for deposits received for contracting the construction was NT$190,861 thousand.

(4) The amount of letters of credit that have been issued but not used was NT$13,695 thousand

(5) The amount of notes payable issued to the lessor as prepayment for leasing plants or equipment was NT$12,062 thousand (including related party transactions).

(6) As of December 31, 2022, the details of the significant sale contracts signed with other companies for the internal and external communication transmission cables, optical cables, and Fiber to the Home (FTTH) related accessories business were listed as follows:

Name of customer	Contract amount	The amount of the goods that have not been delivered
Customer A	$ 768,864	$ 270,507
Customer B	469,070	411,229
Others (Note)	392,363	277,488

Note: For those with an individual amount not reaching more than 5% of the total amount of the goods that have not been delivered.

(7) For the work required in the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project," Taifo entered into a construction contract with another company at a total price of NT$974,210 thousand. As of December 31, 2022, NT$864,971 thousand (accounted for property, plant and equipment, and intangible assets) had been paid, and NT$109,239 thousand had not been paid.

(8) The Parent acquired the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" in December 2011 and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Project Contract with the Taipei City Government in January 2012, with a total contract period of 25 years from the date on which the contract was signed, and the installation of the hardware equipment for Taipei City Fiber Optic Network and the operation of fiber optic networking services are conducted accordingly. According to the provisions of the above-mentioned contract, the Parent has established the subsidiary Taiwan Intelligent Fiber Optic Network Co., Ltd. (Taifo) and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Tripartite Agreement in January 2012. Based on the provisions of the said agreement, the Parent transfers the rights and obligations of the above-mentioned contract to Taifo and also bears the responsibilities for performance guarantee with regard to the obligations set forth in the above-mentioned contract and agreement (including but not limited to

performance bonds, punitive damages, and liabilities for damages to the Taipei City Government).

(9) According to the Taipei City Fiber Optic Network Outsourcing Construction and Operation Tripartite Agreement, Taifo shall bear the following financial responsibilities:

1. Based on the financial statements that have been audited and certified by domestic CPAs for the most recent year and the phases of the construction as stipulated in the above agreement, Taifo shall have in its financial statements: the net value plus accumulated losses before the first phase of the construction reach NT$200 million or more, the net value plus cumulative losses before the second phase of the construction reach NT$800 million or more, the net value plus cumulative losses before the third phase of the construction reach NT$1,400 million or more, and the net value plus cumulative losses before the fourth phase of the construction reach NT$2 billion million or more. Any violation will be dealt with in accordance with the relevant provisions of the agreement.

2. Taifo shall keep the current ratio greater than 100%. Any violation will be dealt with in accordance with the relevant provisions of the agreement.

3. From the date on which the agreement was signed, Taifo shall have debt ratios not exceeding 70% for the first ten fiscal years and not exceeding 50% for the subsequent years. Any violation will be dealt with in accordance with the relevant provisions of the agreement.

As of December 31, 2022, Taifo did not violate any provisions of the agreement.

(10) The budget for “Tai Tung Communication Corporate Headquarters New Construction” was approved by the Parent’s board of directors on November 9, 2018, with a total of NT$314,888 thousand (tax inclusive). Datong Construction was designated as the construction management unit, and the project management fee was calculated based on 7% of the total civil engineering and mechanical & electrical budget of the project. As of December 31, 2022, NT$283,631 thousand was already paid (recorded as prepayments for equipment).

(11) King Tung Resources entered into the “One Track Inspection Vehicle” and “Five Railway Engineering and Maintenance Vehicles” purchase contracts with TRA on July 17, 2015 and December 13, 2017, respectively. TRA had sent notifications in May 2022 and June 2022 that “One Track Inspection Vehicle” and “Four Railway Engineering and Maintenance Vehicles” did not pass the acceptance tests and that the contracts should be terminated from the date of notification; in addition, no guarantee bonds should be returned according to the purchase contracts. TRA had also sent a notification in November 2022 to request the payment of NT$34,188 thousand overdue liquidated damages for “One Track Inspection Vehicle.” King Tung Resources has engaged a lawyer to enter into mediation or litigation to safeguard its interests. As of December 31, 2022, the Company has recognized accumulated losses of NT$324,745 thousand for the manufacturing costs, performance bonds, and overdue liquidated damages invested in “One Track Inspection Vehicle” and “Four Railway Engineering and Maintenance Vehicles.”

37. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the functional currencies of all entities under the Company, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Information on the Company's foreign currency assets and liabilities that have significant influence was described as follows:

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 47	30.71	$ 1,456
Financial liabilities			
Monetary items			
USD	215	30.71	6,615
RMB	1,224	4.392	5,376

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 1,003	27.68	$ 27,772
SGD	1,796	20.46	36,743
EUR	549	31.32	17,190
Financial liabilities			
Monetary items			
USD	391	27.68	10,833
RMB	2,310	4.328	9,998
EUR	306	31.32	9,595

For details about the Company's (realized and unrealized) foreign exchange gains or losses in 2022 and 2021, please refer to Note 27. Since there were many foreign currency transactions, it is not possible to disclose foreign exchange gains and losses by currencies that have significant influence.

38. Additional Disclosure

(1) Information on significant transactions and (2) investees:

1. Lending funds to others: Please refer to the attached Table 1.

2. Providing endorsements or guarantees for others: Please refer to the attached Table 2.

3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to the attached Table 3.

4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: None.

5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: Please refer to the attached Table 4.

6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

7. Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9. Information on investee companies: Please refer to the attached Table 5.

10. Trading in derivative instruments: None.

11. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to the attached Table 6.

(3) Information on investment in the Mainland Area:

1. The name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to the attached Table 7.

2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

    (1) The amount and percentage of purchases and the ending balance and percentage of related payables: Please refer to the attached Table 8.

    (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to the attached Table 8.

    (3) The amount of property transactions and the amount of the resultant gains or losses: None.

    (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

    (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

    (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services: None.

(4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares: Please refer to the attached Table 9.

39. Segment Information

The Company is mainly engaged in production and trading of various communications equipment and wiring materials and wholesale of iron ore. The chief operating decision maker takes the operating results and financial status of the entire company as the reference information on resources allocation and performance evaluation, with similar production procedures applying to the Company’s products. In addition, the Company does not have any individually separated financial information; therefore, it has no information on reportable segments.

Tai Tung Communication Co., Ltd. and subsidiaries

The Loaning of Funds

2022

Table 1

Unit: In NT$ thousand unless otherwise specified

No.	The lender of funds	The borrower of funds	Transactions	Related parties or not	The highest balance for the year	Balance, end of year	Actual amounts drawn	Interest rate range	Nature of funds loaning	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds loaning	The limit for total funds loading	Remarks
													Name	Value			
0	Tai Tung Communication	King Tung Resources	Other receivables – related parties	Yes	$ 100,000	$ -	$ -	-	Short-term financing	$ -	Operating turnover	$ -	-	-	$ 1,054,117	$ 1,054,117	Note 1
1	Qiong Lian	King Tung Resources	Other receivables – related parties	Yes	8,000	8,000	-	2.92%	Short-term financing	-	Operating turnover	-	-	-	9,530	9,530	Note 2

Note 1: The aggregate amount of loans and the maximum amount permitted to a single borrower by the Company are both 40 percent of the Company's net worth.

Note 2: The aggregate amount of loans and the maximum amount permitted to a single borrower by Qiong Lian are both 40 percent of Qiong Lian's net worth as stated in its latest financial statement: NT$23,825 thousand of Qiong Lian's net worth as of December 31, 2022 * 40% = NT$9,530 thousand.

Tai Tung Communication Co., Ltd. and subsidiaries

Endorsements and guarantees for others

2022

Table 2

Unit: In NT$ thousand unless otherwise specified

No.	Name of the company providing endorsements and guarantees	Endorsement/Guarantee counterparty		Limit on the amount of endorsements/ guarantees for a single entity (Note 1)	The highest balance of endorsements and guarantees for the year	The balance of endorsements and guarantees at the end of the year	Actual amounts drawn	Endorsement/ guarantee amount with property placed as collateral	The ratio of the accumulated endorsement/ guarantee amount to the net value of the latest financial statement (%)	Maximum endorsement/ guarantee limit (Note 1)	Endorsements/ guarantees provided by the Company for subsidiaries	Endorsements/ guarantees provided by subsidiaries for the Company	Endorsements/ guarantees for others in the Mainland Area	Remarks
		Company name	Relationship											
0	Tai Tung Communication	Taifo	Subsidiary	$ 10,541,172	$ 3,023,000	$ 2,380,000	$ 1,248,663	$ 270	90.09%	$ 10,541,172	Y	N	N	Note 1
0	Tai Tung Communication	King Tung Resources	Subsidiary	10,541,172	123,876	-	-	-	-	10,541,172	Y	N	N	Note 1

Note 1: The company’s endorsement/guarantee amount and the total endorsement/guarantee for a single enterprise shall not exceed 400% of the net worth on the parent-only financial statement: The company’s net worth was NT$2,635,293 thousand on December 31, 2022 x 400% = NT$10,541,172 thousand.

Tai Tung Communication Co., Ltd. and subsidiaries

Marketable securities held at the end of the period

December 31, 2022

Table 3

Expressed in thousands of NTD unless otherwise specified

Companies held	Securities and names	Relationship with the securities issuer	Account in the book	Year's end				Remarks
				Shares (thousands of shares)	Carrying amount	Shareholding ratio (%)	Fair value	
Tai Tung Communication	Stock							
	Euroc III Venture capital Corp.	None	Financial assets at fair value through other comprehensive income – non-current	5	$ 65	1.67	$ 65	-
	KABLETEK CORPORATION	None	Financial assets at fair value through other comprehensive income – non-current	540	-	18.00	-	-
	Glory Technology Service Inc.	Substantive related party	Financial assets at fair value through other comprehensive income – non-current	1,380	16,517	6.50	16,517	-
	Chien Shing Harbour Service Co., Ltd.	None	Financial assets that are measured at fair value through profit or loss – current	295	11,210	0.34	11,210	Note 1
	Beneficial certificates							
	KGI LOHAS Multi-Asset Fund	None	Financial assets that are measured at fair value through profit or loss – current	1,500 thousand units	14,631	-	14,631	Note 1
	Jih Sun Taiwan Multi-Asset Fund	None	Financial assets that are measured at fair value through profit or loss – current	1,000 thousand units	10,000	-	10,000	Note 1
Taifo	Beneficial certificates							
	JPMorgan Funds – Europe Small Cap Fund	None	Financial assets that are measured at fair value through profit or loss – current	0.128 thousand units	725	-	725	Note 1
	Mega Singapore Real Estate Income Fund	None	Financial assets that are measured at fair value through profit or loss – current	200 thousand units	1,960	-	1,960	Note 1
	FSITC Taiwan Core Strategic Infrastructure Fund	None	Financial assets that are measured at fair value through profit or loss – current	200 thousand units	1,788	-	1,788	Note 1

Note 1: The fair value was calculated based on the closing price at the end of December 2022 or the net value of the fund.

Note 2: For information on investments in subsidiaries and associates, please refer to the attached Tables 5 and 7.

Tai Tung Communication Co., Ltd. and subsidiaries

Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital

2022

Table 4

Unit: In NT$ thousand unless otherwise specified

Company that acquires real estate	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparties	Relationship	Information on the previous transfer if a counterparty is a related party				Reference basis for price determination	Purpose of acquisition and usage	Other agreements
							Owner	Relationship with the issuer	Date of transfer	Amount			
Tai Tung Communication	Corporate Headquarters New Construction Management Contract	November 9, 2018 December 3, 2018	$ 314,888 (tax inclusive)	NT$283,631 thousand (tax inclusive) had been paid as of December 31, 2022.	Note	Note	None	None	None	None	N/A	Corporate headquarters new construction	Please refer to Note 36
Tai Tung Communication	Six plots of land and buildings including Houbi Cuo Subsection, Keng Zi Kou Section, Luzhu Dist., Taoyuan City	August 2, 2019	554,028 (tax inclusive)	NT$553,186thousand (tax inclusive) had been paid as of December 31, 2022.	Natural person	None	None	None	None	None	With reference to the market price and was negotiated by both parties	Plant	None

Note: The party to whom the construction management will be conducted is Datong Construction. Other than that, the parent company will purchase raw materials by itself or outsource depending on the actual situation.

Tai Tung Communication Co., Ltd. and subsidiaries

The name, location, and other information on the invested company

2022

Table 5

Expressed in thousands of NTD unless otherwise specified

Investor name	Investee	Location	Principal business	Original investment amount		Held at the end of the year			Profit and loss for the year of the invested company	Investment gain or loss recognized for the year	Remarks
				At the end of this year	At the end of the previous year	Shares (thousands of shares)	Percentage (%)	Carrying amount			
Tai Tung Communication	Qiong Lian	Taiwan	Sale of communication equipment and wire rods	$ 33,050	$ 33,050	2,000	100	$ 23,825	$ 182	$ 297	Note 2
	AgrandTech	Samoa	International investment business	168,153	168,153	4,978	100	41,837	RMB 421 thousand	1,905	Note 2
	Taifo	Taiwan	Telecommunications business	2,725,235	2,725,235	156,141	68.22	1,429,134	21,940	17,834	Note 1
	King Tung Resources	Taiwan	International trade	285,000	215,000	28,500	89.06	(32,987)	(161,240)	(139,767)	Note 1
	SING TUNG	Singapore	Communication network related equipment and communication engineering	14,946	14,946	631	97	22,798	SGD 134 thousand	2,812	Note 2
	Datong Construction	Taiwan	Construction industry	5,100	5,100	510	51	3,761	(629)	(320)	Note 2
	Fiber Logic	Taiwan	Engaged in the production of communication equipment and wire rods	54,591	54,591	5,762	28.97	112,225	78,709	21,458	Note 2
	Chien Tung	Taiwan	Warehousing industry	126,150	84,100	12,615	25.23	117,274	(27,853)	(7,061)	Note 2
AgrandTech	Tonghua Optoelectronics	China	Engaged in the production of communication equipment and wire rods	US$5,675 thousand	US$5,675 thousand	-	97	RMB 9,624 thousand	RMB 434 thousand	RMB 421 thousand	Note 2
Taifo	Glory Technology	Taiwan	Telecommunications business	35,000	-	1,500	20.16	34,704	4,426	(46)	Note 2
Tonghua Optoelectronics	Tai Wan	China	International trade	-	RMB 500 thousand	-	-	-	RMB 51 thousand	RMB 51 thousand	Note 3

Note 1: The calculation is made based on the invested company's 2022 financial statements that have been audited by CPAs.

Note 2: The calculation is made based on the invested company's 2022 financial statements that have not been audited by CPAs.

Note 3: Tai Wan completed the deregistration and liquidation procedures in June 2022.

Tai Tung Communication Co., Ltd. and subsidiaries

The business relationship between the parent and the subsidiaries, and the circumstances and amounts of any significant transactions between them

2022

Table 6

Unit: Thousands of NT$

No. (Note 1)	Name of transaction party	Counterparty	Relationship with the transaction party (Note 2)	Circumstances of transactions (Notes 3 and 5)			
				Account	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
0	Tai Tung Communication	SING TUNG	1	Sales revenue	$ 18,233	Note 4	1.07%
1	SING TUNG	Tai Tung Communication	2	Cost of goods sold	18,233	Note 4	1.07%
0	Tai Tung Communication	SING TUNG	1	Accounts receivable – related parties	8,918	Note 4	0.14%
1	SING TUNG	Tai Tung Communication	2	Accounts payable – related parties	8,918	Note 4	0.14%
0	Tai Tung Communication	SING TUNG	1	Refundable deposits	11,999	Note 4	0.19%
1	SING TUNG	Tai Tung Communication	2	Deposits received	11,999	Note 4	0.19%
0	Tai Tung Communication	Taifo	1	Accounts receivable – related parties	65,800	Note 4	1.02%
2	Taifo	Tai Tung Communication	2	Accounts payable – related parties	65,800	Note 4	1.02%
0	Tai Tung Communication	Taifo	1	Sales revenue	35,070	Note 4	2.06%
0	Tai Tung Communication	Taifo	1	Cost of goods sold	28,792	Note 4	1.69%
2	Taifo	Tai Tung Communication	2	Inventory	2,791	Note 4	0.04%
2	Taifo	Tai Tung Communication	2	Prepayments – current	804	Note 4	0.01%
2	Taifo	Tai Tung Communication	2	Property, Plant and Equipment	2,683	Note 4	0.04%
0	Tai Tung Communication	Taifo	1	Construction revenue	33,860	Note 4	1.99%
2	Taifo	Tai Tung Communication	2	Construction cost	33,860	Note 4	1.99%
0	Tai Tung Communication	Taifo	1	Sales revenue	12,840	Note 4	0.76%
0	Tai Tung Communication	Taifo	1	Cost of goods sold	8,040	Note 4	0.47%
2	Taifo	Tai Tung Communication	2	Inventory	4,800	Note 4	0.07%
0	Tai Tung Communication	Taifo	1	Sales revenue	57,874	Note 4	3.41%
2	Taifo	Tai Tung Communication	2	Telecommunications services cost	57,874	Note 4	3.41%
0	Tai Tung Communication	Taifo	1	Other revenue	10,553	Note 4	0.62%
2	Taifo	Tai Tung Communication	2	Operating expenses	10,553	Note 4	0.62%
0	Tai Tung Communication	Datong Construction	1	Prepayments for equipment	7,651	Note 4	0.12%
3	Datong Construction	Tai Tung Communication	2	Contract liabilities – current	7,651	Note 4	0.12%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

1. Fill in “0” for parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: There are three types of relationship with the transaction party, please specify the number associated with the type:

1. Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Note 3: For the calculation of the transaction amount as a percentage of total consolidated revenue or total assets, in the case of an asset or liability account, the ending balance as a percentage of total consolidated revenue should be calculated; in the case of a profit or loss account, the interim cumulative amount as a percentage of total consolidated revenue should be calculated.

Note 4: Same as regular transactions

Note 5: It refers to transactions amounting to greater than NT$5 million.

Tai Tung Communication Co., Ltd. and subsidiaries

Information on investments in the Mainland Area

2022

Table 7

Expressed in thousands of NTD unless otherwise specified

Names of investees in mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted out or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the year	The shareholding ratio of the Company's direct or indirect investment	Investment gain (loss) recognized for the current year	Carrying amount of the investment at the end of the period	Repatriated investment gains up to the current year
					Outward remittance	Recover					
Tonghua Optoelectronics	Engaged in the production of communication equipment and wire rods	$ US$6,000 thousand	Note 1	$ US$5,675 thousand	$ -	$ -	$ US$5,675 thousand	97%	$ 421 RMB thousand	$ 9,624 RMB thousand	$ -
Tai Wan	International trade	-	Note 2	-	-	-	-	-	51 RMB thousand	- RMB thousand	-

Accumulated investment amount remitted from Taiwan to the Mainland Area at the end of the year	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
US$7,077 thousand (Note 3)	US$7,077 thousand (Note 3)	$2,027,275 (Note 4)

Note 1: Investing a company in the Mainland Area through investing in an existing company in a third area.

Note 2: It is the investee company of the existing investee company in the Mainland Area and has completed the dissolution and liquidation procedures in June 2022.

Note 3: Including US$1,402 thousand to Shanghai Qiantong Photoelectric Equipment Co., Ltd., which was deregistered on December 10, 2009.

Note 4: The limit is 60% of the net value or the consolidated net value, whichever is higher according to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" released by the Ministry of Economic Affairs.

Tai Tung Communication Co., Ltd. and subsidiaries

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, unrealized gains or losses, and other relevant information

2022

Table 8

Expressed in thousands of NTD unless otherwise specified

Names of investees in mainland China	Transaction type	Amount	Transaction terms			Notes and accounts receivable (payable)		Unrealized gain or loss
			Price	Payment terms	Comparison with general transactions	Amount	Percentage	
Anhui Tonghua Optoelectronics Co., Ltd.	Purchase	US19 thousand	No significant difference from general customers	No significant difference from general customers	No significant difference from general customers	$ -	-	$ -
Lai An County Tai Wan Trading Limited	Purchase	US$6 thousand	No significant difference from general customers	No significant difference from general customers	No significant difference from general customers	-	-	-

Note: The unrealized gains or losses arising from transactions with the invested company in the Mainland Area were all written off when preparing the consolidated financial report.

Tai Tung Communication Co., Ltd. and subsidiaries

Information on major shareholders

December 31, 2022

Table 9

Names of major shareholders	Shares	
	Shareholding	Shareholding ratio
XIN DI INVESTMENT CO., LED.	20,183,166	13.37%
LEE CHING HUNG	8,907,116	5.90%

Note: The major shareholders in the Table refer to those who hold 5% of the Company's ordinary shares that have been registered and delivered in non-physical form (including treasury stock) calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.